
Louisville Regional Airport Authority

Louisville, Kentucky

Financial Report
with Supplementary Information
June 30, 2025 and 2024

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Basic Financial Statements	
Statement of Net Position	14-15
Statement of Revenue, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17-18
Notes to Financial Statements	19-54
Required Supplementary Information	55
Schedule of the Authority's Proportionate Share of the Net Pension Liability - Non-Hazardous	56
Schedule of the Authority's Proportionate Share of the Net Pension Liability - Hazardous	57
Schedule of the Authority's Proportionate Share of the Net OPEB Liability - Non-Hazardous	58
Schedule of the Authority's Proportionate Share of the Net OPEB Liability - Hazardous	59
Schedule of Pension Contributions - Non-Hazardous	60
Schedule of Pension Contributions - Hazardous	61
Schedule of OPEB Contributions - Non-Hazardous	62
Schedule of OPEB Contributions - Hazardous	63
Notes to Required Supplementary Information	64-65
Supplementary Information	66
Combining Schedule of Revenues, Expenses and Changes in Net Position	67
Schedule of Airport Property, Facilities and Equipment	68
Schedule of Insurance Coverage	69



Independent Auditor's Report

To the Board of Directors
Louisville Regional Airport Authority

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Louisville Regional Airport Authority (the "Authority") and its discretely presented component unit, Louisville Renaissance Zone Corporation (the "Corporation"), as of and for the years ended June 30, 2025 and 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority and its discretely presented component unit, Louisville Renaissance Zone Corporation, as of June 30, 2025 and 2024 and the respective changes in its financial position and, where applicable, its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Audits of the Financial Statements* section of our report. We are required to be independent of the Authority 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 opinions.

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 Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS 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.

To the Board of Directors
Louisville Regional Airport Authority

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining schedule of revenues, expenses and changes in net position and schedule of airport property, facilities and equipment are presented for the purpose 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 audits 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.

Additional Information

Management is responsible for the accompanying schedule of insurance coverage, which is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors
Louisville Regional Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 15, 2025

Louisville Regional Airport Authority

Management's Discussion and Analysis

The Louisville Regional Airport Authority (Authority) is a municipal corporation established by Chapter 77 of the 1928 Public Acts of the Commonwealth of Kentucky. Under the provisions of Kentucky Revised Statutes Chapter 183, the Authority's purpose is to establish, maintain, operate, and expand airport and air navigation facilities and to promote and develop aviation. The Authority currently operates Louisville Muhammad Ali International Airport (SDF) and Bowman Field (LOU). SDF is a low-fare airport that draws travelers from across the Kentucky and Southern Indiana region. The airport offers nonstop service to more than 35 destinations on eight airlines. Established in 1919, LOU is one of the longest continuously operating, general aviation airports in the U.S. and has over 100,000 annual aircraft operations. LOU is primarily a general aviation and air traffic reliever airport to SDF.

The accompanying statements include a discretely presented component unit, Louisville Renaissance Zone Corporation (LRZC). LRZC is charged with developing and promoting aviation and airport compatible projects to support the purposes of the Authority. This legally separate component unit was incorporated by the Authority in 2003 and separately presents its own financial schedules. It is important to read these statements in conjunction with the separate LRZC schedules.

The management of the Authority offers readers of the financial statements the following discussion and analysis as an overview of operating and financial activities of the Authority for the Fiscal Year ended June 30, 2025. This discussion should be read in conjunction with the financial statements and the notes, which follow this section.

Airport Funding Methodology

The operations of the Airports generate revenues from airport users to fund operating expenses and debt service requirements. Capital projects are funded through the receipt of federal and state grants, internally generated funds, the collection of Passenger Facility Charges (PFCs) and Customer Contract Fees (CCFs), and the periodic issuance of bonds.

Airlines serving SDF are given an opportunity to enter into an Airfield Use Agreement and a Terminal Use and Lease Agreement. Both agreements set forth the rates and charges for use of Authority assets. The Authority utilizes a hybrid residual rate-making methodology that requires the airlines to assume certain financial risks to guarantee the Authority has sufficient revenue to cover specific operating and capital cost. In return, the Authority must provide the airlines the opportunity to comment on or object to capital project decisions. As of June 30, 2025, eight passenger carriers participate in the Terminal Use and Lease Agreement. These eight air carriers and two cargo carriers participate in the Airfield Use Agreement. Airlines that participate in the agreements are subject to favorable signatory rates, as opposed to the non-signatory rates.

Statistical and Operating Information

Louisville Muhammad Ali International Airport and surrounding airport properties make up the largest employment center in Louisville Metro. SDF is home to United Parcel Services' (UPS) Worldport automated package handling facility, rooting the airport's status as a major worldwide cargo leader in terms of volume. According to Airports Council International (ACI) statistics, in 2024, SDF ranked third in North America for total air cargo tonnage and fifth worldwide. Cargo volume at SDF was 7.3 and 5.9 billion pounds for FY25 and FY24, respectively. Of that, UPS accounted for 7.2 and 5.8 billion pounds for FY25 and FY24, respectively.

Louisville Regional Airport Authority

Management's Discussion and Analysis (Continued)

The following chart and graphs reflect three key statistics of SDF. The number of passengers going through the terminal measured by passengers departing from SDF (enplaned) and passengers arriving at SDF (deplaned), total weight of aircraft landing at the airport, and total pounds of cargo going through the airport:

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>
Passengers			
Enplaned	2,323,122	2,419,220	2,106,658
Deplaned	<u>2,322,442</u>	<u>2,434,534</u>	<u>2,122,207</u>
Total	<u>4,645,564</u>	<u>4,853,754</u>	<u>4,228,865</u>
Landed Weight (lbs)			
Passenger	2,781,311,688	2,908,704,843	2,463,502,223
Cargo	<u>19,797,656,846</u>	<u>16,353,150,540</u>	<u>18,003,069,476</u>
Total	<u>22,578,968,534</u>	<u>19,261,855,383</u>	<u>20,466,571,699</u>
Total Cargo (lbs)	<u>7,286,426,326</u>	<u>5,902,863,881</u>	<u>6,450,882,943</u>

FY25 passenger traffic at SDF dipped 4% from the record-setting pace of the previous year. This modest pullback reflects broader national trends, as some low-cost carriers downsize and other airlines streamline networks to operate more efficiently. Low-cost carriers are responsible for much of a 5.4% capacity reduction in FY25, which substantiates with the national trend of their customer segment being the softest.

