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, 2025 and 2024

Cincinnati/Northern Kentucky International Airport
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Years Ended December 31, 2025 and 2024

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REPORT OF INDEPENDENT AUDITORS

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

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Airport, as of December 31, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules for proportionate share of net pension liability, schedules for employer pension contributions, schedules for proportionate share of net other post-employment benefits (OPEB) liability, schedules for employer OPEB contributions, and related notes to pension and OPEB schedules, as listed in the table of contents (RSI), be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2026 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Blue & Co., LLC

Cincinnati, Ohio
July 27, 2026

Introduction

The following management discussion and analysis of the financial performance and activity of the Cincinnati/Northern Kentucky International Airport (Airport) (CVG) provides an introduction and understanding of the Airport's basic financial statements (Statements) for the calendar year ended December 31, 2025 with selected comparative information for the years ended December 31, 2024 and 2023. The Statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

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

Airport Governance

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

Airport Activity Highlights

The Airport serves as the primary airport for scheduled passenger service for the fifteen county Cincinnati Consolidated Metropolitan Statistical Area. As of December 31, 2025, scheduled passenger service at the Airport was provided by eleven airline groups. Scheduled cargo service was provided by three cargo operators.

The Airport has the unique distinction of serving as a dual air cargo hub for DHL Worldwide Express (DHL) and Amazon Air (Amazon). According to Airports Council International (ACI) statistics, in 2025, CVG ranked seventh in North America for total air cargo tonnage and twenty second globally.

DHL's hub at CVG is its main international cargo hub for North America and Latin America and is one of DHL's three global super hubs. DHL leases approximately 230-acres at CVG. In October 2024, DHL broke ground on a $192 million expansion project including a 305,000 square foot maintenance facility and associated aircraft apron. The maintenance facility is located directly south of its current operation on a 50-acre site leased from the Airport.

The Amazon hub at CVG serves as the central hub for Amazon's U.S. cargo network. Amazon.com Services, Inc. leases approximately 650-acres for its site on the south side of the Airport and has an option agreement for approximately 479-acres on the north side of the Airport. The $1.5 billion south side development features an 800,000 square foot sortation building, ramp parking for 35 aircraft, and a multi-story parking garage. Future phases of the south side development are planned, with the actual timing being dependent on economic conditions and operational requirements.

In October 2025, F&F LLC opened 4.5 acres of aeronautical property including an 80,000 square-foot cargo facility with airside access to handle current and future general air freight needs. F&F LLC is the first tenant in the Airport's Global Logistics Park located in the northern area of the campus.

In May 2025, L2 Aviation opened its first Kentucky facility adjacent to the Board's administrative building. L2 Aviation is a leader in avionics engineering, integration, and modification services.

Selected activity statistics for the years ended December 31, 2025, 2024, and 2023 are as follows:

	2025	2024	2023
Enplaned passengers	4,485,647	4,605,114	4,369,960
Origin passengers(1)	4,283,793	4,397,884	4,087,711
Landed weights(lbs. 000s)			
Passenger airlines	5,289,335	5,429,376	5,088,445
Cargo airlines(2)	8,561,646	9,792,104	10,714,993
Total landed weight	13,850,981	15,221,480	15,803,438
Aircraft landings(3)	72,921	77,237	78,918

(1) In 2025 and 2024 origin calculated by multiplying enplanements by 95.5%. In 2023, as reported by the airlines

(2) includes maintenance flights

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

In 2025, annual enplanements declined 119,467 or 2.6%. The year-over-year decline primarily reflects some rationalization of Frontier's air service schedule from elevated prior-year levels. In 2024, enplaned passenger activity increased 235,154, or 5.4% over 2023 activity and represented 101.1% of pre-COVID levels.

In 2025, total aircraft landed weight decreased 1,370,499 or 9.0%. Passenger landed weight decreased 140,041 or 2.6% in line with the reduction in enplanement volumes. Cargo landed weight decreased 1,230,458 or 12.6% reflecting a combination of fleet optimization, yield management, economic conditions, and trade and tariff policy which have reduced the demand for shipment of goods by air. In 2024, total aircraft landed weights decreased 581,958 or 3.7%. Passenger landed weight increased 340,931 or 6.7% as passenger airlines continued to add capacity. In 2024, cargo landed weight decreased 922,889 or 8.6%, driven by a transition in certain Amazon aircraft operating agreements which temporarily reduced capacity, competition with passenger belly freight, and a reduction in imports from Asia.

In 2025, the total number of aircraft landings decreased by 4,316 or 5.6%. For 2025, passenger aircraft landings decreased by 1,333 or 2.8%. Cargo landings decreased by 2,983 or 9.8% for the reasons described above.

In 2024, the total number of aircraft landings decreased by 1,681 or 2.1%. For 2024, passenger aircraft landings increased by 3,051 or 7.0%. Cargo landings decreased by 4,732 or 13.5%.

Airline Rates and Charges

The Board entered into a new use and lease agreement (the Agreement) with the signatory carriers (Signatory) (Signatory Carriers) effective January 1, 2023. The following airlines were signatory to the Agreement effective January 1, 2023: Delta, Frontier, Allegiant, Southwest, United, Amazon, DHL, and FedEx. Effective October 1, 2024, American Airlines also became a Signatory to the Agreement.

The Agreement includes airport use and facility lease provisions in one industry-standard use and lease agreement. The term of the Agreement commenced January 1, 2023, and continues until December 31, 2027. The Board may extend the Agreement for up to five (5) years which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory airline disapproval process outlined in the Agreement.

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

The landing fee rate, terminal rates and charges, and NRR credits are established annually during the budget process based on projected revenues, costs, and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges, and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2025 and 2024 were $3.7 million and $9.1 million, respectively.

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

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses as defined in the general bond resolution is, or is forecasted to be, less than 125% of the aggregate annual debt service requirements as calculated under the Airport's general bond resolution. No such payments were necessary for 2025 or 2024 under the Agreement.

Overview of Key Federal Grants

COVID Relief Grants

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

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

The legislation included direct aid in the form of grants for airports. The Board has been awarded a total of $97.3 million under the three Acts: CARES $42.9 million, CRRSAA $12.3 million, and ARPA $42.1 million. The grants can be used for any purpose for which airport revenues may lawfully be used including operating expenditures, debt service, and new airport development or construction. The period of performance for the grants is four years and include provisions related to procurement, cost eligibility, and workforce retention requirements that must be adhered to. The Board's payment requests under the Acts must be submitted for incurred expenses only, consistent with FAA's Payment Policy. In 2024, to reimburse operating expenses, the Board used $18.4 million of ARPA funds. In 2023, the Board used $18.4 million of ARPA, $5.4 million of CRRSAA, and $0.7 million of CARES funds.

As of December 31, 2024 all COVID relief funds awarded to the Board under the three acts had been allocated and grants administratively closed with the FAA.

Bipartisan Infrastructure Law

The Infrastructure Investment and Jobs Act (IIJA), known as the Bipartisan Infrastructure Law (BIL), was signed into law November 15, 2021. The law secured a total of $25 billion in funding for U.S. airport infrastructure between Federal Fiscal Years 2022 to 2026. BIL provided $15.0 billion in Airport Infrastructure Grants (AIG), $5.0 billion in competitive Airport Terminal Program (ATP) grants, and $5.0 billion to upgrade aging FAA-owned Air Traffic Control Tower facilities. In 2023, the Board was awarded $14.0 million in ATP grants, which are being used to fund the replacement of passenger boarding bridges in Concourse B. AIG grants are allocated annually based on a modified Airport Improvement Program (AIP) apportionment formula. The Board was awarded $15.0 million, $13.6 million and $13.5 million in AIG grants for Federal Fiscal Years 2025, 2024 and 2023, respectively to replace passenger loading bridges in Concourse B and fund the Airport's Industrial HVAC Rehabilitation and Efficiency Program.

Overview of the Financial Statements

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

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

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

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

The 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, 2025, 2024 and 2023 is set forth below (in thousands of dollars):

	2025	2024	2023
Assets			
Current assets	$ 327,257	$ 323,857	$ 245,117
Non-current assets			
Capital assets	1,085,674	965,102	909,545
Other non-current assets	500,497	552,750	303,597
Total assets	1,913,428	1,841,709	1,458,259
Deferred outflows of resources	18,798	22,871	44,951
Liabilities			
Current liabilities	123,947	98,390	61,529
Non-current liabilities	513,979	524,837	263,570
Total liabilities	637,926	623,227	325,099
Deferred inflows of resources	148,821	166,303	194,431
Net Position			
Unrestricted	150,990	118,512	66,007
Net investment in capital assets	776,700	736,623	739,182
Restricted	217,789	219,915	178,491
Total net position	$ 1,145,479	$ 1,075,050	$ 983,680

Net Position

Net position is the difference between total assets, total deferred outflows, total liabilities, and total deferred inflows and is an indicator of the fiscal health of the Airport. The majority of the Airport's net position at December 31, 2025, 2024, and 2023, 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 2025 and 2024, the Airport's net position increased by $70.4 million and $91.4 million, respectively, primarily due to increases in operating revenues generated by landings fees, terminal rents, parking facilities, and terminal concessions, an increase in investment income generated by higher interest rates and investable balances, and an increase in PFCs and CFCs collected.

Assets, Liabilities, and Deferrals

In 2025, total assets increased $71.7 million primarily due to an increase in capital asset additions, unrestricted cash and investment balances generated by operations, and an increase in grant and federal awards receivable. Offsetting the increase was a decrease in restricted investments related to the acquisition of capital assets and a decrease in non-current asset lease receivables related to the present value of the Airport's non-regulated leases.

In 2024, total assets increased $383.5 million primarily due to an increase in restricted investment balances attributable to the Series 2024 Revenue Bonds issued in August 2024, unrestricted cash and investment balances generated by operations, and an increase in capital asset additions. Offsetting the increase was a decrease in non-current asset lease receivables related to the present value of the Airport's non-regulated leases and a decrease in grant and federal awards receivable due to the timing of collections of grant revenues.

In 2025 total liabilities increased $14.7 million primarily due to draws on the Series 2023 Subordinate Notes to fund on-going capital requirements.

In 2024, total liabilities increased $298.1 million primarily due to the issuance of the Series 2024 Revenue Bonds, an increase in accounts payable due to the timing of supplier payments primarily for on-going capital projects, and an increase in assets held in trust attributable to Kentucky Cabinet of Economic Development grant funds received in advance of the incurrence of project costs. Offsetting the increase was a decrease in the Board's proportionate share of the Kentucky Public Pensions Authority's (KPPA) pension liability driven by KPPA plan investment performance.

In 2025 deferred outflows of resources decreased $4.1 million and deferred inflow of resources decreased $17.5 million. The decrease in deferred outflows of resources was primarily due to amortization of prior year deferrals in both non-hazardous and hazardous pension balances. The decrease in deferred inflows was primarily due to the amortization of lease revenue deferrals and amortization of prior differences between OPEB expected and actual plan experience.

In 2024, deferred outflows of resources decreased $22.1 million and deferred inflows of resources decreased $28.1 million. The decrease in deferred outflows of resources was due to actual performance of KPPA investments exceeding projections, as well as changes in the Airport's proportionate share of the plan's unfunded liability. The decrease in deferred inflows of resources was due to amortization of prior differences between OPEB expected and actual plan experience, amortization of lease revenue deferrals, and amortization of prior year pension plan change of assumptions.

Summary of Financial Operations

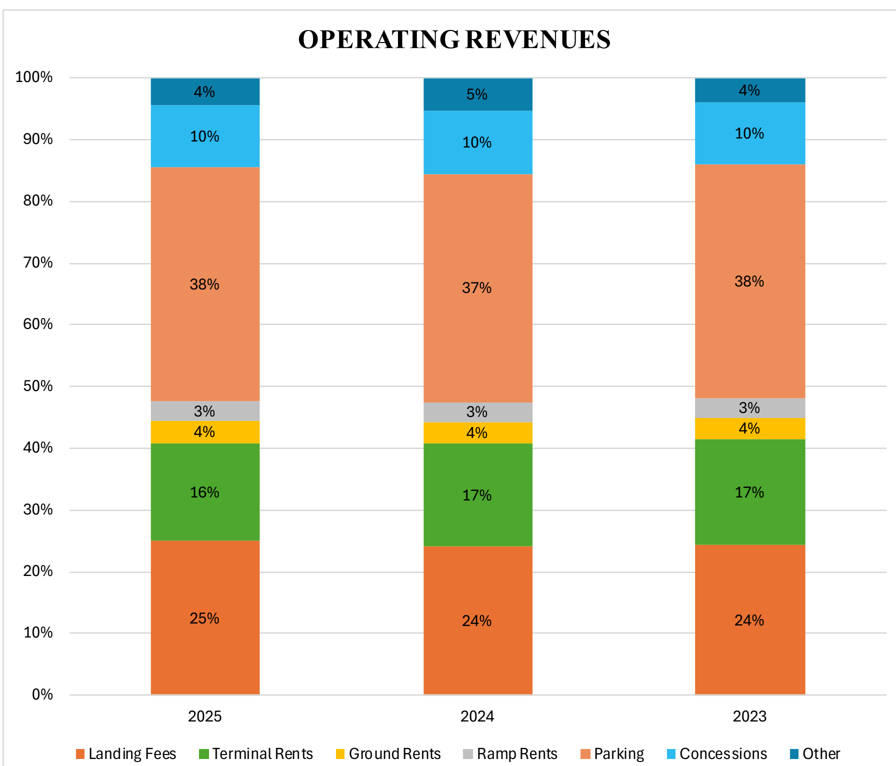
A summary comparison of the Airport's Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2025, 2024, and 2023 is set forth below (in thousands of dollars):

	2025	2024	2023
Operating revenues	$ 176,069	$ 172,023	$ 161,872
Operating expenses	133,564	131,914	128,121
Operating income (loss), before depreciation and amortization	42,505	40,109	33,751
Depreciation and amortization	(57,138)	(57,963)	(48,294)
Operating loss, after depreciation and amortization	(14,633)	(17,854)	(14,543)
Nonoperating changes in net position: (decrease) increase	46,017	66,803	65,663
Capital contributions	39,045	42,421	56,672
Total changes in net position	70,429	91,370	107,792
Net position at the beginning of the year	1,075,050	983,680	875,888
Net position at the end of the year	$ 1,145,479	$ 1,075,050	$ 983,680

Operating Revenues

A summary comparison of the Airport's Operating Revenues for the years ended December 31, 2025, 2024, and 2023 is set forth below (in thousands of dollars):

	2025	2024	2023
Landing fees	$ 42,566	$ 41,760	$ 39,223
Rentals:			
Terminal	28,322	29,005	27,699
Ground	6,387	6,114	5,680
Ramp	5,566	5,666	4,969
Other	2,291	2,118	1,961
Parking	67,422	64,230	61,216
Concessions	17,899	17,690	16,093
Rebilled services	1,812	1,715	1,570
Ground transportation	2,958	2,789	2,398
Other	846	936	1,063
	$ 176,069	$ 172,023	$ 161,872



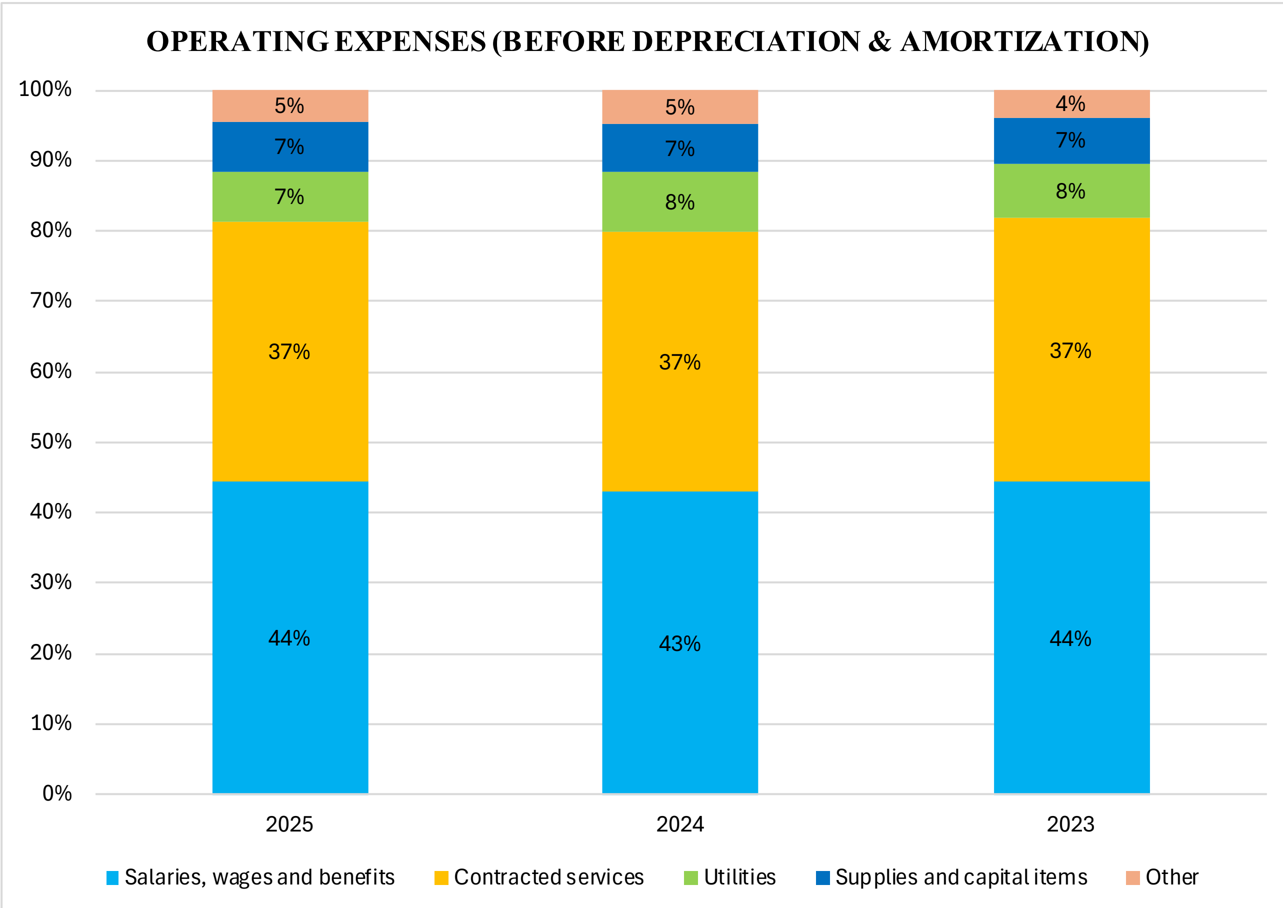
Operating revenues increased $4.1 million in 2025 driven by increased parking revenue, landing fees, ground rentals, and terminal concessions growth. Revenue growth in parking was driven by rate increases implemented in early 2025, as well as an upward trend in average length of stay. In January 2025, daily rates increased from $9.00 to $10.00 for the Economy Lot, from $11.00 to $12.00 in ValuPark, and from $30.00 to $35.00 for Valet services. In March 2025, the daily rate for the Terminal Garage increased from $22.00 to $23.00.