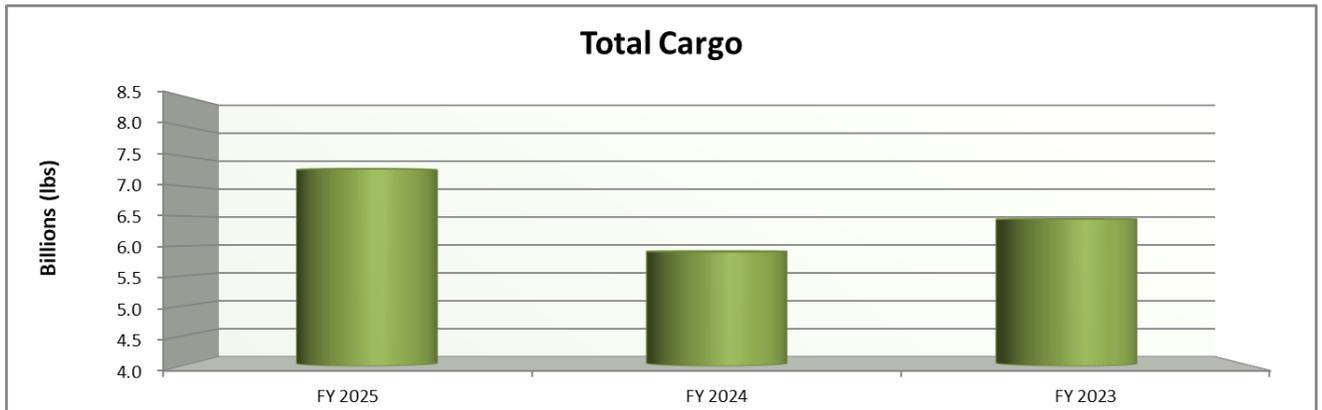
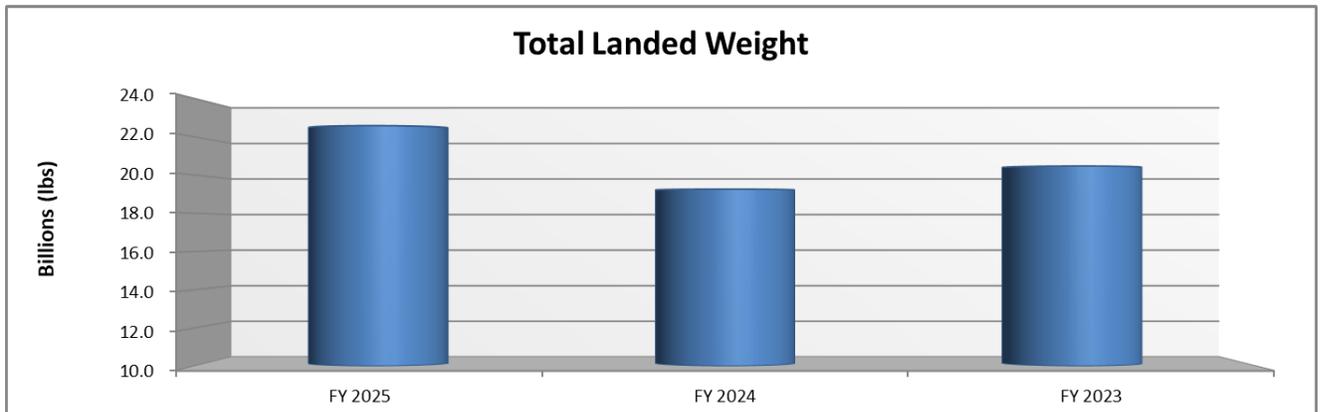
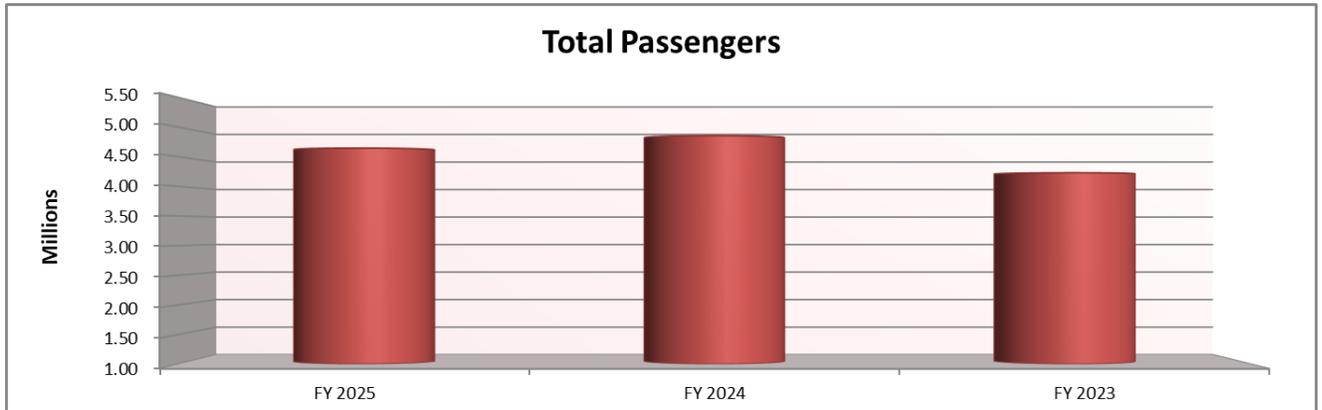
SDF remains well above pre-pandemic volumes and continues to demonstrate long-term growth momentum. Looking forward, capacity appears to resume a growth trajectory beginning in Q4 2025 and sentiment from all carriers in the market is positive. Future growth will continue the macro trend of the past decade, with a healthy mix of business and leisure-oriented flying, along with a mixture of added depth on existing routes and new markets coming online as airline strategy and macroeconomics allow.

Leisure demand remains exceptionally strong, and corporate travel has largely recovered to pre-pandemic levels. Louisville's reputation as a destination market continues to offset seasonal troughs common to airports in this region, with events such as the Kentucky Derby and fall music festivals still driving some of the airport's busiest days. The rise of combining business and leisure travel continues to strengthen demand and reinforce Louisville's position as a key market for airlines.

Louisville Regional Airport Authority

Management's Discussion and Analysis (Continued)

Statistical Graphs



Financial Highlights

(Versus Budget and Prior Year)

The authority's passenger growth in recent years reached a plateau followed by a mild decline in FY25. Conversely, cargo volume saw a significant increase of 1.4 billion pounds, a 23% increase over the prior year. The increase in cargo operations resulted in an overall increase in airfield fee revenues and is positioning SDF to move up in rankings of busiest cargo airports.

- Major contributors to the increase in operating revenues include:
 - All operating revenues increased from FY24 to FY25 with parking and ground transportation having greatest dollar amount increase year over year at \$2.3 million / 7.2%, although missing budget by \$404,000 / 1.2%. The revenue increase was driven by pricing changes in parking.
 - Aviation facility and land leases were the greatest dollar amount over budget at \$1.5 million / 10.2% over budget. This was an increase of \$1.4 million / 9.5% from prior year. New leases and favorable renewals drove the revenue increases.
 - Landing and field use fees, terminal areas, and non-aviation facility and land leases were all slightly above budget for FY25. Cargo landing fees drove the increase in revenues, bringing in \$2.0 million / 10.3% more revenue than the prior year. Market declines in passenger activity resulted in a decline in revenues of \$455,000 / 13.0% compared to prior year.

Non-operating revenues were \$1.4 million / 6.7% greater than budgeted for FY25 but decreased \$11.7 million / 35.0% from FY24.

- Changes in non-operating revenues were driven by:
 - Interest income for FY25 was \$2.2 million / 54.3% greater than budgeted which is the only non-operating revenue that had a favorable actual versus budget outcome.
 - Passenger facility charges (PFC) and customer contract fees (CCF) were both less than budgeted for FY25, driven by passenger traffic.
 - FY24 was the last year the Authority received funds from the Federal Covid-19 recovery acts. FY24 recognized revenues of \$11.3 million, which is the main contributor in the decrease of year over year change.

Louisville Regional Airport Authority

Management's Discussion and Analysis (Continued)

Operating expenses before depreciation were \$3.3 million / 7.1% less than budgeted but \$3.1 million / 7.7% greater than FY24.