Operating revenues increased $10.2 million in 2024 driven by increased landing and terminal fees, parking revenue, and terminal concessions growth. There were no adjustments to parking rates during 2024, and parking revenues increased at a similar rate to enplanements.

Operating Expenses

A summary comparison of the Airport's Operating Expenses for the years ended December 31, 2025, 2024, and 2023 is set forth below (in thousands of dollars):

	2025	2024	2023
Salaries, wages and benefits	$ 59,262	$ 56,559	$ 56,744
Contracted services	49,317	48,819	47,997
Supplies and capital items	9,477	11,116	10,039
Utilities	9,495	8,951	8,366
General administration	3,944	4,518	3,230
Insurance	2,069	1,951	1,745
Total operating expenses			
Before depreciation & amortization	133,564	131,914	128,121
Depreciation & amortization	57,138	57,963	48,294
Total operating expenses	$ 190,702	$ 189,877	$ 176,415



Operating expenses increased $1.7 million in 2025. These changes are primarily driven by increased expenditures for salaries, wages, and benefits, utilities, and contracted services.

Operating expenses increased $3.8 million in 2024. These changes are primarily driven by increased expenditures for operational supplies, administrative expensed capital items, professional service expenses and general administrative expenses.

Nonoperating Changes in Net Position

The nonoperating changes in net position decreased $20.8 million in 2025. These changes are primarily due to an increase in bond and notes payable interest expense and a reduction in COVID relief grants used for operating expenses, offset by an increase in investment income.

The nonoperating changes in net position increased $1.1 million in 2024. These changes are primarily due to an increase in investment income due to rate actions taken by the Federal Reserve and higher investable balances, a decrease in non-capitalizable project costs, offset by revenue bond interest expense and a reduction in COVID relief grants used for operating expenses.

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 2025, capital contributions decreased by $3.4 million primarily due to lower AIP funded project costs and a reduction in funding of project costs from other third parties. In 2025, the Airport received grants for the rehabilitation of the 18C-36C Runway, Concourse B Passenger Loading Bridge replacement project, Concourse A Apron reconstruction, and the Industrial HVAC Rehabilitation and Efficiency program.

In 2024, capital contributions decreased by $14.3 million primarily due to the completion of the Concourse B rehabilitation and West Apron reconstruction projects. In 2024, the Airport received grants for the rehabilitation of the 18C-36C Runway and Concourse B Passenger Loading Bridge replacement project.

Summary of Cash Flows

A comparative summary of the Statements of Cash Flows for the years ended December 31, 2025, 2024 and 2023 is as follows (in thousands of dollars):

	2025	2024	2023
Net cash provided (used) by operating activities	$ 30,467	$ 36,970	$ 16,929
Net cash provided (used) by non-capital financing activities	4,425	25,808	33,621
Net cash provided (used) by capital and related financing activities	(113,595)	259,925	(7,692)
Net cash (used) provided in investing activities	78,353	(322,994)	(42,574)
Net (decrease) increase in cash	(350)	(291)	284
Cash at the beginning of the year	2,269	2,560	2,276
Cash at the end of the year	$ 1,919	$ 2,269	$ 2,560

The Airport's overall cash position decreased $0.4 million in 2025 due to outflows on capital asset acquisition and improvements, reduction in COVID related grant funds, debt service interest payments, and a decrease in cash generated from operating activities. Offsetting the decrease was an increase in cash generated from investment activities.

The Airport's overall cash position decreased $0.3 million in 2024 due to debt service interest payments, outflows on capital asset acquisition and improvements, reduction in COVID related grant funds, and investment activities. Offsetting the decrease was cash generated from operating activities, proceeds from the Series 2024 Bond sale, and an increase in third party funding of project costs.

Capital Assets

During 2025, 2024 and 2023, the Airport had capital additions, including construction in process and equipment, land, and easement purchases totaling $257.6 million, $172.6 million, and $156.0 million, respectively.

Significant Airport projects expenditures capitalized during 2025, 2024 and 2023 were as follows:

Projects capitalized (in thousands of dollars)	**2025**	**2024**	**2023**
Concourse B Boarding Bridge	$ 16,744	$ 46,000	$ -
Snow Equipment	6,782	9,028	-
KCAB Power Monitoring Control System-Cimpli	1,393	-	-
2025 Peterbilt Water Blasting Truck	1,083	-	-
Underground Storage Tank Replacement UST	1,063	-	-
SelfPass Deployment	485	-	-
Common Use - Self Tagging Kiosks	264	-	-
e-Procurement Solution	74	-	-
Learning Management System-LMS	65	-	-
Terminal Exit Lane / Meet & Greet	-	2,914	-
SWTP - Clarifier Bottom Scraper / Biolac Syster	-	2,133	-
Misc Equipment	-	1,998	-
18L - 36R RSA Rehab	-	1,631	-
PMO Software	-	891	-
Video Management System (VMS) Refresh	-	684	-
Delta Apron Ramp	-	407	3,500
Concourse B Ramp Improvements	-	270	19,512
West Apron Rehab	-	83	37,768
Miscellaneous Runway, Taxiway & Roadway	-	-	11,197
Informational Technology & Innovation	-	-	1,330
Miscellaneous Terminal Building	-	-	677
Non-Airfield Roadways	-	-	467
Miscellaneous Non-Terminal Buildings	-	-	455
Parking Garage & Lot Lighting	-	-	268
Consolidated Ground Transportation Facility	-	-	67
	$ 27,953	$ 66,039	$ 75,241

Debt Administration

As of December 31, 2025, the Airport's outstanding bonds were the Series 2016 Refunding Revenue Bonds with a principal balance of $24.8 million, the Series 2019 Revenue Bonds with a principal balance of $29.8 million, the Series 2019 CFC revenue bonds with a principal balance of $94.4 million, and the Series 2024A&B Revenue Bonds (2024 Revenue Bonds) with principal balances of $260.1 million. The Series 2024A Revenue Bonds were issued to fund the replacement of the existing Baggage Handling System (BHS) including the demolition of the existing BHS, infill of the security building tunnel, and the buildout of a new Checked Bag Inspection System/Checked Bag Reconciliation Area (CBIS/CBRA) under the existing security checkpoint. The Series 2024B Revenue Bonds were issued to fund certain airfield rehabilitation projects. All the Airport's outstanding bonds bear fixed rates of interest.

The Series 2016, Series 2019, and Series 2024 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 eligible to be paid from PFCs on-hand and currently approved future PFC collections. In 2025, the FAA approved the Board's nineteenth PFC application, which enabled the Board to use PFCs to pay a portion of the debt service on the Series 2024A Revenue Bonds. As of December 31, 2025, the Airport's underlying long-term ratings for bonds issued under the Airport's general bond resolution were "A1" from Moody's Investor Services with a "stable" outlook and "A+" from Fitch Ratings with a "stable" outlook.

The Series 2019 CFC Revenue Bonds are special limited obligations of the Airport. These bonds are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the Trust Indenture entered into between the Board and the trustee for the bonds. In the event that 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. No such deficiency payments were required in 2025 or 2024. In 2025, the Board, pursuant to the terms of the General Bond Resolution, the CFC Trust Indenture, and CFC Ordinance, authorized the use of surplus CFCs to fund the debt service requirements of the Series 2019 Revenue Bonds.

Fitch and Moody's both upgraded the rating for the Airport's Series 2019 CFC Revenue Bonds by one-notch in May 2025 and August 2025, respectively. As of December 31, 2025, the Airport's underlying long-term ratings for the Airport's Series 2019 CFC Revenue Bonds was "A" with a "stable" outlook from Fitch and "A2" with a "stable" outlook from Moody's.

In March 2020, the Board adopted a Subordinate General Bond Resolution which stipulates that any bonds issued under this resolution are to be secured by a pledge of net operating revenues subordinate to the rights of the Series 2016, Series 2019, and Series 2024 Revenue Bonds.

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of $150 million for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the

Board authorized an agreement with Bank of America National Association for a revolving line of credit in the maximum commitment amount of $150.0 million. As of December 31, 2025 and 2024, the balance of the Series 2023 Subordinate Notes was $22.7 million and $0. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. In July 2026, the Board and Bank of America National Association anticipate extending the term of the 2023 Subordinate Notes by 3 years and increasing the maximum commitment amount of the revolving line of credit to $250.0 million.

Requests for Information

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

Cincinnati/Northern Kentucky International Airport
Statements of Net Position
December 31, 2025 and 2024

(in thousands of dollars)

	2025	2024
Assets		
Current assets		
Unrestricted		
Cash	$ 1,178	$ 1,779
Investments (at fair value)	233,352	243,244
Investment income receivable	693	902
Accounts receivable	6,715	7,720
Lease receivable	10,810	10,907
Grants and federal awards receivable	14,968	6,072
Prepaid expenses	3,705	2,794
Supplies inventory	5,720	5,961
Total unrestricted current assets	277,141	279,379
Restricted		
Cash	741	490
Investments (at fair value)	49,359	43,988
Investment income receivable	16	-
Total restricted current assets	50,116	44,478
Total current assets	327,257	323,857
Non-current assets		
Unrestricted		
Investments (at fair value)	21,374	-
Lease receivable	107,861	116,799
Prepaid expenses	117	318
Capital assets, non-depreciable	236,682	230,922
Capital assets, net of accumulated depreciation	848,992	734,180
Total unrestricted non-current assets	1,215,026	1,082,219
Restricted		
Investments (at fair value)	366,935	431,089
Investment income receivable	1,766	2,055
Passenger facility charges receivable	1,587	1,600
Customer facility charges receivable	857	889
Total restricted non-current assets	371,145	435,633
Total non-current assets	1,586,171	1,517,852
Total assets	1,913,428	1,841,709
Deferred outflows of resources		
Pension	10,842	15,786
Other postemployment benefits	7,956	7,085
Total deferred outflows of resources	18,798	22,871

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

Cincinnati/Northern Kentucky International Airport
Statements of Net Position, continued
December 31, 2025 and 2024

(in thousands of dollars)

	2025	2024
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	$ 52,112	$ 45,664
Rates and charges settlement payable to airlines	7,092	10,930
Contract retainage payable	8,831	3,285
Bond interest payable	2,171	2,141
Assets held in trust	18,713	25,015
Revenue bonds payable, inclusive of unamortized premium	10,571	10,270
Subordinate debt - notes payable	22,680	-
Subordinate debt - equipment lease	1,057	941
Subscription liability	720	144
Total current liabilities	123,947	98,390
Non-current liabilities		
Accounts payable and accrued expenses	1,409	1,630
Revenue bonds payable, inclusive of unamortized premium	421,570	429,780
Subordinate debt - equipment lease	1,230	1,636
Subscription liability	1,580	1,011
Net pension liability	83,619	90,710
Net other postemployment benefits liability	4,571	70
Total non-current liabilities	513,979	524,837
Total liabilities	637,926	623,227
Deferred inflows of resources		
Pension	11,994	13,163
Other postemployment benefits	18,156	25,434
Leases	118,671	127,706
Total deferred inflows of resources	148,821	166,303
Net position		
Unrestricted	150,990	118,512
Net investment in capital assets	776,700	736,623
Restricted:		
For federally approved projects	101,087	107,258
For ground transportation expenditures	44,908	40,107
For operational cash flow shortages	37,381	36,268
For debt service	33,220	35,316
For uses legally required by contributing parties	1,193	966
Total net position	$ 1,145,479	$ 1,075,050

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

Cincinnati/Northern Kentucky International Airport
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2025 and 2024

(in thousands of dollars)

	2025	2024
Operating revenues		
Landing fees, net	$ 42,566	$ 41,760
Rentals:		
Terminal, net	28,322	29,005
Ground	6,387	6,114
Ramp	5,566	5,666
Other	2,291	2,118
Parking	67,422	64,230
Concessions	17,899	17,690
Rebilled services	1,812	1,715
Ground transportation	2,958	2,789
Other	846	936
Total operating revenues	176,069	172,023
Operating expenses		
Salaries, wages and benefits	59,262	56,559
Contracted services	49,317	48,819
Supplies and capital items expensed	9,477	11,116
Utilities	9,495	8,951
General administration	3,944	4,518
Insurance	2,069	1,951
Total operating expenses	133,564	131,914
Operating income, before depreciation and amortization	42,505	40,109
Depreciation and amortization	(57,138)	(57,963)
Operating loss, after depreciation and amortization	(14,633)	(17,854)
Nonoperating changes in net position: (decrease) increase		
Revenue bond interest, net of premium amortization	(19,054)	(10,746)
Bond issuance costs	-	(1,460)
Subordinate debt interest	(112)	(105)
Passenger facility charge revenues	17,619	18,290
Customer facility charge revenues	12,058	12,011
Police forfeiture program revenues	338	1,041
Police forfeiture program revenues passed through to other local government	-	(5)
Grants and federal awards for operating expenses	264	18,668
Investment income	30,568	24,922
Interest income - leases	3,880	4,159
Interest expense - subscription assets	(48)	(39)
Net gain (loss) on disposal of capital assets	1,198	(183)
Non-capitalized project costs	(348)	(38)
Other	(346)	288
Total nonoperating changes in net position, before capital contributions	46,017	66,803
Capital contributions		
Grants and federal awards for capital expenditures	39,045	41,428
Third party funding of project costs	-	993
Total capital contributions	39,045	42,421
Total changes in net position	70,429	91,370
Net position at the beginning of the year	1,075,050	983,680
Net position at the end of the year	$ 1,145,479	$ 1,075,050

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

Cincinnati/Northern Kentucky International Airport
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

(in thousands of dollars)

	2025	2024
Cash flows from operating activities		
Cash received from customers	$ 177,243	$ 171,623
Principal paid on subscription assets	(663)	(277)
Cash paid to suppliers	(78,426)	(69,929)
Cash paid for the direct benefit of employees	(67,687)	(64,447)
Net cash provided by operating activities	30,467	36,970
Cash flows from non-capital financing activities		
Police forfeiture program receipts	338	1,041
Police forfeiture program receipts passed through to other local government	-	(5)
Grants and federal awards receipts for operating expenses	207	20,613
Interest income - leases	3,880	4,159
Net cash provided by non-capital financing activities	4,425	25,808
Cash flows from capital and related financing activities		
Revenue bond debt service - principal	(6,130)	(5,630)
Revenue bond debt service - interest	(20,805)	(11,989)
Proceeds from issuance of bonds	-	279,671
Bond issuance costs	-	(1,410)
Subordinate debt service - principal	(1,012)	(843)
Subordinate debt service - interest	(112)	(105)
Proceeds from issuance of subordinate debt	23,400	866
Passenger facility charges received	17,632	18,922
Customer facility charges received	12,090	11,946
Grants and federal awards receipts for capital expenditures	30,116	51,399
Assets held in trust	(6,485)	15,013
Interest expense - subscription assets	(48)	(39)
Other	(6)	285
Proceeds from sale of assets	1,198	509
Acquisition and construction of airport facilities	(163,433)	(98,670)
Net cash (used) provided by capital and related financing activities	(113,595)	259,925
Cash flows from investing activities		
Proceeds from sales and maturities of investments	2,063,731	1,229,906
Purchase of investments	(2,015,600)	(1,576,983)
Investment income received	30,222	24,083
Net cash provided (used) by investing activities	78,353	(322,994)
Net decrease in cash	(350)	(291)
Cash at the beginning of the year	2,269	2,560
Cash at the end of the year	1,919	$ 2,269

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, 2025 and 2024

(in thousands of dollars)

	2025	2024
Reconciliation of operating loss to net cash		
Provided by operating activities		
Operating loss, after depreciation and amortization	$ (14,633)	$ (17,854)
Adjustments to reconcile operating loss to		
net cash provided by operating activities		
Depreciation and amortization	57,138	57,963
Change in assets and liabilities		
Decrease in accounts receivable	1,241	3,043
Decrease in supplies inventory	241	250
Decrease (increase) in portion of interfund receivables		
related to operating activities	276	(1,092)
Increase in prepaid expenses	(435)	(341)
(Decrease) increase in accounts payable and accrued expenses	(2,265)	1,291
(Decrease) increase in rates and charges settlement payable to airlines	(3,838)	1,035
Decrease in contract retainage payable	(18)	(2)
(Decrease) increase in portion of interfund payables related to operating activities	(276)	504
Decrease in deferred outflow of resources related to pension or OPEB	8,190	13,921
Decrease in deferred inflow of resources related to pension or OPEB	(12,564)	(12,176)
Decrease in net pension liability	(7,091)	(9,041)
Increase (decrease) in net postemployment benefits liability	4,501	(531)
Total adjustments	45,100	54,824
Net cash provided by operating activities	$ 30,467	$ 36,970
Noncash capital and related financing activities:		
Amortization of revenue bond premium, payment of		
revenue bond debt service interest	$ 1,780	$ 1,207
Total noncash capital and related financing activities	$ 1,780	$ 1,207

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*. All of the Airport's operations are reported within a single proprietary (enterprise) fund.

Proprietary funds focus on measuring operating income, changes in net position, financial position, and cash flows. The accounting principles applied are similar to those used by private-sector businesses. Business-type activities are primarily funded through fees charged to external users for goods or services. These activities are accounted for using the economic resources measurement focus and the accrual basis of accounting, meaning revenues are recognized when the exchange occurs, and expenses are recognized when incurred.

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

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

(in thousands of dollars)

Significant Upcoming Implementations

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103 - *Financial Reporting Model Improvements*. This statement was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information for decision making and assessing a government's accountability. The statement establishes accounting and financial reporting requirements or modifies existing requirements related to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement, major component unit presentation, and budgetary comparison information. This statement is effective for the Airport's fiscal year ending December 31, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104 – *Disclosure of Certain Capital Assets*. This statement requires certain types of capital assets, including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying assets in the Airport's footnotes and requires additional disclosures for capital assets held for sale. This statement is effective for the Airport's fiscal year ending December 31, 2026.

Air Carrier Rates and Charges

The Board entered into a new use and lease agreement negotiated (the Agreement) with the air carriers (Signatory Carrier) effective January 1, 2023. The following airlines are signatory to the Agreement: Delta, Frontier, Allegiant, Southwest, United, Amazon, DHL, and FedEx. Effective October 1, 2024, American Airlines also became a Signatory to the Agreement.

The term of the Agreement commenced January 1, 2023, and continues until December 31, 2027. The Board may extend the Agreement for up to five (5) years, which may be exercised in periods of one (1) year or more, subject to the written notification and Signatory Carrier disapproval process outlined in the Agreement.

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

The landing fee rate, terminal rates and charges, and NRR credits are established annually during the budget process based on projected revenues, costs, and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated

(in thousands of dollars)

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 2025 and 2024 were $3,700 and $9,106, respectively. In 2024, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates & charges.

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

Account Groups and Restrictions on Net Position

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

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

Account Group:	Restrictions on Net Position:
Operations and Maintenance	Unrestricted
Designated for Capital Projects	Unrestricted
Designated for Group Health Coverage	Unrestricted
Repair and Replacement Reserve	Unrestricted
General Purposes	Unrestricted
Net Investment in Capital Assets	Net Investment in Capital Assets
Passenger Facility Charge	Restricted for federally approved projects
Police Forfeiture	Restricted for approved law enforcement related expenditures
Customer Facility Charge	Restricted for ground transportation expenditures
Operations and Maintenance Reserve	Restricted for operational cash flow shortages
Bond & Grant Construction Proceeds	Restricted for Airport infrastructure projects
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, provide for the funding of debt service, and all other transfers as required under the bond resolutions and the Agreement.

(in thousands of dollars)

Designated for Capital Projects account group- unrestricted: The Airport has funds on hand which were previously received through reimbursements from federal and state grants and other third parties for eligible capital expenditures. Additionally, amounts as determined by management are periodically set aside to be used for capital projects and, as a result, are transferred from the General Purposes account group. During 2025 and 2024, the Board elected to transfer $62,200 and $31,300, respectively, of the Airport's share of net remaining revenues, which were utilized from the Operations and Maintenance account group to the General Purposes account group and subsequently to the Designation for Capital Projects Account Group. As the Board intends to use these funds for capital projects, they are recorded as Designated for Capital Projects and reflected as a component of unrestricted net position.

Designated for Group Health Coverage account group- unrestricted: Effective January 1, 2009, the Airport, by resolution of the Board, established an account group for all activities of the self-funded health coverages maintained for employees. By this resolution, the Board assumed the risk financing of its health and dental coverages through self-funding of claims, subject to certain individual stop loss and group aggregate limits. Activities include contributions to the account, the payment of claims, the payment of fees and expenses, and the establishment and maintenance of reserves. Contributions to the account group for the payment of claims, fees, and expenses are made from the Operations and Maintenance account group and are recorded as transfers of net position. Contributions to the account for the purposes of building reserves, if necessary, are recorded as transfers of net position from the General Purposes account group (see Note 12).

Repair and Replacement Reserve account group- unrestricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain an asset balance of $10,000 in the Repair and Replacement Reserve account group, which is available for any Airport use. If amounts from this reserve are used, the Board is required, commencing from the date the deficit occurred, to replenish the balance in twenty-four equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. On December 31, 2025 and 2024 the balances of total assets in the Repair and Replacement Reserve were $10,176 and $10,193, respectively. The bond resolutions do not require the Board to adjust the amount held in the Repair and Replacement Reserve as a result of either a year-over-year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Repair and Replacement Reserve account group were used during 2025 and 2024.

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 2025 and 2024, the amounts available to the General Purposes account group were $49,281 and $66,189, respectively. In 2025 and 2024, management elected to transfer $62,200 and $31,300, respectively, to be utilized for capital projects. As a result, in 2025 residual net remaining revenues of $12,919 were transferred to the Designated for Capital Projects account group from the General Purpose account group and, in 2024, residual net remaining revenues of $34,889 were transferred to the General Purpose account group.

(in thousands of dollars)

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

In 2025, the Board drew $22,680 on the Series 2023 Subordinate Notes in the maximum commitment amount of $150,000 for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes.

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

Passenger Facility Charge account group- restricted: In 1994, the Federal Aviation Administration (FAA) first granted approval to the Airport to impose a Passenger Facility Charge (PFC) and to use the PFCs to fund specific approved projects. PFCs, which are charged at rates per qualifying enplaned passenger, are considered earned upon collection by the airline and are credited to the 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, 2025, the Board has received approval on a total of nineteen 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 $910,466. Through December 31, 2025, PFCs and associated investment income in the amount of $686,895 have been recognized. The total amount of PFCs collected in 2025 and 2024 was $17,619 and $18,290, respectively.

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 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 2025 and 2024 was $12,058 and $12,011, respectively.

Pursuant to the 2019 Master Trust Indenture (CFC Trust Indenture) entered into between the Airport and US Bank National Association (Trustee) upon issuance of the Series 2019 Customer Facility

(in thousands of dollars)

Charge Revenue Bonds (see Note 7), all CFCs collected are transferred to the custody of the Trustee to be held for debt service and to fund expenditures permissible under the CFC ordinance. All unexpended CFCs are recorded as assets of the CFC account group.

Operations and Maintenance Reserve account group- restricted: Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain in the Operations and Maintenance Reserve an asset balance equal to twenty-five percent of the then current year budgeted operating expenses. Assets in the Operations and Maintenance Reserve account group may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. Upon use of funds from this reserve, the Board is required, commencing in the ensuing calendar year, to replenish the asset balance in twelve equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. The asset balances required to be carried in the Operations and Maintenance Reserve as of December 31, 2025 and 2024, were $37,255 and $36,087, respectively. For the years ended December 31, 2025 and 2024 the asset balances in the Operations and Maintenance Reserve were $37,787 and $36,687, respectively. The bond resolutions do not require the Board to adjust the amount held in the Operations and Maintenance Reserve as a result of either a year-over-year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Operations and Maintenance Reserve account group were used during 2025 and 2024.

Bond and Grant Proceeds - restricted: The Bond and Grant Proceeds account group is maintained to account for activity of funds received by the Airport for the purpose of funding and financing capital projects. In August 2024, the Board issued the Series 2024 A&B Revenue Bonds to fund a baggage handling system, associated enabling projects, and to fund certain airfield projects. As of December 31, 2025, and 2024, the balance of the unspent bond proceeds, totaled $156,900 and $218,111, respectively.

In November 2024, the Board received grant funds from the Kentucky Cabinet for Economic Development to fund the work required for capital projects across the airport, including, but not limited to, development of general air freight facilities, development of new aircraft hangar construction, pavement and airfield rehabilitation. As of December 31, 2025 and 2024, the unspent grant proceeds totaled $13,995 and $19,375, respectively.

Bond Interest and Redemption account group- restricted: Pursuant to the requirements of the Airport's bond resolutions and CFC Trust Indenture, the Bond Interest and Redemption account group is maintained to hold and account for contributions from the Operations and Maintenance account group for the debt service requirements of any outstanding bonds which are payable from the Airport's operating revenues and contributions from collected CFCs. 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 2025 and 2024, 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.

(in thousands of dollars)

The FAA's approvals of five 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. The currently outstanding revenue bonds fully or partially funded with PFCs consist of the Series 2016 Refunding Revenue Bonds, the Series 2019 Revenue Bonds, and the Series 2024A Revenue Bonds (see Note 7). The revenue bond resolutions which authorized the utilization of PFCs for debt service created the PFC Revenue Account (within the Operations and Maintenance account group), the PFC Interest and Redemption Account (within the Bond Interest and Redemption account group) and the Bond Reserve Account. The 2016 Series Bond Resolution provides through an action adopted by the Board, renewable on an annual basis from the PFC account group to the PFC Revenue Account PFCs equal to 125% of the principal and interest requirements on the 2016 Series 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. As such, the Board authorized the use of PFCs to fund the Series 2019 Revenue Bonds in 2024. In 2025, the Board, pursuant to the terms of the General Board Resolution, the CFC Trust Indenture, and CFC Ordinance, authorized the use of surplus CFCs in the Customer Facility Charge account group to fund the debt service requirements of the Series 2019 Revenue Bonds.Upon transfer to the PFC Revenue Account within the Operations and Maintenance account group, these amounts are restricted for the payment of the principal and interest requirements of the 2019 Series Bonds and any required transfers to the Bond Reserve account group. The bond resolution under which the Series 2024 Revenue Bonds were issued provides that the Board may, but is not required to, transfer PFCs to the PFC Revenue Account for debt service. As such, the Board authorized the use of PFCs to fund a portion of the Series 2024 Revenue Bonds in 2025 in connection with the approval of PFC application nineteen. Any debt service requirements of revenue bonds for which the Board elects to not use PFCs will be paid from operating revenues of the Airport, which are pledged as security for the revenue bonds or from sources permitted by applicable restrictions. During 2025, the amounts of $2,905, $7,517, and $2,606 were transferred from the PFC account group for the principal, interest, and debt service coverage requirements, respectively. During 2024, the amounts of $3,068, $2,795, and $1,466 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, 2025 and 2024, the amounts of $2,606 and $1,466 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 2025 and 2024, the amounts of $6,566 and $6,567 were transferred from the CFC Revenue Fund for the debt service requirements of the Series 2019 CFC Bonds. In 2025, the Board elected to utilize surplus CFCs to fund the debt service requirements of the Series 2019 Revenue Bonds. During 2025, the amounts of $685, $1,525 and $553 were transferred from the CFC Revenue Fund for the principal, interest and debt service coverage requirements, respectively. At December 31, 2025 the amount of $553 of debt service coverage was returned to the CFC account group.

(in thousands of dollars)

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.

At December 31, 2025 and 2024, the required and actual balances in the Bond Reserve account group were as follows:

	2025		2024	
	Required	Actual	Required	Actual
General Airport Revenue Bond Reserve Account	$ 24,901	$ 25,254	$ 24,901	$ 25,059
2019 CFC Senior Debt Service Reserve Fund	6,567	6,590	6,567	6,604
CFC Coverage Fund	1,642	1,749	1,642	1,766
Total	$ 33,110	$ 33,593	$ 33,110	$ 33,429

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. 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

(in thousands of dollars)

17, 2005 and last amended on March 17, 2025. Investments are stated at their fair values based on market values quoted at December 31, 2025 and 2024.

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 has defined cash to include cash on hand and demand deposits. The Airport's receivables are reported at their gross value when the related exchange transaction has occurred and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on an analysis of past due amounts that are not covered by security deposits or letters of credit. When continued collection activity results in receipts of amounts previously reserved, revenue is recognized in the period collected. At December 31, 2025 and 2024, the allowance for uncollectible accounts was $180 and $520, respectively.

Leases

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

For the years ended December 31, 2025 and 2024, the Airport was not party to any leases as a lessee significant enough to require disclosure.

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

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

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

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

Certain future changes in circumstances would require the Airport to remeasure lease receivables and deferred inflows of resources. The Airport will continue to monitor for these events and would

(in thousands of dollars)

remeasure the affected leases if the changes are expected to significantly affect the remaining amount of lease receivables and deferred inflows.

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

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 capital contributions when all applicable eligibility requirements (primarily the incurrence of eligible projects costs) have been met. As discussed above, facilities that have reverted to the Board are recorded at fair value upon reversion of ownership.

Deferred Outflows/Inflows of Resources

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

Compensated Absences

Employees accrue vacation leave based on amounts of regularly scheduled work hours and length of service. Employees can accumulate up to 30 days of vacation time and are paid for all accumulated vacation time upon separation of employment for any reason. All accumulated vacation time is accrued and included in the current and noncurrent portions of the liabilities as accrued expenses (see Note 7).

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 1) when an employee's age and/or years of service are within five years of the minimum age or years of service required for retirement under the provisions of the pension plans in which the Airport's employees participate (see Note 10) or 2) the sick leave is more likely than not to be used for time off based on the Airport's previous experience. Accumulated sick leave is accrued and included in the current and noncurrent portion of the liabilities as accrued expenses (see Note 7).

(in thousands of dollars)

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 refunding 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 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. The Board was awarded an ARPA Grant of $38,294 which can be used to pay for the Airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. For the years ended December 31, 2025 and 2024, the Board applied $0 and $18,365 in ARPA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue.

For the year ended December 31, 2024, the Board was compliant with the employment provisions of the ARPA grant program. As of December 31, 2024, all COVID relief funds awarded to the Board had been allocated and grants administratively closed with the FAA.

Net Pension and Net Other Postemployment Benefits Liabilities

All full-time employees of the Airport as of December 31, 2025 and 2024 are members of the Kentucky Public Pensions Authority (KPPA) County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension system (more fully described in Note 10). For purposes of measuring the net pension liabilities, the deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from the CERS' fiduciary net position have all been determined on the same basis as they are reported by the CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the CERS when due and payable in accordance with the benefit terms and investments are reported at fair value.

(in thousands of dollars)

For purposes of measuring the net Other Postemployment Benefits liability (OPEB) (more fully described in Note 11), the deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the Insurance Fund and additions to/deductions from the Insurance Fund fiduciary net position have all been determined on the same basis as they are reported by the KPPA. For this purpose, the Insurance Fund recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Related Party

An individual appointed to the Airport Board disclosed employment as an executive officer of a property management company which owns and operates a subsidiary off-airport parking lot company that maintains a direct business relationship with the Board. The company provides off-airport parking lot services to passengers who choose to utilize their parking facilities and includes transportation from their facility to the Airport employing the company's fleet of shuttle buses. In January 2014, the Board entered into an agreement granting the company the non-exclusive right to use the assigned premises and the roadways accessing the same for the purpose of operating its off-airport parking lot business, with the company agreeing to pay the access fee charged to all off-airport operators, an amount equal to 10% of their gross receipts generated by their operations. For the years ended December 31, 2025 and 2024, the amount of revenues remitted by the company to the Board under this agreement were $846 and $793, respectively. The company was current on all receivable balances at December 31, 2025 and 2024.

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.

Management's Review of Subsequent Events

The Airport has evaluated and considered the need to recognize or disclose subsequent events, through July 27, 2026, which represents these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended December 31, 2025, have not been evaluated by the Airport.

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:

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

(in thousands of dollars)

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	100%	50%

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

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

Safekeeping and custody procedures: To ensure proper safekeeping and control over investment assets, investment securities are required to be secured through third-party custody and safekeeping procedures. To ensure that securities are deposited in an eligible financial institution prior to the release of funds, all security transactions are required to be conducted on a delivery-versus-payment basis.

Collateralization: For the purpose of protecting balances deposited in financial institutions, as outlined in the table above, the Policy establishes a limit for the amount which may be deposited in any single institution. In addition, the Policy requires all cash and other deposits maintained in any

(in thousands of dollars)

financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) to be collateralized. The instruments permitted to be used as collateral for deposits consist of U.S. Treasury securities, securities issued by U.S. government sponsored enterprises, and direct obligations of the Commonwealth of Kentucky, as well as those of certain of its agencies and instrumentalities. Except for deposits collateralized with a Federal Home Loan Bank Letter of Credit, deposits must be collateralized at a minimum of 102% of the market value of principal plus accrued interest. As provided by KRS Section 41.240(4), amounts collateralized with a Federal Home Loan Bank Letter of Credit may be collateralized at 100%. All securities pledged as collateral are required to be held by an independent third-party custodian.

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

Cash and Investments Held

Cash deposits are maintained by the Treasury Department of the Airport’s depository bank in Demand Deposit Accounts (DDA). The cash balances of the Airport’s DDAs, whether held in cash or in transit between the DDAs and the money market fund, are insured by the FDIC up to the applicable FDIC limit. For all accounts other than the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by a letter of credit which is issued and held in the Airport’s name by the Federal Home Loan Bank of Cincinnati. For the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by U.S. Treasury securities and securities issued by certain U.S. government sponsored enterprises, with these securities being pledged by the Airport’s depository bank and held in safekeeping by the Federal Reserve Bank in the Airport’s name. At December 31, 2025 and 2024, the combined values of the letter of credit and collateral securities were $7,280 and $7,383, respectively.