- Operating expense variances were attributable to:
 - Contract services, marketing and PR expenses were over budget by \$1.1 million / 8.5% for FY25 and \$1.1 million / 8.8% greater than FY24. Key contributors to these increases are airline marketing incentives and airfield painting and snow removal costs.
 - Retirement expenses for FY25 were \$4.9 million / 89.7% less than budgeted driven by the requirements of GASB 68 and GASB 75 where the Authority is required to record an allocated portion of the Kentucky Public Pension Authority's (CERS) expenses and net liabilities for pensions and other post-employment benefits (OPEB). Recorded expenses attributable to these GASB's were \$10,000 in FY25 and (\$108,000) in FY24. More detailed explanations may be found in Note 13 to these statements.
 - Professional and consulting fees and fuel and utilities expenses were both favorable for the year versus budgeted at \$575,000 / 52.1% and \$700,000 / 12.0%, respectively.
 - Other expenses including parts and supplies, non-capital equipment, insurance, dues, communications, and recoveries all had unfavorable variances from budget for FY25. Cumulatively, all other operating expenses were \$1.6 million / 45.3% over budget for the year and \$774,000 / 17.4% more than FY24.

Operating income before depreciation was \$4.9 million / 10.5% greater than budget for FY25 and \$3.2 million / 6.5% greater than FY24.

Net income before capital contributions for FY25 was \$30.7 million, which is \$3 million / 11.0% greater than budgeted for the year and \$14.7 million / 32.4% lower than FY24.

Net position and operating results for Fiscal 2024 have been restated as a result of the adoption of GASB Statement No. 101, *Compensated Absences*. A more detailed explanation may be found in Note 2 to these statements.

Net position increased by \$73.8 million in FY25 from FY24 restated amount, resulting in a total net position of \$784.6 million at the end of FY25.

Basic Financial Statements

Our financial statements are prepared as a single enterprise fund using proprietary fund accounting that uses a similar basis of accounting as private-sector business enterprises. This method of accounting utilizes a focus on economic resources measurement and an accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred. The basic financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. These are followed by notes to the financial statements. In addition to the financial statements, this report also contains required supplementary information.

The Statement of Net Position presents information on Assets, Deferred Outflows, Liabilities, and Deferred Inflows with the difference between these reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Authority is improving or not.

The Statement of Revenues, Expenses and Changes in Net Position reports operating and non-operating revenues and expenses of the Authority for the fiscal year with the difference being a net income or loss. This net income or loss is combined with any capital contributions and extraordinary items to determine the Change in Net Position for the fiscal year. That change combined with last fiscal year's Net Position reconciles to the Net Position at the end of this fiscal year.

The Statement of Cash Flows reports cash and cash equivalent activities for the fiscal year resulting from operations, capital and related financing, and investments. The net result of these activities added to the beginning of the year cash balance reconciles to the cash and cash equivalent balance at the end of the current fiscal year. Contrary to the other basic financial statements, this statement is prepared on a cash basis.

Louisville Regional Airport Authority

Management's Discussion and Analysis (Continued)

Financial Information

Below are summarized financial statements:

Authority's Net Position

	2025	2024 Restated	2023
Assets:			
Current and other assets:			
Cash and investments	\$ 78,956,141	\$ 74,522,812	\$ 63,687,796
Receivables	24,658,391	23,922,283	28,365,608
Other assets	69,929,256	57,313,784	63,624,489
Capital assets (includes in progress)	781,054,443	744,619,134	709,267,703
Net OPEB asset	104,028		
Total assets	<u>954,702,259</u>	<u>900,378,013</u>	<u>864,945,596</u>
Deferred outflows	7,313,531	6,752,692	6,816,502
Total Assets and Deferred Outflows	<u>962,015,790</u>	<u>907,130,705</u>	<u>871,762,098</u>
Liabilities:			
Current Liabilities	28,476,695	22,524,199	23,562,188
Noncurrent Liabilities			
Due within one year			
Current portion of unamortized bond premiums	465,840	525,417	579,993
Loans payable from unrestricted current assets	864,146	929,814	1,383,497
Bonds and loans payable from restricted current assets	15,800,266	15,079,599	22,180,915
Due in more than one year	88,739,026	105,869,278	122,404,106
Net pension liability	25,875,596	26,096,653	28,573,911
Net OPEB Liability	-	41,052	7,854,794
Total Liabilities	<u>160,221,569</u>	<u>171,066,012</u>	<u>206,539,404</u>
Deferred inflows (Pension & OPEB)	10,563,413	12,751,797	5,965,681
Deferred inflows (Leases - GASB 87)	6,648,812	12,499,296	18,293,062
Total Liabilities and Deferred Inflows	<u>177,433,794</u>	<u>196,317,105</u>	<u>230,798,147</u>
Net Position			
Invested in capital assets, net of related debt	668,094,797	624,964,983	559,836,360
Restricted for debt service	44,634,674	41,012,183	47,119,891
Restricted for capital projects	18,043,229	9,181,165	9,034,270
Restricted for OPEB	104,028		
Unrestricted	53,705,268	35,655,269	24,973,430
Total Net Position	<u>\$ 784,581,996</u>	<u>\$ 710,813,600</u>	<u>\$ 640,963,951</u>

Authority's Changes in Net Position

	2025	2024 Restated	2023
Operating Revenues	\$ 94,925,877	\$ 88,696,111	\$ 83,155,720
Operating Expenses	<u>82,439,516</u>	<u>72,503,863</u>	<u>68,295,712</u>
Operating Income	12,486,361	16,192,248	14,860,008
Non-operating Revenues (Expenses)	<u>18,172,476</u>	<u>29,157,301</u>	<u>31,451,630</u>
Income before Capital Contributions	30,658,837	45,349,549	46,311,638
Capital Contributions	<u>43,109,559</u>	<u>25,950,596</u>	<u>21,051,127</u>
Change in Net Position	73,768,396	71,300,145	67,362,765
Net Position - Beginning of year, as adjusted	710,813,600	640,963,951	573,601,186
Adoption of New Accounting Pronouncement		(1,450,496)	
Net Position - End of year	<u>\$ 784,581,996</u>	<u>\$ 710,813,600</u>	<u>\$ 640,963,951</u>