(in thousands of dollars)

At December 31, 2025 and 2024, the Airport's cash and investments were comprised of the following:

	2025		2024	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Cash	$ 1,919	$ 1,919	$ 2,269	$ 2,269
Investments				
Investment in money market mutual funds				
First American Government Obligation Fund	$ 65,270	$ 65,270	$ 191,677	$ 191,677
Securities				
U.S Treasury	16,223	16,211	101,995	103,058
U.S. government sponsored enterprises	312,000	313,909	150,360	151,901
Commercial paper	135,694	137,708	136,976	139,280
Corporate bonds	137,348	137,922	131,792	132,405
Total investments	$ 666,535	$ 671,020	$ 712,800	$ 718,321

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

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, 2025 and 2024, as permitted by the Policy, consisted of instruments issued by the Federal National Mortgage Association, the Federal Home Loan Bank, The Federal Home Loan Mortgage Corp., and the Federal Farm Credit Banks Funding Corp.

The commercial paper instruments in which the Airport was invested at December 31, 2025 and 2024 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, 2025 and/or December 31, 2024 consisted of instruments issued by Bank of America Corp., Bank of New York Mellon Corp., Cooperatieve Rabobank U.A., Cisco Systems Inc., Credit Agricole Corporate and Investment Bank, Lloyds Banking Group,

(in thousands of dollars)

LVMH Moet Hennessy Louis Vuitton Inc, Mizuho Bank Ltd., MUFG Bank Ltd., Natixis Corporate and Investment Banking, Royal Bank of Canada, and Standard Chartered PLC.

KRS 66.480 allows state and local governments to invest money subject to its control and jurisdiction in corporate bonds. The corporate bonds held at December 31, 2025 and 2024 consisted of instruments issued by Apple Inc., Bank of America Corp., Bank of New York Mellon Corp., Caterpillar Inc., Citibank NA, Coca Cola Company, Deere and Company, Eli Lilly and Company, Exxon Mobil Corp., Home Depot Inc., Johnson & Johnson, JP Morgan Chase and Company, National Securities Clearing Corp., PACCAR Financial Corp., PepsiCo Inc., Pfizer Inc., Praxair Inc., Toyota Motor Credit Corp., and Walmart Inc.

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

The maturities of investments held at December 31, 2025 and 2024 were as follows:

	2025 Investment Maturities (at fair value)					
Investment Type	**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	$ 65,270	$ -	$ -	$ -	$ -	$ 65,270
Securities						
U.S. Treasury	-	-	9,288	-	6,923	16,211
U.S. government sponsored enterprises	219,122	48,636	19,332	17,785	9,034	313,909
Commercial paper	60,393	24,623	52,692	-	-	137,708
Corporate bonds	14,344	22,481	44,385	23,329	33,383	137,922
Total investments	$ 359,129	$ 95,740	$125,697	$ 41,114	$ 49,340	$ 671,020

	2024 Investment Maturities (at fair value)					
Investment Type	**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	$ 191,677	$ -	$ -	$ -	$ -	$ 191,677
Securities						
U.S. Treasury	77,809	11,858	4,376	-	9,015	103,058
U.S. government sponsored enterprises	70,223	66,954	8,750	5,974	-	151,901
Commercial paper	39,651	80,428	19,201	-	-	139,280
Corporate bonds	40,382	17,796	12,954	4,022	57,251	132,405
Total investments	$ 419,742	$177,036	$ 45,281	$ 9,996	$ 66,266	$ 718,321

All securities held by the Airport at December 31, 2025 and 2024 carried ratings in the range of AAA to A- or their equivalents.

(in thousands of dollars)

Fair Value Measurement

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

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

(in thousands of dollars)

The following tables show the fair value and the fair value measurements for the Airport's investments, subject to the provisions of GASB No. 72, at December 31, 2025 and 2024:

	2025 Investments Measured at Fair Value			
	Fair Value	Level 1	Level 2	Level 3
Investment in money market mutual funds				
First American Government Obligation Fund	$ 65,270	$ -	$ 65,270	$ -
Securities				
U.S Treasury	16,211	16,211	-	-
U.S. government sponsored enterprises	313,909	-	313,909	-
Commercial paper	137,708	-	137,708	-
Corporate bonds	137,922	-	137,922	-
Total investments	$ 671,020	$ 16,211	$ 654,809	$ -

	2024 Investments Measured at Fair Value			
	Fair Value	Level 1	Level 2	Level 3
Investment in money market mutual funds				
First American Government Obligation Fund	$ 191,677	$ -	$ 191,677	$ -
Securities				
U.S Treasury	103,058	103,058	-	-
U.S. government sponsored enterprises	151,901	-	151,901	-
Commercial paper	139,280	-	139,280	-
Corporate bonds	132,405	-	132,405	-
Total investments	$ 718,321	$ 103,058	$ 615,263	$ -

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

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

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

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

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

(in thousands of dollars)

3. Restricted Assets

The assets of the following account groups at December 31, 2025 and 2024 are subject to restrictions which limit the purposes for which they may be used:

	2025	2024
Operations and Maintenance	$ 2,095	$ 1,545
Passenger Facility Charge	94,217	93,297
Police Forfeiture	4,954	5,065
Customer Facility Charge	45,129	40,134
Operations and Maintenance Reserve	37,787	36,687
Bond & Grant Construction Proceeds	196,318	260,289
Bond Interest and Redemption	4,579	4,519
Bond Reserve	33,593	33,429
Other Third Party Funding	5,839	7,883
Less: restricted interfund receivable balances	(3,250)	(2,737)
	$ 421,261	$ 480,111

The restricted amounts in the Operations and Maintenance account group represent amounts which, as discussed in Note 1, have been transferred from the PFC and CFC account groups to satisfy the debt service requirements of the revenue bonds funded by PFCs and CFCs. As also discussed in Note 1, assets included in the PFC account group are federally restricted for use on specific FAA approved projects. As applicable, assets in the Police Forfeiture account group are restricted by the federal government or the Commonwealth of Kentucky for expenditures allowable under the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. CFC assets are restricted for permissible expenditures under the CFC ordinance 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 and bond agreements, the assets in the Bond & Grant Construction Proceeds account group are restricted to pay costs of certain project costs and associated capitalized interest. 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 12/31/2023	Additions/ transfers	Retirements/ transfers	Balance 12/31/2024	Additions/ transfers	Retirements/ transfers	Balance 12/31/2025
Land (non-depreciable)	$ 182,968	$ 1,023	$ (1,135)	$ 182,856	$ 5,760		$ 188,616
Runways, taxiways and other land improvements	857,852	2,112	(141)	859,823	1,549	(11,579)	849,793
Buildings and building renovations	526,600	3,172	(1,938)	527,834	1,485	(1,168)	528,151
Utility systems	83,312	1,568	(84)	84,796	7,952	(1,458)	91,290
Equipment	157,302	61,625	(8,176)	210,751	30,551	(7,588)	233,714
Easements (non-depreciable)	47,481	586	-	48,067			48,067
Construction-in-progress	29,495	102,049	(57,227)	74,317	208,473	(69,480)	213,310
Subscription assets	2,012	420	-	2,432	1,808	(469)	3,771
Total capital assets	1,887,022	172,555	(68,701)	1,990,876	257,578	(91,742)	2,156,712
Less accumulated depreciation							
Runways, taxiways and other land improvements	595,268	26,689	(141)	621,816	19,064	(3,204)	637,676
Buildings and building renovations	198,927	18,228	(1,305)	215,850	18,473	(23)	234,300
Utility systems	75,014	1,337	(81)	76,270	8,099	(1,458)	82,911
Equipment	107,270	11,430	(8,139)	110,561	10,839	(6,720)	114,680
Subscription assets	998	279	-	1,277	663	(469)	1,471
Total accumulated depreciation	977,477	57,963	(9,666)	1,025,774	57,138	(11,874)	1,071,038
Total capital assets, net of accumulated depreciation	$ 909,545	$ 114,592	$ (59,035)	$ 965,102	$ 200,440	$ (79,868)	$ 1,085,674
Total non-depreciable capital assets	$ 230,448	$ 1,609	$ (1,135)	$ 230,922	$ 5,760	$ -	$ 236,682
Total depreciable capital assets, net of accumulated depreciation	679,097	112,983	(57,900)	734,180	194,680	(79,868)	848,992
Total capital assets, net of accumulated depreciation	$ 909,545	$ 114,592	$ (59,035)	$ 965,102	$ 200,440	$ (79,868)	$ 1,085,674

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 $41,865 and $28,005 at December 31, 2025 and 2024, respectively.

(in thousands of dollars)

Useful Lives

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

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

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

5. Lease of Airport Facilities

Non-regulated leases

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

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

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

(in thousands of dollars)

During the year ended December 31, 2025 and 2024, the Airport recognized the following related to its lessor agreements:

	2025	2024
Lease revenue	$ 11,284	$ 10,491
Interest income related to leases	3,880	4,159
Revenue from payments not previously included in the measurement of the lease receivable	23	634

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2025 are as follows:

Year	Principal	Interest	Total
2026	$ 10,810	$ 3,629	$ 14,439
2027	10,810	3,294	14,104
2028	10,798	2,949	13,747
2029	10,400	2,598	12,998
2030	10,607	2,237	12,844
2031 - 2035	14,532	8,353	22,885
2036 - 2040	6,938	7,079	14,017
2041 - 2045	7,891	5,887	13,778
2046 - 2050	9,376	4,445	13,821
2051 - 2055	8,148	2,961	11,109
2056 - 2060	8,371	1,860	10,231
2061 - 2065	7,162	873	8,035
2066 - 2070	2,828	95	2,923
Total	$ 118,671	46,259	$ 164,930

These amounts represent non-cancellable minimum payments under non-regulated lease agreements. Variable payments not included in the schedule above are recognized in the period in which the obligation is incurred.

Regulated leases

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

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

(in thousands of dollars)

During the year ended December 31, 2025 and 2024, the Airport recognized the following from regulated leases:

	2025	2024
Lease revenue	$ 20,336	$ 20,020
Revenue from variable payments excluded from the schedule of expected future minimum payments	249	255

Future expected minimum payments related to the Airport's regulated leases at December 31, 2025 are as follows:

Year	
2026	$ 18,332
2027	18,528
2028	15,559
2029	4,114
2030	4,150
2031 - 2035	21,994
2036 - 2040	23,020
2041 - 2045	23,914
2046 - 2050	26,269
2051 - 2055	28,445
2056 - 2060	23,649
2061 - 2065	21,785
2066 - 2070	14,549
Total	$ 244,308

These amounts represent non-cancellable minimum payments under regulated lease agreements. Variable payments not included in the schedule above are recognized in the period in which the obligation is incurred.

6. Subscription-based Information Technology Arrangements

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

Key estimates and judgments related to SBITAs include how the Airport determines the discount rate used to discount the projected SBITA payments to present value, the term of the SBITA, and the SBITA payments. As interest rates charged by SBITA providers were not provided, the Airport

(in thousands of dollars)

elected to utilize its estimated incremental borrowing rates as the SBITA discount rate. The SBITA term includes all noncancellable periods and extensions to arrangements that are solely invocable by the Airport or the SBITA provider and all payments included in the measurement of the subscription liability are comprised of fixed payments. The Airport monitors changes in circumstances that would require its SBITA to be subject to remeasurement and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. As of December 31, 2025, the Airport is not aware of any additional commitments not yet recognized as SBITA.

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

A subscription asset and related accumulated amortization are included in capital assets on the Statement of Net Position. Balances at December 31, 2025 are as follows:

Subscription asset	$ 3,771
Accumulated amortization	$ 1,471
Term	12 to 120 months

Future principal and interest payment requirements related to the Board's subscription liability at December 31, 2025 are as follows:

Year	Principal	Interest	Total
2026	$ 720	$ 83	$ 803
2027	713	56	769
2028	439	29	468
2029	288	12	300
2030	141	3	144
	$ 2,300	$ 183	$ 2,484

(in thousands of dollars)

7. Long-Term Liabilities

During 2025 and 2024, the Airport's long-term liabilities and related activity consisted of the following:

Revenue Bonds

The following revenue bonds were outstanding at December 31, 2025 and 2024. The maturities occur on January 1 of each year.

	2025	2024
Series 2016 Refunding Revenue Bonds, 5.000%, due 2020-2033	$ 24,835	$ 27,740
Series 2019 Revenue Bonds, 5.000%, due 2022-2049	$ 29,820	$ 30,505
Series 2019 CFC Revenue Bonds, 3.080% to 4.689%, due 2023-2049	$ 94,410	$ 96,695
Series 2024A Revenue Bonds, 5.000% to 5.250%, due 2026-2054	$ 245,340	$ 245,340
Series 2024B Revenue Bonds, 4.125% to 5.000%, due 2026-2054	$ 14,785	$ 15,040
	$ 409,190	$ 415,320

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

The Series 2019 Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds issued at a premium to fund the reconfiguration of the main terminal roadway. The Series 2019 Revenue Bonds were issued under the terms of the Airport's general bond resolution and a resolution specific to the Series 2019 Revenue Bonds that establish new funds and accounts to provide for the deposit and flow of net revenues (operating revenues less operating and maintenance expenses as defined in the resolution) which are pledged for payment of the Series 2019 Revenue Bonds. Among other projects, the approval included authorization to, at the Airport's discretion, 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. The Board authorized the use of PFCs to substantially fund the Series 2019 Revenue Bonds in 2024, and in 2025, elected to utilize surplus CFCs available in the Customer Facility Charge account group to fund all the Series 2019 Revenue Bonds debt service requirements.

(in thousands of dollars)

The Series 2019 CFC Revenue Bonds, which bear fixed interest rates, are Senior Customer Facility Charge Revenue Bonds issued to fund the construction of a Ground Transportation Facility and the associated improvements. The 2019 Series CFC Bonds are special limited obligations of the Board which are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the CFC Trust Indenture entered into between the Airport and the Trustee. In the event that the CFC collections are insufficient or are estimated to be insufficient to pay the debt service and fund the applicable reserves as required by the rate covenant set forth in the CFC Trust Indenture, the Board, through the agreements with the rental car companies, has secured the right to charge the rental car companies for such deficiencies. No other revenues of the Board are pledged to the payment of the Series 2019 CFC Bonds.

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of $150,000 for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the Board authorized an agreement with Bank of America National Association for a revolving line of credit in the maximum commitment amount of $150,000. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. During 2025, the Board utilized $22,680 of the line to provide ongoing funding for capital projects.

In August 2024, the Board issued $245,340 principal amount of fixed rate Series 2024A AMT Revenue Bonds and $15,040 principal amount of fixed rate Series 2024B non-AMT Revenue bonds. The Series 2024A Revenue Bonds were issued to fund the replacement of the existing Baggage Handling System (BHS) including the demolition of the existing BHS, infill of the security building tunnel, and the buildout of a new Checked Bag Inspection System/Checked Bag Reconciliation Area (CBIS/CBRA) under the existing security checkpoint. The Series 2024B Revenue Bonds were issued to fund certain airfield rehabilitation projects. All the Airport's outstanding bonds bear fixed rates of interest. In accordance with the applicable bond resolutions, the bonds are secured by the operating revenues of the Airport.

(in thousands of dollars)

The Series 2016 Refunding Bonds, Series 2019 Revenue Bonds, Series 2024A and Series 2024B Revenue Bonds were issued at premiums of $9,566, $5,075, $18,963, and $328, 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, 2025 is as follows:

	General Airport Revenue Bond Premiums				
	Series 2016 Refunding Revenue Bond Premiums	Series 2019 Revenue Bond Premiums	Series 2024A Revenue Bond Premiums	Series 2024B Revenue Bond Premiums	Total
2026	462	252	960	57	1,731
2027	394	239	1,001	53	1,687
2028	328	226	1,043	49	1,646
2029	263	213	1,012	44	1,532
2030	199	201	980	39	1,419
2031-2040	202	1,497	7,993	87	9,779
2041-2050	-	491	4,356	(76)	4,771
2051-2054	-		392	(6)	386
	$ 1,848	$ 3,119	$ 17,737	$ 247	$ 22,951

(in thousands of dollars)

The required funding of bond principal and interest subsequent to December 31, 2025 is as follows:

General Airport Revenue Bonds

	Principal	Interest	Total Debt Service
2026	4,040	16,149	20,189
2027	4,240	15,947	20,187
2028	9,160	15,735	24,895
2029	9,620	15,277	24,897
2030	10,105	14,797	24,902
2031-2040	92,575	122,038	214,613
2041-2050	135,135	66,467	201,602
2051-2054	49,905	5,277	55,182
	$ 314,780	$ 271,687	$ 586,467

2019 CFC Bonds

	Principal	Interest	Total Debt Service
2026	4,800	4,124	8,924
2027	2,530	4,036	6,566
2028	2,625	3,942	6,567
2029	2,725	3,842	6,567
2030	2,830	3,735	6,565
2031-2040	35,935	29,713	65,648
2041-2050	42,965	9,549	52,514
2051-2054	-	-	-
	$ 94,410	$ 58,941	$ 153,351

Total

	Principal	Interest	Total Debt Service
2026	8,840	20,273	29,113
2027	6,770	19,983	26,753
2028	11,785	19,677	31,462
2029	12,345	19,119	31,464
2030	12,935	18,532	31,467
2031-2040	128,510	151,751	280,261
2041-2050	178,100	76,016	254,116
2051-2054	49,905	5,277	55,182
	$ 409,190	$ 330,628	$ 739,818

(in thousands of dollars)

At December 31, 2025 and 2024, the current and non-current portions of revenue bonds payable as shown above have been combined with the current and non-current portions of the unamortized bond premiums for presentation on the Statement of Net Position. The current amounts of revenue bonds payable, inclusive of unamortized bond premium, at December 31, 2025 and 2024 were $10,571 and $10,270, respectively. The non-current portions at December 31, 2025 and 2024 were $421,570 and $429,780, respectively.

For the years ended December 31, 2025 and 2024, interest expense on outstanding revenue bonds was $20,834 and $11,953 respectively, and the amortization of bond premium was $1,780 and $1,207, respectively. On the Statement of Revenues, Expenses and Changes in Net Position these amounts have been combined and presented as $19,054 and $10,746 of revenue bond interest expense, net of premium amortization, at December 31, 2025 and 2024, respectively.

Other Long-Term Liabilities

At December 31, 2025, the Airport's other liabilities which have portions due after one year consisted of rental and other deposits, compensated absences, arbitrage rebate liability, estimated amounts potentially due for incidents not covered by commercial insurance, estimated amounts due under a frequent parking rewards program, subordinate debt obligations for equipment procured under capital leases and the Airport's assigned proportionate shares of net pension and OPEB liabilities from its participation in the pension and OPEB plans discussed in Notes 1, 10 and 11. Amounts related to these liabilities are shown below.

(in thousands of dollars)

Long-Term Liability Activity

For the years ended December 31, 2025 and 2024, components of the Airport's liabilities which had non-current activity or balances were as follows:

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Amounts due within one year	Amounts due after one year
Accounts payable and accrued expenses						
Deposits	$ 273	$ 98	$ (59)	$ 312	$ 60	$ 252
Compensated absences	5,301	2,677	(2,694)	5,284	4,630	654
Arbitrage rebate liability	-	380	-	380	-	380
Parking rewards	1,485	230	(103)	1,612	1,489	123
Revenue bonds payable	415,320	-	(6,130)	409,190	8,840	400,350
Revenue bond premium	24,730	-	(1,779)	22,951	1,731	21,220
Subordinate debt - equipment lease	2,577	719	(1,012)	2,284	1,054	1,230
Subscription liability	1,155	1,809	(664)	2,300	720	1,580
Net pension liability	90,710	-	(7,091)	83,619	-	83,619
Net other postemployment benefits liability	70	4,501	-	4,571	-	4,571
	$ 541,621	$ 10,414	$ (19,532)	$ 532,503	$ 18,524	$ 513,979

	Balance 12/31/2023	Additions	Reductions	Balance 12/31/2024	Amounts due within one year	Amounts due after one year
Accounts payable and accrued expenses						
Deposits	$ 268	$ 30	$ (25)	$ 273	$ 52	$ 221
Compensated absences	4,949	2,158	(1,806)	5,301	4,295	1,006
Parking rewards	1,310	231	(56)	1,485	1,082	403
Revenue bonds payable	160,570	272,790	(18,040)	415,320	8,490	406,830
Revenue bond premium	6,647	19,291	(1,208)	24,730	1,780	22,950
Subordinate debt - equipment lease	2,555	1,798	(1,776)	2,577	941	1,636
Subscription liability	1,014	629	(488)	1,155	144	1,011
Net pension liability	99,751	-	(9,041)	90,710	-	90,710
Net other postemployment benefits liability	601	-	(531)	70	-	70
	$ 277,665	$ 296,927	$ (32,971)	$ 541,621	$ 16,784	$ 524,837

8. Special Facility Revenue Bonds

Special Facility Revenue Bonds (SFRBs) Series 2001A totaling $22,500 were issued in July 2001 to finance the construction of a pilot training facility for FlightSafety International, Inc. (FlightSafety). Although taking the legal form of a financing lease between the Board and FlightSafety, the substance of the arrangement is that the SFRBs constitute special and limited obligations and do not constitute a debt, liability or general obligation of the Board or a pledge of Airport revenues. As such, no liability relating to the SFRBs is included in the accompanying financial statements. Information related to the amounts outstanding on the SFRBs is not readily available to management of the Airport. As of December 31, 2025 and 2024, $4,400 was outstanding on the SFRBs. For additional information regarding the SFRBs, readers should contact FlightSafety.

(in thousands of dollars)

9. Major Lessees and Revenue Concentrations

In 2025, the operating revenues received from Delta, DHL, and Amazon, represented approximately 12.35%, 10.21%, and 6.77%, respectively, of total operating revenues. The comparable amounts for 2024 for DHL, Delta, and American Airlines, were 10.94%, 10.07%, and 7.98%, respectively.

Landing fees received from DHL, Amazon, and Delta in 2025 represented 36.63%, 22.64%, and 13.36%, respectively, of total billed landing fees. The comparable amounts for 2024 for DHL, Amazon, and Delta were 40.72%, 20.40%, and 11.81%, respectively.

As of the date of issuance of these financial statements, there are no known events or conditions that have occurred, have begun to occur, or are more likely to occur within the next 12 months that would materially impact the Airport's ability to continue receiving revenues from these lessees. The Airport continues to monitor the financial condition and contractual status of its major lessees to assess any potential risks to future revenue streams.

10. Retirement Plans

Defined Benefit Pension Plans

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

General Information about the Pension Plan

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

(in thousands of dollars)

CERS benefits provided: Non-Hazardous

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

(in thousands of dollars)

CERS benefits provided: Hazardous

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

Contributions

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

Employee pension contributions are governed by KRS Section 61.560, deducted from active employees' salaries, and remitted to the CERS by the Airport along with the employer's portion of

(in thousands of dollars)

the contribution. Employee contribution rates are set by statute and may be changed only by the Kentucky General Assembly.

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2025 and June 30, 2024.

The contribution rates in effect and contributions remitted relating to the CERS for the fiscal year ended December 31, 2025 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, 2025 - December 31, 2025	18.62%	35.73%
July 1, 2024 - June 30, 2025	19.71%	38.61%
July 1, 2023 - June 30, 2024	23.34%	41.11%
July 1, 2022 - June 30, 2023	23.40%	42.81%
Employee contributions:		
2025	$ 1,743	$ 1,112
2024	$ 1,717	$ 908
2023	$ 1,641	$ 866
Airport contributions:		
2025	$ 6,913	$ 4,683
2024	$ 6,437	$ 4,518
2023	$ 6,737	$ 4,547
Amount of payroll on which employee and employer contributions were based:		
2025	$ 33,043	$ 12,199
2024	$ 29,980	$ 11,651
2023	$ 28,828	$ 10,837
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2025, 2024 and 2023	100%	100%

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

At December 31, 2025 and December 31, 2024, the Airport reported a liability of $83,619 and $90,710, respectively, for its assigned proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2025 and June 30, 2024; and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates.

(in thousands of dollars)

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 actuarially determined. At June 30, 2025, and June 30, 2024, the Airport's proportionate shares of the CERS non-hazardous plan were 0.942855% and 0.924568%, respectively. At June 30, 2025 and June 30, 2024, the Airport's proportionate shares of the CERS hazardous plan were 1.296304% and 1.377020%, respectively.

Based on its proportionate shares of pension expense as assigned by the CERS, for the Airport's fiscal years ended December 31, 2025 and December 31, 2024, the Airport recognized pension expense of $8,280 and $8,507, respectively. The 2025 and 2024 amounts include $11,596 and $10,955, respectively, of contributions made to the plan.

(in thousands of dollars)

At December 31, 2025 and 2024, the balances of deferred inflows and outflows reflected the following activity:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2023	$ 21,098	$ (13,806)	$ 7,292
Prior year contributions subsequent to measurement date	(3,411)	-	(3,411)
Difference between expected and actual experience	(519)	168	(351)
Changes in assumptions	-	3,158	3,158
Net differences between projected and actual earnings on pension plan investments	(6,667)	3,954	(2,713)
Changes in proportion and differences between contributions and proportionate share of contributions	(4,231)	(1,270)	(5,501)
Contributions subsequent to measurement date	3,042	-	3,042
Deferred Outflows and Inflows at December 31, 2024	$ 9,312	$ (7,796)	$ 1,516
Prior year contributions subsequent to measurement date	$ (3,042)	$ -	$ (3,042)
Difference between expected and actual experience	(936)	-	(936)
Changes in assumptions	-	2,498	2,498
Net differences between projected and actual earnings on pension plan investments	-	(1,691)	(1,691)
Changes in proportion and differences between contributions and proportionate share of contributions	(3,000)	1,070	(1,930)
Contributions subsequent to measurement date	3,187	-	3,187
Deferred Outflows and Inflows at December 31, 2025	$ 5,521	$ (5,919)	$ (398)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2023	$ 10,297	$ (8,373)	$ 1,924
Prior year contributions subsequent to measurement date	(2,233)	-	(2,233)
Difference between expected and actual experience	562	-	562
Changes in assumptions	-	972	972
Net differences between projected and actual earnings on pension plan investments	(3,388)	1,879	(1,509)
Changes in proportion and differences between contributions and proportionate share of contributions	(911)	155	(756)
Contributions subsequent to measurement date	2,147	-	2,147
Deferred Outflows and Inflows at December 31, 2024	$ 6,474	$ (5,367)	$ 1,107
Prior year contributions subsequent to measurement date	$ (2,147)	$ -	$ (2,147)
Difference between expected and actual experience	(194)	-	(194)
Changes in assumptions	-	965	965
Net differences between projected and actual earnings on pension plan investments	-	(751)	(751)
Changes in proportion and differences between contributions and proportionate share of contributions	(912)	(922)	(1,834)
Contributions subsequent to measurement date	2,100	-	2,100
Deferred Outflows and Inflows at December 31, 2025	$ 5,321	$ (6,075)	$ (754)

(in thousands of dollars)

At December 31, 2025 and 2024, 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
Difference between expected and actual experience	$ 2,674	$ -
Changes in assumptions	-	2,497
Net differences between projected and actual earnings on pension plan investments	-	3,554
Changes in proportion and differences between contributions and proportionate share of contributions	3,596	1,745
Contributions subsequent to measurement date	3,042	-
Total at December 31, 2024	$ 9,312	$ 7,796
Difference between expected and actual experience	$ 1,738	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on pension plan investments	-	5,246
Changes in proportion and differences between contributions and proportionate share of contributions	596	673
Contributions subsequent to measurement date	3,187	-
Total at December 31, 2025	$ 5,521	$ 5,919

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,302	$ -
Changes in assumptions	-	2,000
Net differences between projected and actual earnings on pension plan investments	-	1,890
Changes in proportion and differences between contributions and proportionate share of contributions	2,025	1,477
Contributions subsequent to measurement date	2,147	-
Total at December 31, 2024	$ 6,474	$ 5,367
Difference between expected and actual experience	$ 2,108	$ -
Changes in assumptions	-	1,035
Net differences between projected and actual earnings on pension plan investments	-	2,641
Changes in proportion and differences between contributions and proportionate share of contributions	1,113	2,399
Contributions subsequent to measurement date	2,100	-
Total at December 31, 2025	$ 5,321	$ 6,075

(in thousands of dollars)

The $5,287 reported as a deferred outflow of resources related to the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources as of December 31, 2025, will be recognized in pension expense as follows:

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

December 31		
2026	$	574
2027		(2,789)
2028		(2,816)
2029		(1,410)
Total	$	(6,441)

Actuarial Assumptions
The total pension liability, net pension liability, and sensitivity information shown in this report are based on an actuarial valuation date of June 30, 2024. The total pension liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2025 using generally accepted actuarial principles. The total pension liability in the June 30, 2025 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, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.50%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%, varies by service
Investment Rate of Return	6.50%
Mortality:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from the MP-2020 mortality improvement scale using base year of 2023

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

(in thousands of dollars)

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
Equity		
Public equity	45.00%	4.15%
Private equity	8.00%	7.90%
Fixed Income		
Core Fixed Income	13.00%	2.70%
Specialty credit	20.00%	3.83%
Cash	2.00%	1.25%
Inflation Protected		
Real estate	5.00%	4.75%
Real return	7.00%	5.20%
Expected Real Return	**100.00%**	**4.24%**
Long-Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**6.74%**

Discount rate: The discount rate used to measure the total pension liability was 6.50%. 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 closed 27-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. 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 non-hazardous and hazardous:

Asset Class	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Airport's proportionate share of the net pension liability - non hazardous	$ 69,364	$ 52,466	$ 38,525
Airport's proportionate share of the net pension liability - hazardous	41,261	31,153	23,056
Total	$ 110,625	$ 83,619	$ 61,581

(in thousands of dollars)

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, 2025, and 2024. Employee contributions in total were approximately $1,704 and $1,671, respectively, for the years ended December 31, 2025, and 2024.

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

11. Other Postemployment Benefits

General Information about the OPEB Plan

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

Benefits Provided
The Insurance Fund provides access to group health insurance coverage for retirees of the System, including all non-hazardous 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.

(in thousands of dollars)

Insurance Fund benefits provided: Non-Hazardous

	Tier 1 Non-Hazardous Participation Beginning prior to 7/1/2003	Tier 2 Non-Hazardous Participation Beginning 7/1/2003 through 8/31/2008	Tier 3 Non-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 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 non-hazardous monthly contribution	Disability a result of injuries sustained while in the line of duty; a benefit equal to at least 20 times the non-hazardous 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 non-hazardous 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 non-hazardous monthly contribution.

(in thousands of dollars)

Insurance Fund benefits provided: Hazardous

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

(in thousands of dollars)

Contributions

Employer insurance contribution rates are governed by KRS Section 61.565 which requires the Airport to contribute at an actuarially determined rate. The CERS Board sets the employer contribution rates on the basis of the annual actuarial valuation last preceding 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, 2025 and June 30, 2024. 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 $302 and $206 for the years ended December 31, 2025 and 2024, 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, 2025 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, 2025 - December 31, 2025	0.00%	1.73%
July 1, 2024 - June 30, 2025	0.00%	2.12%
July 1, 2023 - June 30, 2024	0.00%	2.58%
July 1, 2022 - June 30, 2023	3.39%	6.78%
Employee contributions:		
2025	$ 218	$ 106
2024	$ 224	$ 64
2023	$ 208	$ 58
Airport contributions:		
2025	$ -	$ 235
2024	$ -	$ 274
2023	$ 481	$ 507
Amount of payroll on which employee and employer contributions were based:		
2025	$ 33,043	$ 12,199
2024	$ 29,980	$ 11,651
2023	$ 28,828	$ 10,837
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2025, 2024, and 2023	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, 2025 and December 31, 2024, the Airport reported liabilities of $4,571 and $70, respectively, for its assigned proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025 and June 30, 2024; 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, 2025, and June 30, 2024, the Airport's proportionate shares of the CERS non-hazardous plan were 0.943440% and 0.925472%, respectively. At June 30, 2025, and June 30, 2024, the Airport's proportionate shares of the CERS hazardous plan were 1.296575% and 1.377370%, respectively.

Based on its proportionate shares of OPEB expense as assigned by the Insurance Fund, for the Airport's fiscal years ended December 31, 2025 and December 31, 2024, the Airport recognized OPEB expense of ($3,317) and ($5,107), respectively. The 2025 and 2024 amounts include $235 and $274, respectively, of contributions made to the plan.

(in thousands of dollars)

At December 31, 2025 and 2024, the balances of deferred inflows and outflows reflected the following activity:

Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2023	$ 9,263	$ (23,929)	$ (14,666)
Prior year contributions subsequent to measurement date	-	-	-
Prior year implicit subsidies subsequent to measurement date	(238)	-	(238)
Difference between expected and actual experience	(37)	6,258	6,221
Changes in assumptions	(1,162)	691	(471)
Net differences between projected and actual earnings on pension plan investments	(2,485)	1,331	(1,154)
Changes in proportion and differences between contributions and proportionate share of contributions	(914)	(359)	(1,273)
Contributions subsequent to measurement date	-	-	-
Implicit subsidies subsequent to measurement date	217	-	217
Deferred Outflows and Inflows at December 31, 2024	$ 4,644	$ (16,008)	$ (11,364)
Prior year contributions subsequent to measurement date	$ -	$ -	$ -
Prior year implicit subsidies subsequent to measurement date	(217)	-	(217)
Difference between expected and actual experience	2,051	4,807	6,858
Changes in assumptions	(846)	611	(235)
Net differences between projected and actual earnings on pension plan investments	-	(591)	(591)
Changes in proportion and differences between contributions and proportionate share of contributions	(664)	335	(329)
Contributions subsequent to measurement date	-	-	-
Implicit subsidies subsequent to measurement date	267	-	267
Deferred Outflows and Inflows at December 31, 2025	$ 5,235	$ (10,846)	$ (5,611)

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2023	$ 4,293	$ (12,824)	$ (8,531)
Prior year contributions subsequent to measurement date	(140)	-	(140)
Prior year implicit subsidies subsequent to measurement date	30	-	30
Difference between expected and actual experience	278	1,839	2,117
Changes in assumptions	(184)	541	357
Net differences between projected and actual earnings on pension plan investments	(1,756)	972	(784)
Changes in proportion and differences between contributions and proportionate share of contributions	(194)	46	(148)
Contributions subsequent to measurement date	125	-	125
Implicit subsidies subsequent to measurement date	(11)	-	(11)
Deferred Outflows and Inflows at December 31, 2024	$ 2,441	$ (9,426)	$ (6,985)
Prior year contributions subsequent to measurement date	$ (125)	$ -	$ (125)
Prior year implicit subsidies subsequent to measurement date	11	-	11
Difference between expected and actual experience	624	1,915	2,539
Changes in assumptions	(178)	551	373
Net differences between projected and actual earnings on pension plan investments	-	(227)	(227)
Changes in proportion and differences between contributions and proportionate share of contributions	(192)	(123)	(315)
Contributions subsequent to measurement date	107	-	107
Implicit subsidies subsequent to measurement date	33	-	33
Deferred Outflows and Inflows at December 31, 2025	$ 2,721	$ (7,310)	$ (4,589)

(in thousands of dollars)

At December 31, 2025 and 2024, 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
Difference between expected and actual experience	$ 888	$ 12,596
Changes in assumptions	1,451	1,131
Net differences between projected and actual earnings on pension plan investments	-	1,463
Changes in proportion and differences between contributions and proportionate share of contributions	2,088	819
Contributions subsequent to measurement date	-	-
Implicit subsidies subsequent to measurement date	217	-
Total at December 31, 2024	$ 4,644	$ 16,008
Difference between expected and actual experience	$ 2,939	$ 7,790
Changes in assumptions	604	519
Net differences between projected and actual earnings on pension plan investments	-	2,052
Changes in proportion and differences between contributions and proportionate share of contributions	1,423	485
Contributions subsequent to measurement date	269	-
Implicit subsidies subsequent to measurement date	-	-
Total at December 31, 2025	$ 5,235	$ 10,846

Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 452	$ 6,115
Changes in assumptions	1,133	1,470
Net differences between projected and actual earnings on pension plan investments	-	1,049
Changes in proportion and differences between contributions and proportionate share of contributions	742	792
Contributions subsequent to measurement date	125	-
Implicit subsidies subsequent to measurement date	(11)	-
Total at December 31, 2024	$ 2,441	$ 9,426
Difference between expected and actual experience	$ 1,077	$ 4,200
Changes in assumptions	955	919
Net differences between projected and actual earnings on pension plan investments	-	1,278
Changes in proportion and differences between contributions and proportionate share of contributions	549	913
Contributions subsequent to measurement date	107	-
Implicit subsidies subsequent to measurement date	33	-
Total at December 31, 2025	$ 2,721	$ 7,310

The $376 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date and the $33 reported as a deferred outflow of resources resulting

(in thousands of dollars)

from the calculation of the implicit subsidy will be recognized as reductions of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Following the Reporting Date December 31	
2026	$ (4,841)
2027	(4,837)
2028	(1,197)
2029	127
2030	142
Total	$ (10,606)

Actuarial Assumptions

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2025, were based on an actuarial valuation date of June 30, 2024. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2025, using generally accepted actuarial principles, in order to reflect future economic expectations. The total OPEB liability in the June 30, 2025 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, 2024
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.50%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%
Investment Rate of Return	6.50%
Mortality:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2022 projected with the ultimate rates from the MP-2020 mortality improvement scale using base year of 2023
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.80% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years
Healthcare Trend Rates (post-65)	Initial trend starting at 8.50% at January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 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. The current long-term inflation assumption is 2.50% per annum for both the non-hazardous and hazardous plan.