Louisville Regional Airport Authority

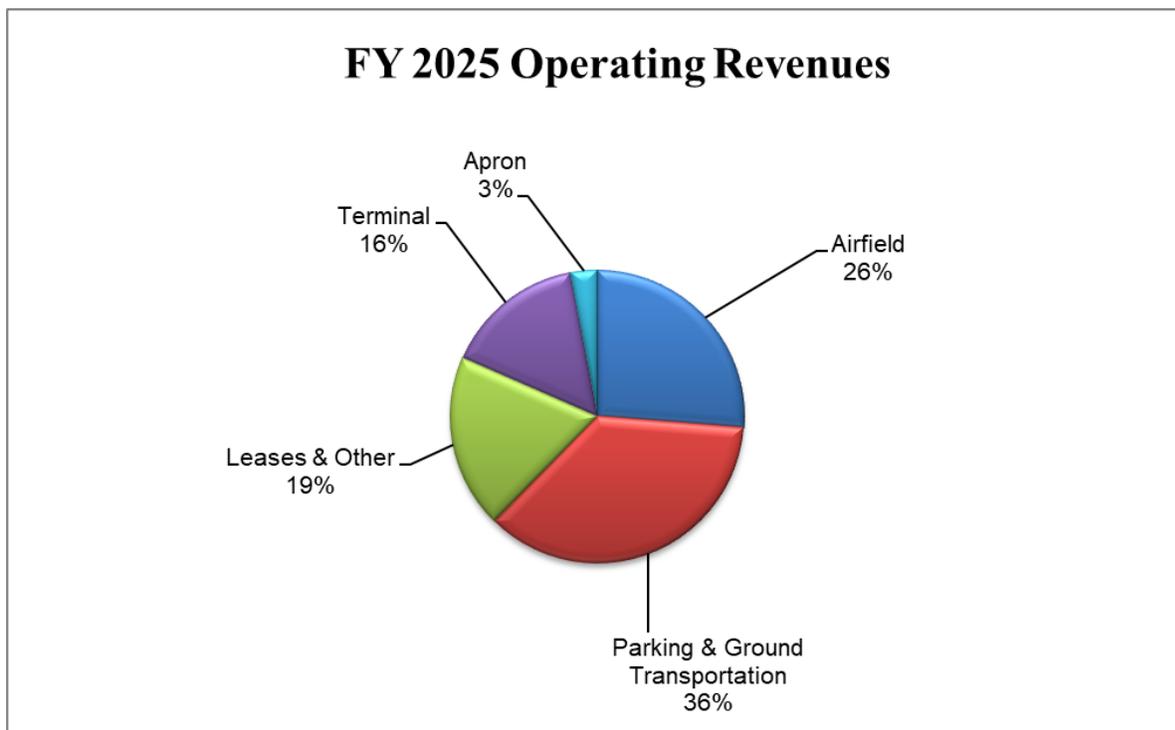
Management's Discussion and Analysis (Continued)

Financial Information

Revenue. The following schedule presents a summary of revenues for the fiscal years ended June 30:

	2025		2024	2023
	Actual	Budget	Restated	Actual
Operating Revenues				
Landing and field use	\$ 24,921,700	\$ 24,665,876	\$ 23,359,129	\$ 23,484,376
Apron area	2,835,074	3,126,896	2,647,932	2,106,725
Terminal Areas	14,663,880	14,219,913	14,048,314	12,630,198
Parking and ground transportation	34,282,553	34,686,800	31,966,553	29,006,014
Aviation facility and land leases	16,285,378	14,774,470	14,873,675	14,319,660
Non-aviation facility and land leases	1,388,011	1,362,716	1,264,929	1,136,267
Other	549,281	422,000	535,579	472,480
Total operating revenues	94,925,877	93,258,671	88,696,111	83,155,720
Non-operating Revenues				
Passenger Facility Charge	8,887,521	9,482,400	9,433,307	8,419,866
Customer Contract Fee	6,448,422	6,816,000	6,532,950	5,884,226
Net gain on disposal of assets	-	-	-	-
Interest Income	6,328,277	4,100,190	6,099,061	3,719,485
Non-Capital Grants	-	-	11,252,269	17,755,091
Other	104,533	-	152,021	97,659
Total Non-Operating Revenues	21,768,753	20,398,590	33,469,609	35,876,327
Total Revenues	\$ 116,694,630	\$ 113,657,261	\$ 122,165,719	\$ 119,032,047

Discussion of the variances from budget and prior year are included earlier in the Financial Highlights section.



Louisville Regional Airport Authority

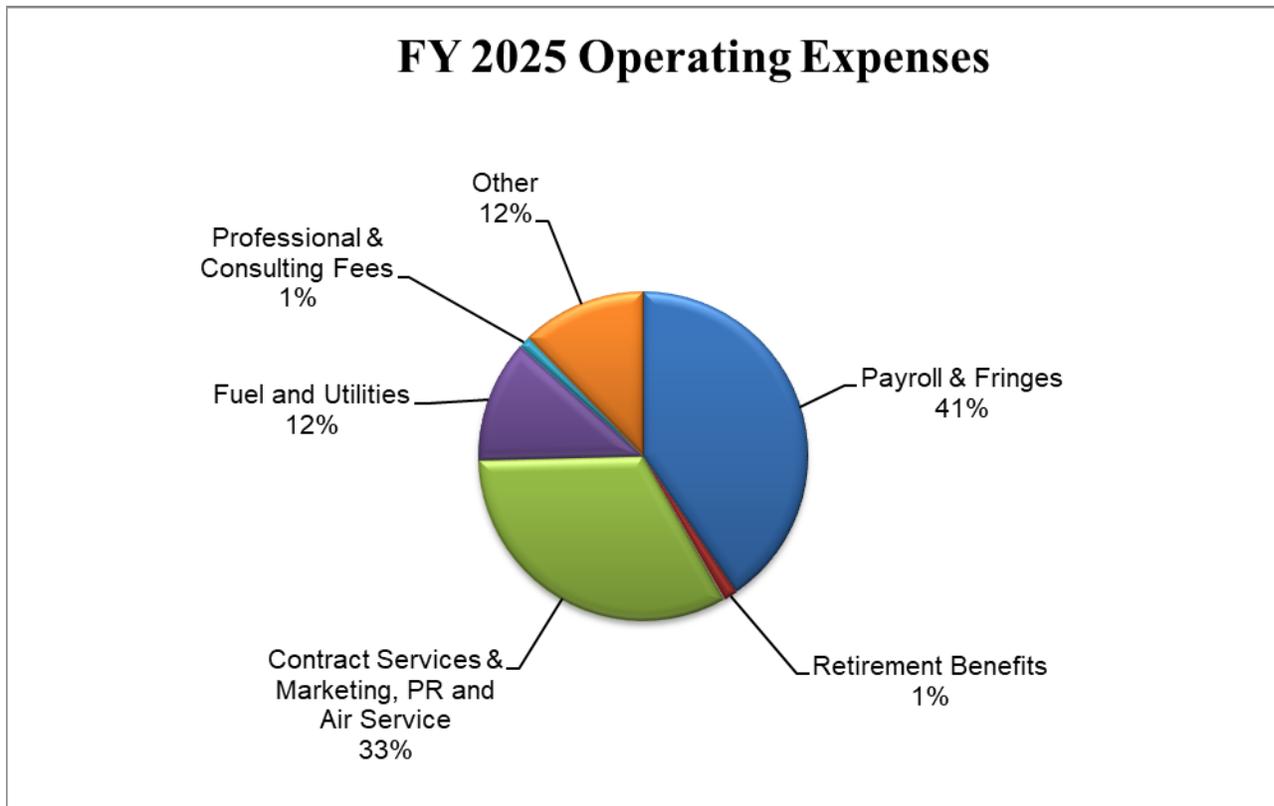
Management's Discussion and Analysis (Continued)

Financial Information

Expenses. The following schedule presents a summary of operating expenses before depreciation for the fiscal years ended June 30:

	2025		2024	2023
	Actual	Budget	Restated	Actual
Operating Expenses:				
Payroll and fringe benefits	\$ 17,370,758	\$ 17,152,379	\$ 16,036,384	\$ 15,035,132
Contract services, marketing and PR	14,091,382	12,988,039	12,950,322	12,346,173
Fuel and utilities	5,144,763	5,845,140	5,377,402	5,670,544
Professional and consulting fees	529,150	1,105,000	615,327	718,091
Retirement	568,868	5,512,000	427,048	2,749,257
Other	5,233,489	3,600,833	4,459,413	4,358,269
Total Operating Expenses before Depreciation	42,938,411	46,203,391	39,865,896	40,877,466
Non-operating Expenses				
Interest expense	3,449,104	3,450,115	3,988,162	4,387,252
Net loss on disposal of assets	147,173	-	324,145	37,445
Total non-operating expenses	3,596,277	3,450,115	4,312,307	4,424,697
Total Expenses before Depreciation	\$ 46,534,688	\$ 49,653,506	\$ 44,178,203	\$ 45,302,163

Discussion of the variances from budget and prior year are included earlier in the Financial Highlights section.