(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
Equity		
Public equity	45.00%	4.15%
Private equity	8.00%	7.90%
Fixed Income		
Core Fixed Income	13.00%	2.70%
Specialty credit	20.00%	3.83%
Cash	2.00%	1.25%
Inflation Protected		
Real estate	5.00%	4.75%
Real return	7.00%	5.20%
Expected Real Return	**100.00%**	**4.24%**
Long-Term Inflation Assumption		**2.50%**
Expected Nominal Return for Portfolio		**6.74%**

Discount rate: Single discount rates of 6.26% for the non-hazardous system and 6.24% for the hazardous system were used to measure the total OPEB liability as of June 30, 2025. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 5.20%, as reported in Bond Buyer's "20-Bond GO Index" as of June 30, 2025. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, with the understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy, as most recently revised by House Bill 8, passed during the 2021 legislative session. The assumed future employer contributions reflect the provisions of House Bill 362 (passed during the 2018 legislative session) which limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028, for the CERS plans.

(in thousands of dollars)

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

Asset Class	1% Decrease 5.26%	Current Discount Rate 6.26%	1% Increase 7.26%
Airport's net OPEB liability - non-hazardous	$ 5,437	$ 906	$ (2,907)
	5.24%	6.24%	7.24%
Airport's net OPEB liability - hazardous	$ 6,915	$ 3,665	$ 944

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 non-hazardous plans:

Asset Class	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Airport's net OPEB liability - non-hazardous	$ (2,094)	$ 906	$ 4,418
Airport's net OPEB liability - hazardous	$ 1,354	$ 3,665	$ 6,402

OPEB Plan Fiduciary Net Position

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

12. Self-funded Group Health Coverage

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

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

(in thousands of dollars)

maintenance of reserves. Contributions to the account for the payment of claims, fees and expenses are made from the Operations and Maintenance account group and are recorded as operating expenses. Contributions to the account for the purposes of building reserves, if necessary, are recorded as transfers of net position from the General Purposes account group.

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

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

	Claims Liability
Liability at December 31, 2023	$ 436
Claims and changes in estimates for 2024	7,062
Claims paid in 2024	(6,638)
Changes in receivables related to claims	(73)
Liability at December 31, 2024	$ 787
Claims and changes in estimates for 2025	4,941
Claims paid in 2025	(5,292)
Changes in receivables related to claims	69
Liability at December 31, 2025	$ 505

	Reserve
Reserves at December 31, 2023	$ 4,503
Contributions from Operations and Maintenance	8,036
Investment income	320
Claims, premiums and fees incurred	(8,356)
Reserves at December 31, 2024	$ 4,503
Contributions from Operations and Maintenance	8,244
Investment income	309
Claims, premiums and fees incurred	(8,553)
Reserves at December 31, 2025	$ 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 2025 and 2024, the individual stop loss coverage to which the Airport's claims liability was limited was $150. The aggregate insurance during 2025 and 2024 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 2025 and 2024 to approximately $7,085 and $6,147 each year, respectively.

(in thousands of dollars)

13. Risk Management

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

14. Commitments and Contingencies

At December 31, 2025, the Airport is committed through contracts to the eventual expenditure of approximately $205,197 which consists primarily of construction of, Terminal Modernization Program, Baggage Handling System, Industrial HVAC replacement, Concourse A Apron, Snow Removal Equipment and Runway 18/36C Construction. Of the total estimated costs, approximately $188,274 will be funded by federal grants, state grants, PFCs, bonds and/or tenant funds, with the remainder to be funded by available capital funds.

(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 Non-Hazardous
Last 10 years
Reporting Year End December 31, 2025
(Measurement Date) June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan's total pension liability	$ 16,054,721	$ 15,576,667	$ 15,089,106	$ 15,192,599	$ 14,941,437	$ 14,697,244	$ 14,192,966	$ 13,109,268	$ 12,540,545	$ 11,065,014
Plan's fiduciary net position	10,490,132	9,596,244	8,672,597	7,963,586	8,565,652	7,027,327	7,159,921	7,018,963	6,687,237	6,141,393
Plan's net pension liability	$ 5,564,589	$ 5,980,423	$ 6,416,509	$ 7,229,013	$ 6,375,785	$ 7,669,917	$ 7,033,045	$ 6,090,305	$ 5,853,308	$ 4,923,621
Plan's fiduciary net position as a percentage of the total pension liability	65.34%	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%
Airport's proportionate share of the net pension liability	$ 52,466	$ 55,293	$ 61,711	$ 57,069	$ 51,798	$ 63,652	$ 55,838	$ 47,170	$ 42,826	$ 34,653
Airport's proportion of the net pension liability	0.9429%	0.9255%	0.9618%	0.7894%	0.8124%	0.8299%	0.7939%	0.7745%	0.7317%	0.7038%
Airport's covered payroll	$ 31,546	$ 29,176	$ 28,087	$ 21,945	$ 21,024	$ 21,503	$ 20,297	$ 19,375	$ 17,881	$ 16,775
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	166.32%	189.52%	219.71%	260.05%	246.38%	296.01%	275.10%	243.46%	239.51%	206.58%

(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
Reporting Year End December 31, 2025
(Measurement Date) June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan's total pension liability	$ 6,199,661	$ 5,988,903	$ 5,731,148	$ 5,769,691	$ 5,576,567	$ 5,394,732	$ 5,176,003	$ 4,766,794	$ 4,455,275	$ 3,726,114
Plan's fiduciary net position	3,796,462	3,416,897	3,035,192	2,718,234	2,914,408	2,379,704	2,413,708	2,348,337	2,217,996	2,010,176
Plan's net pension liability	$ 2,403,199	$ 2,572,006	$ 2,695,956	$ 3,051,457	$ 2,662,159	$ 3,015,028	$ 2,762,295	$ 2,418,457	$ 2,237,279	$ 1,715,938
Plan's fiduciary net position as a percentage of the total pension liability	61.24%	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%
Airport's proportionate share of the net pension liability	$ 31,153	$ 35,417	$ 38,040	$ 38,882	$ 35,245	$ 42,962	$ 40,820	$ 36,284	$ 32,277	$ 23,642
Airport's proportion of the net pension liability	1.2963%	1.3770%	1.4110%	1.2742%	1.3239%	1.4249%	1.4778%	1.5003%	1.4427%	1.3778%
Airport's covered payroll	$ 11,909	$ 11,200	$ 10,575	$ 8,878	$ 8,485	$ 8,755	$ 8,781	$ 8,548	$ 7,945	$ 7,164
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	261.59%	316.22%	359.72%	437.96%	415.38%	490.71%	464.87%	424.47%	406.26%	330.01%

(in thousands of dollars)

Schedule of the Employer Pension Contributions of the
Kentucky Public Pensions Authority's County Employees Retirement System Non-Hazardous
Last 10 years
Reporting Year End December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions for pension	$ 6,913	$ 6,437	$ 6,737	$ 5,751	$ 4,342	$ 4,182	$ 3,734	$ 3,019	$ 2,591	$ 2,263
Airport's contributions in relation to the statutorily required contributions	(6,913)	(6,437)	(6,737)	(5,751)	(4,342)	(4,182)	(3,734)	(3,019)	(2,591)	(2,263)
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	$ 33,043	$ 29,980	$ 28,828	$ 24,868	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101
Contributions as a percentage of the Airport's covered payroll	20.92%	21.47%	23.37%	23.13%	20.26%	19.30%	17.79%	15.33%	14.22%	13.23%

(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
Reporting Year End December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions for pension	$ 4,683	$ 4,518	$ 4,547	$ 3,838	$ 2,780	$ 2,598	$ 2,408	$ 2,023	$ 1,770	$ 1,546
Airport's contributions in relation to the statutorily required contributions	(4,683)	(4,518)	(4,547)	(3,838)	(2,780)	(2,598)	(2,408)	(2,023)	(1,770)	(1,546)
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	$ 12,199	$ 11,651	$ 10,837	$ 9,733	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346
Contributions as a percentage of the Airport's covered payroll	38.39%	38.78%	41.96%	39.43%	31.94%	30.06%	27.35%	23.50%	21.97%	21.05%

(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 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:

2017

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

2019

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

- 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 non-hazardous system and the PUB-2010 Public Safety Mortality table for the hazardous system, both being projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For retired members and beneficiaries, the mortality table used is a Kentucky Public Pensions Authority- specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the table used is the PUB-2010 Disabled Mortality table with a 4-year set-forward for both male and female rates, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010.
- The assumed rates of retirement, withdrawal and disability were updated to more accurately reflect experience.

2023

Subsequent to June 30, 2022, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2022 Actuarial Experience Study for the Period Ending June 30, 2022*, and include a proposed change in the investment return assumption from 6.25% to 6.50%.

2024

The assumed investment rate of return increased from 6.25% to 6.50%.

(in thousands of dollars)

2025
Subsequent to June 30, 2024, the Kentucky Public Pensions Authority Board of Trustees adopted new actuarial assumptions. These assumptions are documented in the report titled *Kentucky Retirement Systems 2025 Actuarial Experience Study for the Period Ending June 30, 2025*. The total pension liability as of June 30, 2025 is determined using these updated assumptions:

The mortality table used for active members was a Pub-2010 General Mortality table, for the Nonhazardous System, and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010. The mortality table used for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023. The mortality table used for the disabled members was PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2024 Actuarial Experience Study for the Period Ending June 30, 2024* is as follows:

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

(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the
Kentucky Public Pensions Authority's County Employees System Non-Hazardous Portion of the Insurance Fund
Last 10 years *
Reporting Year End December 31, 2025
(Measurement Date) June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 4,107,333	$ 3,534,297	$ 3,260,308	$ 5,053,498	$ 5,161,251	$ 4,996,309	$ 4,251,466	$ 4,189,606	$ 4,222,878
Plan's fiduciary net position	4,011,291	3,707,277	3,398,375	3,079,984	3,246,801	2,581,613	2,569,511	2,414,126	2,212,536
Plan's net OPEB liability	$ 96,042	$ (172,980)	$ (138,067)	$ 1,973,514	$ 1,914,450	$ 2,414,696	$ 1,681,955	$ 1,775,480	$ 2,010,342
Plan's fiduciary net position as a percentage of the total OPEB liability	97.66%	104.89%	104.23%	60.95%	62.91%	51.67%	60.44%	57.62%	52.39%
Airport's proportionate share of the net OPEB liability	$ 906	$ (1,601)	$ (1,328)	$ 15,578	$ 15,550	$ 20,036	$ 13,350	$ 13,751	$ 14,709
Airport's proportion of the net OPEB liability	0.9434%	0.9255%	0.9617%	0.7893%	0.8122%	0.8298%	0.7937%	0.7745%	0.7317%
Airport's covered payroll	$ 31,546	$ 29,176	$ 28,087	$ 21,945	$ 21,024	$ 21,503	$ 20,297	$ 19,375	$ 17,881
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	2.87%	-5.49%	-4.73%	70.99%	73.96%	93.18%	65.77%	70.97%	82.26%

* Fiscal year 2017 was the 1st year of implementation, therefore only nine 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 *
Reporting Year End December 31, 2025
(Measurement Date) June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Plan's total OPEB liability	$ 2,144,693	$ 1,873,669	$ 1,771,015	$ 2,374,457	$ 2,436,383	$ 2,245,222	$ 2,080,574	$ 1,993,941	$ 2,015,673
Plan's fiduciary net position	1,862,029	1,752,366	1,634,192	1,522,671	1,627,824	1,321,117	1,340,714	1,280,982	1,189,001
Plan's net OPEB liability	$ 282,664	$ 121,303	$ 136,823	$ 851,786	$ 808,559	$ 924,105	$ 739,860	$ 712,959	$ 826,672
Plan's fiduciary net position as a percentage of the total OPEB liability	86.82%	93.53%	92.27%	64.13%	66.81%	58.84%	64.44%	64.24%	58.99%
Airport's proportionate share of the net OPEB liability	$ 3,665	$ 1,671	$ 1,929	$ 10,848	$ 10,705	$ 13,164	$ 10,931	$ 10,697	$ 11,926
Airport's proportion of the net OPEB liability	1.2963%	1.3774%	1.4101%	1.2736%	1.3239%	1.4245%	1.4774%	1.5004%	1.4427%
Airport's covered payroll	$ 11,909	$ 11,200	$ 10,575	$ 8,878	$ 8,485	$ 8,755	$ 8,781	$ 8,548	$ 7,945
Airport's proportionate share of the net OPEB liability as a percentage of its covered payroll	30.78%	14.92%	18.24%	122.19%	126.16%	150.36%	124.48%	125.14%	150.11%

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

(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the
Kentucky Public Pensions Authority's Insurance Fund Non-Hazardous
Last 10 years
Reporting Year End December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions for OPEB	$ -	$ -	$ 481	$ 929	$ 1,132	$ 1,031	$ 1,053	$ 980	$ 859	$ 802
Airport's contributions in relation to the statutorily required contributions	-	-	(481)	(929)	(1,132)	(1,031)	(1,053)	(980)	(859)	(802)
Annual contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of statutorily required contributions for OPEB	0.00%	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	$ 33,043	$ 29,980	$ 28,828	$ 24,868	$ 21,433	$ 21,669	$ 20,990	$ 19,687	$ 18,215	$ 17,101
Contributions as a percentage of the Airport's covered payroll	0.00%	0.00%	1.67%	3.74%	5.28%	4.76%	5.02%	4.98%	4.72%	4.69%

(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the
Kentucky Public Pensions Authority's Insurance Fund Hazardous
Last 10 years
Reporting Year End December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions for OPEB	$ 235	$ 274	$ 507	$ 749	$ 869	$ 823	$ 883	$ 852	$ 755	$ 798
Airport's contributions in relation to the statutorily required contributions	(235)	(274)	(507)	(749)	(869)	(823)	(883)	(852)	(755)	(798)
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	$ 12,199	$ 11,651	$ 10,837	$ 9,733	$ 8,703	$ 8,643	$ 8,804	$ 8,609	$ 8,056	$ 7,346
Contributions as a percentage of the Airport's covered payroll	1.93%	2.35%	4.68%	7.70%	9.99%	9.52%	10.03%	9.90%	9.37%	10.86%

(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 Non-Hazardous 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 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.

(in thousands of dollars)

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

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

2024
The discount rate used to calculate the total OPEB liability increased from 5.93% to 5.99% for the CERS Non-Hazardous insurance plan and from 5.97% to 6.02% for the CERS hazardous insurance plan.

2025
The discount rate used to calculate the total OPEB liability increased from 5.99% to 6.26% for the CERS Non-Hazardous insurance plan and from 6.02% to 6.24% for the CERS hazardous insurance plan. The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2024 valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs. Senate Bill 10 passed during the 2025 legislative session and increased the insurance benefit for members who began participation on or after July 1, 2003 to $40 a month for non-hazardous CERS service and $50 a month for hazardous CERS service, effective January 1, 2026. These increases are only payable when a member is not eligible for Medicare benefits and only if they have met certain service thresholds at retirement. Additionally, this legislation increases the insurance member's contribution rate for hazardous members from 1% of pay to 2% of pay, effective July 1, 2026, and extended the required member contribution to CERS members hired on or after July 1, 2003 but prior to September 1, 2008 for both funds.

(in thousands of dollars)

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2024 Actuarial Experience Study for the Period Ending June 30, 2024* is as follows:

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

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position
December 31, 2025

(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	$ 1,178	$ -	$ 1,043	$ -	$ 25	$ -	$ 110
Investments (at fair value)	233,352	-	61,308	55,674	8,106	5,563	102,701
Investment income receivable	693	-	11	34	25	91	532
Accounts receivable	6,715	-	6,367	108	200	-	40
Lease receivable	10,810	-	10,810	-	-	-	-
Interfund receivable	-	(70,158)	11,865	9,686	48	-	48,559
Grants and federal awards receivable	14,968	-	57	14,911	-	-	-
Prepaid expenses	3,705	-	3,174	407	-	-	124
Supplies inventory	5,720	-	5,720	-	-	-	-
Total unrestricted current assets	277,141	(70,158)	100,355	80,820	8,404	5,654	152,066
Restricted							
Cash	741	-	-	-	-	-	-
Investments (at fair value)	49,359	-	2,095	-	-	-	-
Investment income receivable	16	-	-	-	-	-	-
Interfund receivable	-	(68)	-	-	-	-	-
Total restricted current assets	50,116	(68)	2,095	-	-	-	-
Total current assets	327,257	(70,226)	102,450	80,820	8,404	5,654	152,066
Non-current assets							
Unrestricted							
Investments (at fair value)	21,374	-	-	-	-	4,522	16,852
Lease receivable	107,861	-	107,861	-	-	-	-
Prepaid expenses	117	-	117	-	-	-	-
Capital assets, non-depreciable	236,682	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	848,992	-	-	-	-	-	-
Total unrestricted non-current assets	1,215,026	-	107,978	-	-	4,522	16,852
Restricted							
Investments (at fair value)	366,935	-	-	-	-	-	-
Investment income receivable	1,766	-	-	-	-	-	-
Interfund receivable	-	(3,187)	-	-	-	-	-
Passenger facility charges receivable	1,587	-	-	-	-	-	-
Customer facility charges receivable	857	-	-	-	-	-	-
Total restricted non-current assets	371,145	(3,187)	-	-	-	-	-
Total non- current assets	1,586,171	(3,187)	107,978	-	-	4,522	16,852
Total assets	1,913,428	(73,413)	210,428	80,820	8,404	10,176	168,918
Deferred Outflows of Resources							
Pension	10,842	-	10,842	-	-	-	-
Other postemployment benefits	7,956	-	7,956	-	-	-	-
Total deferred outflows of resources	18,798	-	18,798	-	-	-	-
Total assets and deferred outflows of resources	$ 1,932,226	$ (73,413)	$ 229,226	$ 80,820	$ 8,404	$ 10,176	$ 168,918
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	52,112	-	18,557	15,071	505	-	16
Rates and charges settlement payable to airlines	7,092	-	7,092	-	-	-	-
Interfund payable	-	(73,413)	61,147	339	3,396	127	2,264
Contract retainage payable	8,831	-	-	-	-	-	-
Bond interest payable	2,171	-	-	-	-	-	-
Assets held in trust	18,713	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	10,571	-	-	-	-	-	-
Subordinate debt - notes payable	22,680	-	-	-	-	-	-
Subordinate debt - equipment lease	1,057	-	-	-	-	-	-
Subscription liability	720	-	-	-	-	-	-
Total current liabilities	123,947	(73,413)	86,796	15,410	3,901	127	2,280
Non-current liabilities							
Accounts payable and accrued expenses	1,409	-	1,029	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	421,570	-	-	-	-	-	-
Subordinate debt - equipment lease	1,230	-	-	-	-	-	-
Subscription liability	1,580	-	-	-	-	-	-
Net pension liability	83,619	-	83,619	-	-	-	-
Net other postemployment benefits liability	4,571	-	4,571	-	-	-	-
Total non-current liabilities	513,979	-	89,219	-	-	-	-
Total liabilities	637,926	(73,413)	176,015	15,410	3,901	127	2,280
Deferred Inflows of Resources							
Pension	11,994	-	11,994	-	-	-	-
Other postemployment benefits	18,156	-	18,156	-	-	-	-
Leases	118,671	-	118,671	-	-	-	-
Total deferred inflows of resources	148,821	-	148,821	-	-	-	-
Net Position							
Unrestricted	150,990	-	(95,610)	65,410	4,503	10,049	166,638
Net investment in capital assets	776,700	-	-	-	-	-	-
Restricted:							
For federally approved projects	101,087	-	-	-	-	-	-
For ground transportation expenditures	44,908	-	-	-	-	-	-
For operational cash flow shortages	37,381	-	-	-	-	-	-
For debt service	33,220	-	-	-	-	-	-
For uses legally required by contributing parties	1,193	-	-	-	-	-	-
Total net position	$ 1,145,479	$ -	$ (95,610)	$ 65,410	$ 4,503	$ 10,049	$ 166,638

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
December 31, 2025

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups							
		Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	Bond & Grant Construction Proceeds	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	741	-	-	-	-	-	-	-
Investments (at fair value)	-	4,392	153	221	406	32,578	4,495	373	4,646
Investment income receivable	-	-	-	-	-	-	16	-	-
Interfund receivable	-	-	-	-	-	-	68	-	-
Total restricted current assets	-	5,133	153	221	406	32,578	4,579	373	4,646
Total current assets	-	5,133	153	221	406	32,578	4,579	373	4,646
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	236,682	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	848,992	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	1,085,674	-	-	-	-	-	-	-	-
Restricted									
Investments (at fair value)	-	85,521	4,758	42,231	36,979	163,440	-	32,826	1,180
Investment income receivable	-	427	43	196	402	291	-	394	13
Interfund receivable	5	1,549	-	1,624	-	9	-	-	-
Passenger facility charges receivable	-	1,587	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	857	-	-	-	-	-
Total restricted non-current assets	5	89,084	4,801	44,908	37,381	163,740	-	33,220	1,193
Total non- current assets	1,085,679	89,084	4,801	44,908	37,381	163,740	-	33,220	1,193
Total assets	1,085,679	94,217	4,954	45,129	37,787	196,318	4,579	33,593	5,839
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	-	-	-	202	-	17,761	-	-	-
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	4,391	81	19	406	822	48	373	-
Contract retainage payable	8,831	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,171	-	-
Assets held in trust	-	-	72	-	-	13,995	-	-	4,646
Revenue bonds payable, inclusive of unamortized premium	8,211	-	-	-	-	-	2,360	-	-
Subordinate debt - notes payable	22,680	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	1,057	-	-	-	-	-	-	-	-
Subscription liability	720	-	-	-	-	-	-	-	-
Total current liabilities	41,499	4,391	153	221	406	32,578	4,579	373	4,646
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	380	-	-	-
Revenue bonds payable, inclusive of unamortized premium	264,670	-	-	-	-	156,900	-	-	-
Subordinate debt - equipment lease	1,230	-	-	-	-	-	-	-	-
Subscription liability	1,580	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	267,480	-	-	-	-	157,280	-	-	-
Total liabilities	308,979	4,391	153	221	406	189,858	4,579	373	4,646
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	776,700	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	89,826	4,801	-	-	6,460	-	-	-
For ground transportation expenditures	-	-	-	44,908	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	37,381	-	-	-	-
For debt service	-	-	-	-	-	-	-	33,220	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	1,193
Total net position	$ 776,700	$ 89,826	$ 4,801	$ 44,908	$ 37,381	$ 6,460	$ -	$ 33,220	$ 1,193

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position
December 31, 2024

(in thousands of dollars)

			Unrestricted Account Groups				
	Total	Eliminations	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage	Repair & Replacement Reserve	General Purposes
Assets							
Current assets							
Unrestricted							
Cash	$ 1,779	$ -	$ 1,758	$ -	$ 21	$ -	$ -
Investments (at fair value)	243,244	-	78,559	36,061	6,121	10,085	112,418
Investment income receivable	902	-	35	91	40	108	628
Accounts receivable	7,720	-	7,451	-	269	-	-
Lease receivable	10,907	-	10,907	-	-	-	-
Interfund receivable	-	(80,805)	5,806	10,031	46	-	64,922
Grants and federal awards receivable	6,072	-	90	2,315	-	-	3,667
Prepaid expenses	2,794	-	2,409	133	112	-	140
Supplies inventory	5,961	-	5,961	-	-	-	-
Total unrestricted current assets	279,379	(80,805)	112,976	48,631	6,609	10,193	181,775
Restricted							
Cash	490	-	-	-	-	-	-
Investments (at fair value)	43,988	-	1,545	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total restricted current assets	44,478	-	1,545	-	-	-	-
Total current assets	323,857	(80,805)	114,521	48,631	6,609	10,193	181,775
Non-current assets							
Unrestricted							
Investments (at fair value)	-	-	-	-	-	-	-
Lease receivable	116,799	-	116,799	-	-	-	-
Prepaid expenses	318	-	318	-	-	-	-
Capital assets, non-depreciable	230,922	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	734,180	-	-	-	-	-	-
Total unrestricted non-current assets	1,082,219	-	117,117	-	-	-	-
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	431,089	-	-	-	-	-	-
Investment income receivable	2,055	-	-	-	-	-	-
Interfund receivable	-	(2,737)	-	-	-	-	-
Passenger facility charges receivable	1,600	-	-	-	-	-	-
Customer facility charges receivable	889	-	-	-	-	-	-
Total restricted non-current assets	435,633	(2,737)	-	-	-	-	-
Total non- current assets	1,517,852	(2,737)	117,117	-	-	-	-
Total assets	1,841,709	(83,542)	231,638	48,631	6,609	10,193	181,775
Deferred Outflows of Resources							
Pension	15,786	-	15,786	-	-	-	-
Other postemployment benefits	7,085	-	7,085	-	-	-	-
Total deferred outflows of resources	22,871	-	22,871	-	-	-	-
Total assets and deferred outflows of resources	$ 1,864,580	$ (83,542)	$ 254,509	$ 48,631	$ 6,609	$ 10,193	$ 181,775
Liabilities							
Current Liabilities							
Accounts payable and accrued expenses	45,664	-	19,940	20,996	787	-	15
Rates and charges settlement payable to airlines	10,930	-	10,930	-	-	-	-
Interfund payable	-	(83,542)	67,482	313	1,319	176	2,516
Contract retainage payable	3,285	-	18	-	-	-	-
Bond interest payable	2,141	-	-	-	-	-	-
Assets held in trust	25,015	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	10,270	-	-	-	-	-	-
Subordinate debt - equipment lease	941	-	-	-	-	-	-
Subscription liability	144	-	-	-	-	-	-
Total current liabilities	98,390	(83,542)	98,370	21,309	2,106	176	2,531
Non-current liabilities							
Accounts payable and accrued expenses	1,630	-	1,630	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	429,780	-	-	-	-	-	-
Subordinate debt - equipment lease	1,636	-	-	-	-	-	-
Subscription liability	1,011	-	-	-	-	-	-
Net pension liability	90,710	-	90,710	-	-	-	-
Net other postemployment benefits liability	70	-	70	-	-	-	-
Total non-current liabilities	524,837	-	92,410	-	-	-	-
Total liabilities	623,227	(83,542)	190,780	21,309	2,106	176	2,531
Deferred Inflows of Resources							
Pension	13,163	-	13,163	-	-	-	-
Other postemployment benefits	25,434	-	25,434	-	-	-	-
Leases	127,706	-	127,706	-	-	-	-
Total deferred inflows of resources	166,303	-	166,303	-	-	-	-
Net Position							
Unrestricted	118,512	-	(102,574)	27,322	4,503	10,017	179,244
Net investment in capital assets	736,623	-	-	-	-	-	-
Restricted:							
For federally approved projects	107,258	-	-	-	-	-	-
For ground transportation expenditures	40,107	-	-	-	-	-	-
For operational cash flow shortages	36,268	-	-	-	-	-	-
For debt service	35,316	-	-	-	-	-	-
For uses legally required by contributing parties	966	-	-	-	-	-	-
Total net position	$ 1,075,050	$ -	$ (102,574)	$ 27,322	$ 4,503	$ 10,017	$ 179,244

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Statement of Net Position, continued
December 31, 2024

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	Bond & Grant Construction Proceeds	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
Assets									
Current assets									
Unrestricted									
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	490
Investments (at fair value)	-	5,005	181	27	419	28,097	2,234	398	6,082
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Total restricted current assets	-	5,005	181	27	419	28,097	2,234	398	6,572
Total current assets	-	5,005	181	27	419	28,097	2,234	398	6,572
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,922	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	734,180	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	965,102	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	84,698	4,845	37,774	35,871	231,715	2,266	32,633	1,287
Investment income receivable	-	413	39	326	397	439	19	398	24
Interfund receivable	-	1,581	-	1,118	-	38	-	-	-
Passenger facility charges receivable	-	1,600	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	889	-	-	-	-	-
Total restricted non-current assets	-	88,292	4,884	40,107	36,268	232,192	2,285	33,031	1,311
Total non- current assets	965,102	88,292	4,884	40,107	36,268	232,192	2,285	33,031	1,311
Total assets	965,102	93,297	5,065	40,134	36,687	260,289	4,519	33,429	7,883
Deferred Outflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
Liabilities									
Current Liabilities									
Accounts payable and accrued expenses	-	-	24	-	-	3,719	-	-	183
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	5,005	85	27	419	5,002	93	398	707
Contract retainage payable	3,267	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,141	-	-
Assets held in trust	-	-	72	-	-	19,375	-	-	5,568
Revenue bonds payable, inclusive of unamortized premium	10,270	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	827	-	-	-	-	-	-	-	114
Subscription liability	144	-	-	-	-	-	-	-	-
Total current liabilities	14,508	5,005	181	27	419	28,096	2,234	398	6,572
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	211,669	-	-	-	-	218,111	-	-	-
Subordinate debt - equipment lease	1,291	-	-	-	-	-	-	-	345
Subscription liability	1,011	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	213,971	-	-	-	-	218,111	-	-	345
Total liabilities	228,479	5,005	181	27	419	246,207	2,234	398	6,917
Deferred Inflows of Resources									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
Net Position									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	736,623	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	88,292	4,884	-	-	14,082	-	-	-
For ground transportation expenditures	-	-	-	40,107	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	36,268	-	-	-	-
For debt service	-	-	-	-	-	-	2,285	33,031	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	966
Total net position	$ 736,623	$ 88,292	$ 4,884	$ 40,107	$ 36,268	$ 14,082	$ 2,285	$ 33,031	$ 966

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
December 31, 2025

(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	$ 42,566	$ 42,566	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	28,322	28,322	-	-	-	-
Ground	6,387	6,387	-	-	-	-
Ramp	5,566	5,566	-	-	-	-
Other	2,291	2,291	-	-	-	-
Parking	67,422	67,422	-	-	-	-
Concessions	17,899	17,899	-	-	-	-
Rebilled services	1,812	1,812	-	-	-	-
Ground transportation	2,958	2,958	-	-	-	-
Other	846	846	-	-	-	-
Total operating revenues	176,069	176,069	-	-	-	-
Operating expenses						
Salaries, wages and benefits	59,262	52,314	-	6,948	-	-
Contracted services	49,317	47,304	-	1,605	-	241
Supplies and capital items expensed	9,477	9,182	-	-	-	-
Utilities	9,495	9,495	-	-	-	-
General administration	3,944	3,092	-	-	-	814
Insurance	2,069	2,069	-	-	-	-
Total operating expenses	133,564	123,456	-	8,553	-	1,055
Operating income (loss), before depreciation and amortization	42,505	52,613	-	(8,553)	-	(1,055)
Depreciation and amortization	(57,138)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(14,633)	52,613	-	(8,553)	-	(1,055)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(3,845)	-	-	-	-
Revenue bond - transfer of interest	-	(9,703)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(19,054)	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-
Transfer of bond payable matched to unspent proceeds	-	-	-	-	-	-
Subordinate debt:						
Transfer of subordinate debt service - principal	-	(1,012)	-	-	-	-
Transfer of subordinate debt service - interest	(112)	(112)	-	-	-	-
Passenger facility charge revenues	17,619	-	-	-	-	-
Customer facility charge revenues	12,058	-	-	-	-	-
Police forfeiture program revenues	338	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	-	-	-	-
Grants and federal awards for operating expenses	264	264	-	-	-	-
Investment income	30,568	11,471	1,711	309	32	40
Interest income - leases	3,880	3,880	-	-	-	-
Interest expense - subscription assets	(48)	(48)	-	-	-	-
Net gain (loss) on disposal of capital assets	1,198	-	15	-	-	1,297
Non-capitalized project costs	(348)	-	-	-	-	-
Capitalization of expenditures	-	(663)	(91,876)	-	-	-
Other	(346)	-	-	-	-	31
Transfers:		-	-			
Transfer of subordinate debt principal prepayments	-	-	-	-	-	-
Transfer of grant proceeds for capital project funding	-	-	22,745	-	-	-
Transfer to fund Operations reserve	-	(988)	-	-	-	-
Transfer to fund Group Health Coverage	-	(8,244)	-	8,244	-	-
Transfer to cover debt service requirements	-	12,632	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	9,627	-	-	-
Transfers of remaining revenues	-	(49,281)	62,200	-	-	(12,919)
Total nonoperating changes in net position, before capital contributions	46,017	(45,649)	4,422	8,553	32	(11,551)
Capital Contributions						
Grants and federal awards for capital expenditures	39,045	-	33,666	-	-	-
Total capital contributions	39,045	-	33,666	-	-	-
Total changes in net position	70,429	6,964	38,088	-	32	(12,606)
Net position at the beginning of the year (deficit)	1,075,050	(102,574)	27,322	4,503	10,017	179,244
Net position (deficit) at the end of the year	$ 1,145,479	$ (95,610)	$ 65,410	$ 4,503	$ 10,049	$ 166,638

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
December 31, 2025

(in thousands of dollars)