Louisville Regional Airport Authority

Management's Discussion and Analysis (Continued)

Capital Contributions. The Authority receives Capital Contributions routinely in the form of payments from Federal Aviation Administration (FAA) grants that are generally only available for use on eligible capital spending. Other transactions that classify as Capital Contributions may consist of donations or transfers of land, property, and funds from any entity including private companies, state or local governments, or other governmental agencies. During FY25 the Authority recorded Capital Contributions of approximately \$43.1 million for payments received or accrued primarily from FAA grants. Unused FAA grant funds awarded from FY25 remain available for use by the Authority in future years.

Capital Assets. During FY25, the Authority's capital spending and accruals totaled approximately \$76.8 million. Major projects were the Runway & Taxiway Improvements \$30.6 million; Terminal Utility Infrastructure \$13.3 million; Sound Insulation and Noise Mitigation \$5.0 million; Security Checkpoint Renovation and Expansion \$6.4 million; Other Terminal Projects \$10.7 million; Parking & Roadway Projects \$6.7 million; and Other Facility Projects and Equipment Purchases \$4.1 million. Fixed assets acquired and projects completed and capitalized during the year totaled approximately \$71.6 million.

A summary of capital asset activity can be found in Note 5 to the financial statements and in the Supplemental Schedule of Airport Property, Facilities and Equipment.

Debt. Currently, the Authority has bonds outstanding of \$76.0 million of which \$13.1 million is considered a current liability. Future net revenues of the Authority are pledged to pay debt service on all the bonds. Major projects that have been funded by the debt are terminal construction and renovation, parking garage and lot construction, airfield expansions and upgrades, land acquisitions, hangar construction and upgrades at Bowman Field.

The Authority also has a loan that is to be used for PFC approved projects. As of June 30, 2025, the Authority has an outstanding balance on this loan of \$22.4 million of which \$3.5 million is considered a current liability. Restricted PFC funds will be used to pay the majority of this debt. The Authority also has a \$40 million unsecured line of credit, payable from unrestricted funds. As of June 30, 2025, the Authority has not made a draw on this loan.

Additional information on the Authority's outstanding debt, a summary of changes in long-term debt and annual debt service requirements are found in Note 6 to the financial statements.

Requests for Information. The financial report is intended to provide an overview of the finances of the Authority for those with an interest in this organization. Questions concerning any information contained in this report may be directed to the Director of Finance and Accounting, 700 Administration Drive, Louisville, KY 40209.

Respectfully submitted,

Dorothy M. Caulk, CPA, CM

Director of Finance and Accounting

Louisville Regional Airport Authority

Statement of Net Position

June 30, 2025 and 2024

	Louisville Regional Airport Authority		Component Unit Louisville Renaissance Zone Corporation	
	2025	2024	2025	2024
	(As Restated)			
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	\$ 25,610,496	\$ 74,522,812	\$ 20,230,494	\$ 10,599,735
Investments (Note 3)	53,345,645	-	16,203,552	-
Receivables:				
Accrued interest receivable	985,462	-	-	-
Leases receivable (Note 15)	2,492,812	8,086,868	1,540,243	1,434,237
Grants receivable	8,100,077	2,553,286	-	-
Fees, rentals, and other - Net	8,786,646	8,733,083	76,140	15,994,332
Prepaid expenses and other assets	811,631	846,454	-	-
Restricted cash and cash equivalents (Notes 3 and 4)	18,547,092	17,290,802	-	-
Total current assets	118,679,861	112,033,305	38,050,429	28,028,304
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents (Notes 3 and 4)	18,689,027	39,176,528	-	-
Investments (Notes 3 and 4)	31,881,506	-	-	-
Leases receivable (Note 15)	4,293,394	4,549,046	14,267,520	15,807,763
Fees receivable	-	-	-	5,248,502
Net OPEB asset	104,028	-	-	-
Capital assets:				
Assets not subject to depreciation (Note 5)	363,632,582	357,548,618	20,908,260	18,474,416
Assets subject to depreciation - Net (Note 5)	417,421,861	387,070,516	47,539,765	50,972,498
Total noncurrent assets	836,022,398	788,344,708	82,715,545	90,503,179
Total assets	954,702,259	900,378,013	120,765,974	118,531,483
Deferred Outflows of Resources				
Deferred pension costs (Note 13)	5,593,658	4,999,539	-	-
Deferred OPEB costs (Note 13)	1,719,873	1,753,153	-	-
Total deferred outflows of resources	7,313,531	6,752,692	-	-

Louisville Regional Airport Authority

Statement of Net Position (Continued)

June 30, 2025 and 2024

	Louisville Regional Airport Authority		Component Unit Louisville Renaissance Zone Corporation	
	2025	2024	2025	2024
	(As Restated)			
Liabilities				
Current liabilities:				
Accounts payable	\$ 17,472,239	\$ 15,465,336	\$ 1,696,991	\$ 554,885
Accrued liabilities and other	3,753,893	3,100,081	-	-
Unearned revenue	4,498,405	1,740,902	-	22,450
Accounts payable from restricted assets	1,030,387	238,765	-	-
Accrued interest payable from restricted assets	1,716,439	1,972,438	-	-
Accrued interest payable from unrestricted assets	5,332	6,676	-	-
Loans payable from unrestricted assets (Note 6)	864,146	929,814	-	-
Current portion of unamortized bond premiums (Note 6)	465,840	525,418	-	-
Bonds and loans payable from restricted assets (Note 6)	15,800,266	15,079,599	-	-
Total current liabilities	45,606,947	39,059,029	1,696,991	577,335
Noncurrent liabilities:				
Net pension liability (Note 13)	25,875,596	26,096,653	-	-
Net OPEB liability (Note 13)	-	41,052	-	-
Bonds and loans payable and unamortized bond premium - Net of current portion (Note 6)	83,218,552	100,348,804	-	-
Other noncurrent liabilities	5,520,474	5,520,474	-	-
Total noncurrent liabilities	114,614,622	132,006,983	-	-
Total liabilities	160,221,569	171,066,012	1,696,991	577,335
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 13)	3,288,010	3,788,293	-	-
Deferred OPEB cost reductions (Note 13)	7,275,403	8,963,504	-	-
Lease arrangements (Note 15)	6,648,812	12,499,296	13,196,050	14,903,567
Total deferred inflows of resources	17,212,225	25,251,093	13,196,050	14,903,567
Net Position				
Net investment in capital assets	668,094,797	624,964,983	68,448,025	69,446,914
Restricted:				
Restricted for capital projects	18,043,229	9,181,165	-	-
Restricted for debt service	44,634,674	41,012,183	-	-
Restricted for OPEB	104,028	-	-	-
Unrestricted	53,705,268	35,655,269	37,424,908	33,603,667
Total net position	<u>\$ 784,581,996</u>	<u>\$ 710,813,600</u>	<u>\$ 105,872,933</u>	<u>\$ 103,050,581</u>