		Restricted Account Groups							
	Net Investment in Capital Assets	Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	Bond & Grant Construction Proceeds	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	-	-	143	24	-	-	-	-	-
Supplies and capital items expensed	-	-	295	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	38	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	476	24	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(476)	(24)	-	-	-	-	-
Depreciation and amortization	(57,138)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(57,138)	-	(476)	(24)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,360)	-	-	6,205	-	-
Revenue bond - transfer of interest	-	-	-	(4,206)	-	-	13,909	-	-
Revenue bond - payment of principal	8,490	-	-	-	-	-	(8,490)	-	-
Revenue bond interest, net of premium amortization	1,780	-	-	-	-	(6,925)	(13,909)	-	-
Issuance of bonds	(22,680)	-	-	-	-	22,680	-	-	-
Transfer of bond payable matched to unspent proceeds	(61,211)	-	-	-	-	61,211	-	-	-
Subordinate debt:									
Transfer of subordinate debt service - principal	1,012	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	17,619	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	12,058	-	-	-	-	-
Police forfeiture program revenues	-	-	338	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	-	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	3,964	210	2,278	125	9,970	-	202	256
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain (loss) on disposal of capital assets	(114)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(348)	-	-	-	-	-	-	-	-
Capitalization of expenditures	170,257	-	(158)	(748)	-	(76,812)	-	-	-
Other	-	-	3	-	-	(380)	-	-	-
Transfers:	-	-	-	-	-	-	-	-	-
Transfer of subordinate debt principal prepayments	29	-	-	-	-	-	-	-	(29)
Transfer of grant proceeds for capital project funding	-	-	-	-	-	(22,745)	-	-	-
Transfer to fund Operations reserve	-	-	-	-	988	-	-	-	-
Transfer to fund Group Health Coverage	-	-	-	-	-	-	-	-	-
Transfer to cover debt service requirements	-	(10,422)	-	(2,197)	-	-	-	(13)	-
Transfer of PFC to reimburse for eligible expenditures	-	(9,627)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	97,215	1,534	393	4,825	1,113	(13,001)	(2,285)	189	227
Capital Contributions									
Grants and federal awards for capital expenditures	-	-	-	-	-	5,379	-	-	-
Total capital contributions	-	-	-	-	-	5,379	-	-	-
Total changes in net position	40,077	1,534	(83)	4,801	1,113	(7,622)	(2,285)	189	227
Net position at the beginning of the year (deficit)	736,623	88,292	4,884	40,107	36,268	14,082	2,285	33,031	966
Net position (deficit) at the end of the year	$ 776,700	$ 89,826	$ 4,801	$ 44,908	$ 37,381	$ 6,460	$ -	$ 33,220	$ 1,193

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
December 31, 2024

(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	$ 41,760	$ 41,760	$ -	$ -	$ -	$ -
Rentals:						
Terminal, net	29,005	29,005	-	-	-	-
Ground	6,114	6,114	-	-	-	-
Ramp	5,666	5,666	-	-	-	-
Other	2,118	2,118	-	-	-	-
Parking	64,230	64,230	-	-	-	-
Concessions	17,690	17,690	-	-	-	-
Rebilled services	1,715	1,715	-	-	-	-
Ground transportation	2,789	2,789	-	-	-	-
Other	936	936	-	-	-	-
Total operating revenues	172,023	172,023	-	-	-	-
Operating expenses						
Salaries, wages and benefits	56,559	49,176	-	7,383	-	-
Contracted services	48,819	47,471	-	973	-	178
Supplies and capital items expensed	11,116	10,938	-	-	-	-
Utilities	8,951	8,951	-	-	-	-
General administration	4,518	2,859	-	-	-	1,614
Insurance	1,951	1,951	-	-	-	-
Total operating expenses	131,914	121,346	-	8,356	-	1,792
Operating income (loss), before depreciation and amortization	40,109	50,677	-	(8,356)	-	(1,792)
Depreciation and amortization	(57,963)	-	-	-	-	-
Operating (loss) income, after depreciation and amortization	(17,854)	50,677	-	(8,356)	-	(1,792)
Nonoperating changes in net position: increase (decrease)						
Revenue bonds:						
Revenue bond - transfer of principal	-	(3,190)	-	-	-	-
Revenue bond - transfer of interest	-	(3,083)	-	-	-	-
Revenue bond - payment of principal	-	-	-	-	-	-
Revenue bond interest, net of premium amortization	(10,746)	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-
Transfer of bond proceeds to fund bond reserve	-	-	-	-	-	-
Transfer of bond payable matched to unspent proceeds	-	-	-	-	-	-
Bond issuance costs	(1,460)	-	-	-	-	(50)
Subordinate debt:						
Transfer of subordinate debt service - principal	-	(843)	-	-	-	-
Transfer of subordinate debt service - interest	(105)	(105)	-	-	-	-
Passenger facility charge revenues	18,290	-	-	-	-	-
Customer facility charge revenues	12,011	-	-	-	-	-
Police forfeiture program revenues	1,041	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	(5)	-	-	-	-	-
Grants and federal awards for operating expenses	18,668	18,668	-	-	-	-
Investment income	24,922	12,361	837	320	99	55
Interest income - leases	4,159	4,159	-	-	-	-
Interest expense - subscription assets	(39)	(39)	-	-	-	-
Net gain (loss) on disposal of capital assets	(183)	-	86	-	-	344
Non-capitalized project costs	(38)	-	-	-	-	-
Capitalization of expenditures	-	(277)	(84,196)	-	-	51
Other	288	-	-	-	-	288
Transfers:						
Transfer of subordinate debt principal prepayments	-	-	-	-	-	-
Transfer of grant proceeds for capital project funding	-	-	625	-	-	-
Transfer to fund Operations reserve	-	(2,140)	-	-	-	-
Transfer to fund Group Health Coverage	-	(8,036)	-	8,036	-	-
Transfer to cover debt service requirements	-	5,863	-	-	-	-
Transfer of PFC to reimburse for eligible expenditures	-	-	20,347	-	-	-
Transfers of remaining revenues	-	(66,189)	31,300	-	-	34,889
Total nonoperating changes in net position, before capital contributions	66,803	(42,851)	(31,001)	8,356	99	35,577
Capital Contributions						
Donated capital	-	-	-	-	-	-
Grants and federal awards for capital expenditures	41,428	-	40,803	-	-	-
Third party funding of project costs	993	-	993	-	-	-
Total capital contributions	42,421	-	41,796	-	-	-
Total changes in net position	91,370	7,826	10,795	-	99	33,785
Net position at the beginning of the year (deficit)	983,680	(110,400)	16,527	4,503	9,918	145,459
Net position (deficit) at the end of the year	$ 1,075,050	$ (102,574)	$ 27,322	$ 4,503	$ 10,017	$ 179,244

Cincinnati/Northern Kentucky International Airport
Combining Schedule of Revenues, Expenses and Changes in Net Position
December 31, 2024

(in thousands of dollars)

	Net Investment in Capital Assets	Restricted Account Groups: Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	Bond & Grant Construction Proceeds	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	-	-	129	68	-	-	-	-	-
Supplies and capital items expensed	-	-	178	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	45	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	352	68	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(352)	(68)	-	-	-	-	-
Depreciation and amortization	(57,963)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(57,963)	-	(352)	(68)	-	-	-	-	-
Nonoperating changes in net position: increase (decrease)									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,285)	-	-	5,705	(230)	-
Revenue bond - transfer of interest	-	-	-	(4,282)	-	-	7,365	-	-
Revenue bond - payment of principal	5,630	-	-	-	-	-	(5,630)	-	-
Revenue bond interest, net of premium amortization	1,207	-	-	-	-	(4,588)	(7,365)	-	-
Issuance of bonds	(258,783)	-	-	-	-	258,783	-	-	-
Transfer of bond proceeds to fund bond reserve	(20,177)	-	-	-	-	-	-	20,177	-
Transfer of bond payable matched to unspent proceeds	218,111	-	-	-	-	(218,111)	-	-	-
Bond issuance costs	(711)	-	-	-	-	(699)	-	-	-
Subordinate debt:									
Transfer of subordinate debt service - principal	843	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	18,290	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	12,011	-	-	-	-	-
Police forfeiture program revenues	-	-	1,041	-	-	-	-	-	-
Police forfeiture program revenues passed through to other local government	-	-	(5)	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	4,905	252	2,140	1	3,737	-	(146)	361
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain (loss) on disposal of capital assets	(613)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(38)	-	-	-	-	-	-	-	-
Capitalization of expenditures	109,904	-	(442)	-	-	(25,040)	-	-	-
Other	-	-	-	-	-	-	-	-	-
Transfers:									
Transfer of subordinate debt principal prepayments	31	-	-	-	-	-	-	-	(31)
Transfer of grant proceeds for capital project funding	-	-	-	-	-	(625)	-	-	-
Transfer to fund Operations reserve	-	-	-	-	2,140	-	-	-	-
Transfer to fund Group Health Coverage	-	-	-	-	-	-	-	-	-
Transfer to cover debt service requirements	-	(5,863)	-	84	-	-	-	(84)	-
Transfer of PFC to reimburse for eligible expenditures	-	(20,347)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	55,404	(3,015)	846	7,668	2,141	13,457	75	19,717	330
Capital Contributions									
Donated capital	-	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	625	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	-
Total capital contributions	-	-	-	-	-	625	-	-	-
Total changes in net position	(2,559)	(3,015)	494	7,600	2,141	14,082	75	19,717	330
Net position at the beginning of the year (deficit)	739,182	91,307	4,390	32,507	34,127	-	2,210	13,314	636
Net position (deficit) at the end of the year	$ 736,623	$ 88,292	$ 4,884	$ 40,107	$ 36,268	$ 14,082	$ 2,285	$ 33,031	$ 966

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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, 2025, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements (the financial statements), and have issued our report thereon dated July 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Blue & Co., LLC

Cincinnati, Ohio
July 27, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal programs for the year ended December 31, 2025. 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.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

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

Report on Internal Control Over Compliance

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

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

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

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

Blue & Co., LLC

Cincinnati, Ohio
July 27, 2026

Cincinnati/Northern Kentucky International Airport
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

(in thousands of dollars)

			Federal awards with expenditure	
Name of agency or department	Assistance Listing Number	Name of program	Award amount	Total awards expended
US Dept of Transportation	20.106	Airport Improvement Program*	$ 100,683	$ 31,647
US Dept of Transportation	20.112	Aviation Maintenance Technical Workers*	450	262
US Dept of Justice	16.922	Equitable sharing program	7,013	654
US Dept of Treasury	21.016	Equitable Sharing Program	267	55
Federal Highway Administration (Passed through the Kentucky Transportation Cabinet)	20.205	Highway Planning and Construction	100	30
		Total awards expended		$ 32,648

* Airport Improvement Program and Aviation Maintenance Technical Workers were tested as major programs.

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

(in thousands of dollars)

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Cincinnati / Northern Kentucky International Airport (the "Airport") under programs of the federal government for the year ended December 31, 2025. The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The information in this 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 (Uniform Guidance or UG). Because the Schedule presents only a selected portion of the operation of the Airport, it is not intended to be and does not present the financial position, changes in net assets or cash flows of the Airport.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

3. Indirect Cost Rate and Subrecipients

The Airport did not elect to use the 15% *de minimis indirect* cost rate allowed under the Uniform Guidance for the year ending December 31, 2025.

All federal financial assistance was received directly from federal agencies, unless otherwise indicated on the Schedule. The Airport did not provide any amount to subrecipients for the year ending December 31, 2025.

4. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the Schedule to the 2025 financial statements (amounts rounded to nearest thousand):

Grants and federal awards, nonoperating changes in net position	$	264
Less: Local government grants not funded by federal resources		(2)
Grants and federal awards, capital contributions		39,045
Less: Local government grants not funded by federal sources		(7,368)
Police forfeiture revenues expended for operations, operating expenses		476
Police forfeiture revenues expended capital expenditures		157
Other		76
Expenditures of revenues from federal sources reported on the Schedule	$	32,648

See report of independent auditors.

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal Control over financial reporting:		
Material weakness(es) identified?	______ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	✓ none reported
Noncompliance material to financial statements noted?	______ yes	✓ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______ yes	✓ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	✓ none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ yes	✓ no

Identification of major program:

Assistance Listing Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program
20.112	Aviation maintenance technical workers

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000	
Auditee qualified as a low-risk auditee?	✓ yes	______ no

II. Financial Statements Findings, reported in accordance with *Government Auditing Standards*

None reported.

III. Federal Awards Findings and Questioned Costs

None reported.

Cincinnati/Northern Kentucky International Airport
Schedule of Prior Year Audit Findings and Their Resolutions
Year Ended December 31, 2025

Federal Award Findings and Questioned Costs

No findings or questioned costs were reported for the year ended December 31, 2024.

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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

<u>Report on Compliance for Passenger Facility Charge Program</u>

Opinion on the Passenger Facility Charge Program

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its Passenger Facility Charge Program (the Program) for the year ended December 31, 2025 (including quarterly reports under section 158.63(a)).

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Program for the year ended December 31, 2025.

Basis for Opinion on the Passenger Facility Charge Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Blue & Co., LLC

Cincinnati, Ohio
July 27, 2026

Cincinnati/Northern Kentucky International Airport
Schedule of Passenger Facility Charges Collected and Expended
Year Ended December 31, 2025

(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, 2025:								
02-08-C-00-CVG	$ 194,100	$ 176,893	$ -	$ 176,893	$ 17,206	$ 169,774	$ -	$ 169,774
19-15-C-00-CVG	76,225	72,848	-	72,848	3,377	26,239	-	26,239
23-17-C-00-CVG	18,271	15,957	-	15,957	2,314	12,042	2,845	14,887
24-18-C-00-CVG	19,892	4,550	13,858	18,408	1,483	9,028	6,782	15,810
25-19-C-00-CVG	238,803	6,929	3,774	10,703	4,530	-	6,130	6,130
Subtotal	$ 547,291	$ 277,177	$ 17,632	$ 294,809	$ 28,911	$ 217,083	$ 15,757	$ 232,840
Closed applications as of December 31, 2025:								
94-01-C-00-CVG	$ 26,533	$ 25,513	$ -	$ 25,513	$ 1,020	$ 26,533	$ -	$ 26,533
95-02-C-00-CVG	68,280	60,228	-	60,228	8,051	68,280	-	68,280
98-03-C-00-CVG	24,843	23,087	-	23,087	1,756	24,843	-	24,843
98-04-C-00-CVG	33,057	26,842	-	26,842	6,215	33,057	-	33,057
99-05-C-00-CVG	18,221	13,609	-	13,609	4,612	18,221	-	18,221
01-06-C-00-CVG	10,987	9,870	-	9,870	1,117	10,987	-	10,987
01-07-C-00-CVG	31,378	30,685	-	30,685	693	31,378	-	31,378
05-09-C-00-CVG	34,932	31,064	-	31,064	3,868	34,932	-	34,932
06-10-C-00-CVG	19,675	18,819	-	18,819	856	19,675	-	19,675
07-11-C-00-CVG	2,423	2,423	-	2,423	-	2,423	-	2,423
09-12-C-00-CVG	9,657	9,583	-	9,583	74	9,657	-	9,657
11-13-C-00-CVG	14,797	14,450	-	14,450	348	14,797	-	14,797
13-14-C-00-CVG	44,917	43,377	-	43,377	1,540	44,917	-	44,917
21-16-C-00-CVG	23,475	19,747	-	19,747	3,728	23,475	-	23,475
Subtotal	363,175	329,297	-	329,297	33,878	363,175	-	363,175
Total	$ 910,466	$ 606,474	$ 17,632	$ 624,106	$ 62,789	$ 580,258	$ 15,757	$ 596,015

	Per PFC quarterly reports Fiscal Year 2025						
	Quarter ended Mar 31, 2025	Quarter ended Jun 30, 2025	Quarter ended Sep 30, 2025	Quarter ended Dec 31, 2025	Reconciling amount	Interest from prior years	Total
Revenues:							
Collections	$ 4,301	$ 4,815	$ 3,543	$ 4,973	$ -	$ -	$ 17,632
Interest	1,659	1,133	677	1,061	-	-	4,530
Total	$ 5,960	$ 5,948	$ 4,220	$ 6,034	$ -	$ -	$ 22,162
PFC Applications							
Debt Service:							
02-08-C-00-CVG	$ -	$ -	$ -	$ -	$ -	$ -	$ -
19-15-C-00-CVG	-	-	-	-	-	-	-
25-19-C-00-CVG	-	-	4,598	1,532	-	-	6,130
Expenditures:							
23-17-C-00-CVG	$ 1,800	$ 429	$ 515	$ 100	$ -	$ -	$ 2,844
24-18-C-00-CVG	1,193	5,590	-	-	-	-	6,783
Total	$ 2,993	$ 6,019	$ 5,113	$ 1,632	$ -	$ -	$ 15,757

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

See report of independent auditors and notes to
Schedule of Passenger Facility Charges Collected and Expended.

(in thousands of dollars)

1. General

The accompanying Schedule of Passenger Facility Charges Collected and Expended (PFC Schedule) presents all passenger facility charges (PFCs) activities of the Kenton County Airport Board (the Airport). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The PFC Schedule includes all the PFCs and the interest earnings thereon collected by the Airport beginning June 1, 1994 through December 31, 2025. PFCs are collected pursuant to Federal Aviation Administration approved applications.

2. Basis of Presentation

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

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

3. Reconciliation to Financial Statements

Following is a reconciliation of amounts per the PFC Schedule to the 2025 financial statements (amounts rounded to nearest thousand):

Passenger Facility Charge revenues	$	17,619
PFC's receivable, December 31, 2025		(1,587)
PFC's receivable, December 31, 2024		1,600
PFCs collected in the current year	$	17,632

See report of independent auditors.

Cincinnati/Northern Kentucky International Airport
Schedule of Passenger Facility Charge Findings and Questioned Costs
Year Ended December 31, 2025

I. Summary of Auditor's Results

We have issued an unmodified opinion, dated July 27, 2026, on the financial statements of Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2025.

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 27, 2026 on the Airport's compliance for the Program.

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

II. Findings Relating to the Financial Statements

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

III. Findings and Questioned Costs for the Passenger Facility Charge Program

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

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, 2024.