Louisville Regional Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	Louisville Regional Airport Authority		Component Unit	
			Louisville Renaissance Zone Corporation	
	2025	2024	2025	2024
		(As Restated)		
Operating Revenue				
Rentals and concessions	\$ 70,004,177	\$ 65,336,982	\$ 2,105,327	\$ 1,894,516
Landing and field use fees	24,921,700	23,359,129	-	-
TIF revenue	-	-	2,863,052	2,891,671
Total operating revenue	94,925,877	88,696,111	4,968,379	4,786,187
Operating Expenses				
Operations and general maintenance	29,215,200	26,353,334	-	-
Administrative, general, planning, and engineering	13,723,209	13,512,562	293,935	515,542
Total operating and maintenance	42,938,409	39,865,896	293,935	515,542
Depreciation	39,501,107	32,637,967	3,516,645	2,339,814
Total operating expenses	82,439,516	72,503,863	3,810,580	2,855,356
Operating Income	12,486,361	16,192,248	1,157,799	1,930,831
Nonoperating Revenue (Expense)				
Investment income - Net	6,129,368	5,958,733	1,116,659	793,003
Interest income - Leases	198,909	140,328	547,894	578,191
Interest expense	(3,449,104)	(3,988,162)	-	-
Passenger facility charges	8,887,521	9,433,307	-	-
Customer contract fees	6,448,422	6,532,950	-	-
Loss on disposal of assets	(147,173)	(324,145)	-	(4,728)
Nonoperating grants	-	11,252,269	-	-
Other revenue	104,533	152,021	-	-
Total nonoperating revenue	18,172,476	29,157,301	1,664,553	1,366,466
Income - Before capital contributions	30,658,837	45,349,549	2,822,352	3,297,297
Capital Contributions	43,109,559	25,950,596	-	-
Change in Net Position	73,768,396	71,300,145	2,822,352	3,297,297
Net Position - Beginning of year, as previously reported	710,813,600	640,963,951	103,050,581	99,753,284
Adoption of New Accounting Pronouncement	-	(1,450,496)	-	-
Net Position - Beginning of year, as restated	710,813,600	639,513,455	103,050,581	99,753,284
Net Position - End of year	\$ 784,581,996	\$ 710,813,600	\$ 105,872,933	\$ 103,050,581

Louisville Regional Airport Authority

Statement of Cash Flows

Years Ended June 30, 2025 and 2024

	2025	2024
		(As Restated)
Cash Flows from Operating Activities		
Receipts from customers and users	\$ 97,629,041	\$ 85,588,398
Payments to suppliers	(30,976,847)	(16,895,822)
Payments to employees	(20,391,657)	(20,286,834)
	<u>46,260,537</u>	<u>48,405,742</u>
Net cash and cash equivalents provided by operating activities	46,260,537	48,405,742
Cash Flows from Capital and Related Financing Activities		
Capital contributions	37,562,768	27,429,675
Passenger facility charges	8,887,521	9,433,307
Customer contract fees	6,448,422	6,532,950
Proceeds from sale of capital assets	337,128	106,735
Acquisition and construction of capital assets	(67,713,653)	(76,679,044)
Principal and interest paid on capital debt	(20,146,447)	(28,291,951)
Other fees and proceeds	104,533	152,021
Nonoperating grants	-	11,252,269
Interest income - Leases	198,909	140,328
	<u>198,909</u>	<u>140,328</u>
Net cash and cash equivalents used in capital and related financing activities	(34,320,819)	(49,923,710)
Cash Flows from Investing Activities		
Interest received on investments	5,143,906	5,958,733
Purchases of investment securities	(163,091,786)	(59,100,435)
Proceeds from sale and maturities of investment securities	77,864,635	95,100,852
	<u>77,864,635</u>	<u>95,100,852</u>
Net cash and cash equivalents (used in) provided by investing activities	(80,083,245)	41,959,150
Net (Decrease) Increase in Cash and Cash Equivalents	(68,143,527)	40,441,182
Cash and Cash Equivalents - Beginning of year	130,990,142	90,548,960
Cash and Cash Equivalents - End of year	<u><u>\$ 62,846,615</u></u>	<u><u>\$ 130,990,142</u></u>
Classification of Cash and Cash Equivalents		
Current cash and cash equivalents	\$ 25,610,496	\$ 74,522,812
Current restricted cash and cash equivalents	18,547,092	17,290,802
Noncurrent restricted cash and cash equivalents	18,689,027	39,176,528
	<u>18,689,027</u>	<u>39,176,528</u>
Total cash and cash equivalents	<u><u>\$ 62,846,615</u></u>	<u><u>\$ 130,990,142</u></u>

Louisville Regional Airport Authority

Statement of Cash Flows (Continued)

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
		(As Restated)
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	\$ 12,486,361	\$ 16,192,248
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	39,501,107	32,637,967
Changes in assets and liabilities:		
Fees and rentals receivable and unearned income	2,703,164	(3,107,713)
Supplies and prepaid expenses	34,823	(83,547)
Accounts payable	(5,980,288)	6,629,067
Net pension or OPEB liability	(366,137)	(10,291,000)
Deferrals related to pension or OPEB	(2,749,223)	6,849,926
Accrued and other liabilities	630,730	(421,206)
Total adjustments	<u>33,774,176</u>	<u>32,213,494</u>
Net cash and cash equivalents provided by operating activities	<u>\$ 46,260,537</u>	<u>\$ 48,405,742</u>

June 30, 2025 and 2024

Note 1 - Nature of Business

Louisville Regional Airport Authority (the "Authority") is a municipal corporation established by Chapter No. 77 of the 1928 Public Acts of the Commonwealth of Kentucky and existing pursuant to Kentucky Revised Statutes Chapter 183. The board consists of the mayor of Louisville Metro, seven members appointed by the mayor of Louisville Metro, and three members appointed by the governor of the Commonwealth of Kentucky.

The Authority is responsible for the operation of Louisville Muhammad Ali International Airport, primarily a commercial operations airport, and Bowman Field, primarily a general aviation and reliever airport, in Louisville, Jefferson County, Kentucky. Costs of operating the Authority are recovered primarily through user charges. Primary revenue sources are as follows:

Rentals and Concessions

Rentals and concessions are revenue from airlines, fixed-base operators, rental car companies, parking lots, food services, gift shops, and other commercial tenants. Leases generally are for terms from 1 to 20 years and may require rentals based on the volume of business of the lessee, with specified minimum rentals.

Landing and Field Use Fees

Landing and field use fees generally are from scheduled airlines and nonscheduled commercial aviation and are assessed based on the landed weight of the aircraft. The scheduled airline fee structure is assessed pursuant to use agreements between the Authority and signatory airlines.

Construction and Equipment Grants

Certain expenditures for airport capital improvements are significantly funded through the Airport Improvement Program (AIP) of the Federal Aviation Administration (FAA), with certain matching funds provided by the Authority, the Commonwealth of Kentucky, or from other state allocations or grant programs. Capital funding provided under government grants is considered revenue when all applicable eligibility requirements are met. Typically this occurs when the related allowable expenditures are incurred.

Grants for capital asset acquisition, facility development and rehabilitation, and eligible long-term planning studies are reported in the statement of revenue, expenses, and changes in net position, after nonoperating revenue and expenses, as capital contributions.

Note 2 - Significant Accounting Policies

Reporting Entity

The accompanying financial statements present the Authority and its discretely presented component unit, Louisville Renaissance Zone Corporation (the "Corporation"). The Corporation is reported in a separate column to emphasize that it is legally separate from the Authority.

Refer to Note 16 for further disclosures related to the Corporation. Complete financial reports can be obtained at its administrative offices at 700 Administration Drive, Louisville, KY 40209.

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following summarizes the significant accounting policies used by the Authority.

Note 2 - Significant Accounting Policies (Continued)

Basis of Accounting

Proprietary funds, which include enterprise and internal service funds, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority is classified as an enterprise fund.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Both restricted and unrestricted amounts are included on the statement of cash flows.

Investments

Investments are reported at amortized cost, which approximates fair value. Investments are made only in government-backed securities. All investments are held in the Authority's name.

Leases and Fees Receivable

Receivables are reported at present value less the estimated portion that is expected to be uncollectible. As of June 30, 2025 and 2024, the allowance for uncollectible accounts was \$100,000.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than \$50,000 and an estimated useful life of three years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Authority's property and facilities that were transferred from the United States government in 1948 are stated at approximate reproduction costs in 1948. Donated capital assets are recorded at estimated acquisition value at the date the assets were placed in service.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Land improvements	10-25
Buildings	10-25
Utility systems	5-20
Vehicles and other	5-15
Computer equipment and software	3

Nondepreciable capital assets include land (including easements), construction in progress, and certain land acquisition costs.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until a future period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until a future period.

Note 2 - Significant Accounting Policies (Continued)

Net Position

Net position of the Authority is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Net position is reported as restricted when constraints placed on use are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

Net Position Flow Assumption

The Authority will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to allow each departmental unit the flexibility to determine whether to first apply restricted or unrestricted resources based on the most advantageous application of resources in the particular circumstances.

Grants

The Authority was awarded Airport Rescue Grant (ARG) funding of approximately \$34,800,000 during fiscal year 2022. The Authority drew down the remaining allotment of ARG funding of approximately \$11,252,000 during fiscal year 2024 and made an irrevocable deposit into its debt service fund. Revenue from grants is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses as capital contributions.

Pension and Other Postemployment Benefit Costs

For the purpose of measuring the net pension liability, net OPEB asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, pension expense, and OPEB expense, information about the fiduciary net position of County Employees' Retirement System (CERS) and additions to/deductions from the CERS fiduciary net position have been determined on the same basis as they are reported by CERS. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms.

Unearned Income

Unearned income consists of concessionaire rentals and payments received in advance, which will be recognized as revenue when earned.

Enterprise Funds Operating Classification

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to customers for sales or services. Operating expenses for these funds include the cost of sales or services and administrative expenses and may include depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Leases

The Authority is a lessor for noncancelable leases of airport space and other property to airlines, concessionaires, and other third parties. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements in accordance with the provisions of relevant GASB accounting standards.

At the commencement of a lease, the Authority measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as operating revenue over the life of the lease term.

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

- The Authority uses its estimated incremental 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.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncement

During the current year, the Authority adopted GASB Statement No. 101, *Compensated Absences* (GASB 101). As a result, the liability for compensated absences in the statement of net position has been calculated to comply with this new pronouncement. The financial statements for the year ended June 30, 2024 have been restated in order to adopt GASB 101. The restatement was accounted for in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The effects of this adoption of a new accounting pronouncement are shown in the following table.

June 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position as follows:

	Louisville Regional Airport Authority		
	As Previously Reported	Adoption of New Accounting Pronouncement	As Restated
As of July 1, 2023			
Net position	\$ 640,963,951	\$ (1,450,496)	\$ 639,513,455
Year ended June 30, 2024			
Accrued liabilities and other	1,647,807	1,452,274	3,100,081
Operations and general maintenance	26,352,163	1,171	26,353,334
Administrative, general, planning, and engineering	13,511,955	607	13,512,562
Unrestricted net position	37,107,543	(1,452,274)	35,655,269

Upcoming Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, *Financial Reporting Model Improvements*, which establishes new accounting and financial reporting requirements or modifies existing requirements related to the following: management's discussion and analysis; unusual or infrequent items; presentation of the proprietary fund statement of revenue, expenses, and changes in fund net position; information about major component units in basic financial statements; budgetary comparison information; and financial trends information in the statistical section. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2026.

Note 3 - Cash, Cash Equivalents, and Investments

The Authority reports its restricted and unrestricted investments at amortized cost, which approximates fair value. Unrestricted and restricted deposits and investments are reported in the financial statements as follows:

	2025	2024
Cash on hand	\$ 231	\$ 328
Deposits with financial institutions	47,764,473	65,119,971
Repurchase agreements and cash equivalents	15,081,911	65,869,843
U.S. Treasury	50,562,187	-
U.S. government agency securities	34,664,964	-
Total deposits and investments	<u>\$ 148,073,766</u>	<u>\$ 130,990,142</u>

June 30, 2025 and 2024

Note 3 - Cash, Cash Equivalents, and Investments (Continued)

Unrestricted and restricted deposits and investments are presented on the statement of net position under the following captions for the year ended June 30:

	2025	2024
Current assets:		
Cash and cash equivalents	\$ 25,610,496	\$ 74,522,812
Investments	53,345,645	-
Restricted cash and cash equivalents	18,547,092	17,290,802
Noncurrent assets:		
Restricted cash and cash equivalents	18,689,027	39,176,528
Restricted investments	31,881,506	-
	\$ 148,073,766	\$ 130,990,142

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority would not be able to recover the full value of its deposits. All deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Authority's agents in the Authority's name. The balances of each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Authority's policy regarding custodial credit risk for deposits is for all overnight repurchase agreements to be fully collateralized by U.S. government securities held by the Authority or by the Authority's agent in the Authority's name. Repurchase agreements are recorded at cost. At year end, the Authority had no uninsured or uncollateralized deposits.

	2025	2024
Covered by federal depository insurance	\$ 500,000	\$ 500,000
Uninsured and collateralized	48,033,257	67,808,850
	\$ 48,533,257	\$ 68,308,850

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk. The Authority's investments are held by the Authority's agent in the Authority's name.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Authority's investment policy follows Kentucky Revised Statute 66.480, and, as such, interest rate risk is minimized due to the limitations contained within this statute. Restricted investments relate primarily to the scheduled repayment of bonds issued by the Authority. These investments mature such that proceeds from investments will become available in order to pay debt service. The weighted-average maturity of investments at June 30, 2025 was 0.65 years. The Authority did not hold any investments subject to interest rate risk at June 30, 2024.

Credit Risk

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy minimizes credit risk by investing only in investments allowed by the Kentucky Revised Statute 66.480.

June 30, 2025 and 2024

Note 3 - Cash, Cash Equivalents, and Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. The Authority's investment policy minimizes concentration of credit risk by limiting uncollateralized certificates of deposit, bankers' acceptances, commercial paper, equity securities, and corporate bonds to 20 percent of invested assets per category or 40 percent of total invested assets for shares of mutual funds, equity securities, and corporate bonds combined, with certain limited exceptions. At the time the investment is made, no more than 5 percent of invested assets shall be invested in any one issuer. At June 30, 2025, there were no investments subject to concentration of credit risk. The Authority did not hold any investments at June 30, 2024.

Note 4 - Restricted Assets

The Authority's bond covenants permit the Authority to restrict assets up to 25 percent of the highest annual aggregate debt service for the current or future fiscal year, which was approximately \$4,100,000 at June 30, 2025 and 2024. Upon maturity of the debt, the portion of these assets that was funded by the airlines will be credited to the appropriate airline cost centers. As of June 30, 2025 and 2024, this reimbursement amount was approximately \$4,300,000.

At June 30, 2025 and 2024, restricted assets are composed of the following:

	2025			
	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Investments	Total
Bond funds	\$ 14,834,884	\$ 96,667	\$ 8,257,830	\$ 23,189,381
Revolving debt coverage	-	134,736	4,077,941	4,212,677
Land proceeds	918	324,833	-	325,751
PFC funds	2,995,371	6,428,939	14,051,466	23,475,776
CCF funds	2,921	8,334,636	-	8,337,557
Other	712,998	3,369,216	5,494,269	9,576,483
Total	\$ 18,547,092	\$ 18,689,027	\$ 31,881,506	\$ 69,117,625

	2024			
	Current Cash and Equivalents	Noncurrent Cash and Equivalents	Investments	Total
Bond funds	\$ 14,433,772	\$ 8,973,587	\$ -	\$ 23,407,359
Revolving debt coverage	-	4,133,692	-	4,133,692
Land proceeds	-	697,545	-	697,545
PFC funds	2,625,781	17,539,112	-	20,164,893
CCF funds	217,367	2,190,605	-	2,407,972
Other	13,882	5,641,987	-	5,655,869
Total	\$ 17,290,802	\$ 39,176,528	\$ -	\$ 56,467,330

June 30, 2025 and 2024

Note 5 - Capital Assets

Capital asset activity of the Authority's business-type activities was as follows:

	Balance July 1, 2024	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:				
Land	\$ 311,734,681	\$ 907,044	\$ -	\$ 312,641,725
Capital projects in progress:				
Construction projects	41,994,160	76,762,808	(71,480,447)	47,276,521
Land acquisition program	3,819,777	11,023	(116,464)	3,714,336
Total capital assets not being depreciated	357,548,618	77,680,875	(71,596,911)	363,632,582
Capital assets being depreciated:				
Land improvements	726,893,708	35,934,549	(1,796,860)	761,031,397
Buildings	175,394,379	16,220,359	(361,123)	191,253,615
Utility systems	79,717,319	15,399,850	(939,612)	94,177,557
Equipment (excluding automotive)	51,091,585	190,077	(14,884)	51,266,778
Vehicles and automotive equipment	19,712,959	1,688,518	(887,515)	20,513,962
Furniture and fixtures	5,620,030	786,935	(530,829)	5,876,136
Total capital assets being depreciated	1,058,429,980	70,220,288	(4,530,823)	1,124,119,445
Accumulated depreciation:				
Land improvements	485,613,148	24,964,503	(1,796,860)	508,780,791
Buildings	125,456,480	5,478,103	(225,915)	130,708,668
Utility systems	34,404,502	3,265,138	(706,984)	36,962,656
Equipment (excluding automotive)	11,159,828	3,873,000	(14,884)	15,017,944
Vehicles and automotive equipment	11,320,395	1,526,923	(887,515)	11,959,803
Furniture and fixtures	3,405,111	393,440	(530,829)	3,267,722
Total accumulated depreciation	671,359,464	39,501,107	(4,162,987)	706,697,584
Net capital assets being depreciated	387,070,516	30,719,181	(367,836)	417,421,861
Net capital assets	<u>\$ 744,619,134</u>	<u>\$ 108,400,056</u>	<u>\$ (71,964,747)</u>	<u>\$ 781,054,443</u>

June 30, 2025 and 2024

Note 5 - Capital Assets (Continued)

	Balance July 1, 2023	Additions	Disposals and Adjustments	Balance June 30, 2024
Capital assets not being depreciated:				
Land	\$ 310,619,887	\$ 1,114,794	\$ -	\$ 311,734,681
Capital projects in progress:				
Construction projects	87,069,285	69,008,862	(114,083,987)	41,994,160
Land acquisition program	3,792,605	27,172	-	3,819,777
Total capital assets not being depreciated	401,481,777	70,150,828	(114,083,987)	357,548,618
Capital assets being depreciated:				
Land improvements	683,907,254	54,686,998	(11,700,544)	726,893,708
Buildings	188,745,645	6,409,510	(19,760,776)	175,394,379
Utility systems	44,050,793	39,885,766	(4,219,240)	79,717,319
Equipment (excluding automotive)	48,092,800	8,704,525	(5,705,740)	51,091,585
Vehicles and automotive equipment	18,846,003	2,085,243	(1,218,287)	19,712,959
Furniture and fixtures	6,097,692	581,395	(1,059,057)	5,620,030
Total capital assets being depreciated	989,740,187	112,353,437	(43,663,644)	1,058,429,980
Accumulated depreciation:				
Land improvements	476,450,529	20,863,164	(11,700,545)	485,613,148
Buildings	138,775,991	6,028,732	(19,348,243)	125,456,480
Utility systems	37,544,224	1,061,171	(4,200,893)	34,404,502
Equipment (excluding automotive)	13,791,920	3,073,647	(5,705,739)	11,159,828
Vehicles and automotive equipment	11,212,477	1,326,205	(1,218,287)	11,320,395
Furniture and fixtures	4,179,120	285,048	(1,059,057)	3,405,111
Total accumulated depreciation	681,954,261	32,637,967	(43,232,764)	671,359,464
Net capital assets being depreciated	307,785,926	79,715,470	(430,880)	387,070,516
Net capital assets	<u>\$ 709,267,703</u>	<u>\$ 149,866,298</u>	<u>\$ (114,514,867)</u>	<u>\$ 744,619,134</u>

Construction Commitments

The Authority has active construction projects at year end. The projects primarily include checkpoint renovations, terminal upgrades, airfield, runway and taxiway improvements, noise mitigation programs, a central generator, and other projects. At year end, the Authority's commitments with contractors were approximately \$92,100,000.

June 30, 2025 and 2024

Note 6 - Long-term Debt

Long-term debt activity for the years ended June 30, 2025 and 2024 can be summarized as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and loans payable:					
Direct borrowings and direct placements - PFC-backed loan	\$ 25,882,355	\$ -	\$ (3,529,414)	\$ 22,352,941	\$ 3,529,412
Other debt - Revenue bonds	88,515,000	-	(12,480,000)	76,035,000	13,135,000
Unamortized bond premiums	2,486,280	-	(525,417)	1,960,863	465,840
Total bonds and loans payable	<u>\$ 116,883,635</u>	<u>\$ -</u>	<u>\$ (16,534,831)</u>	<u>\$ 100,348,804</u>	<u>\$ 17,130,252</u>
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and loans payable:					
Direct borrowings and direct placements - PFC-backed loan	\$ 29,411,765	\$ -	\$ (3,529,410)	\$ 25,882,355	\$ 3,529,412
Other debt - Revenue bonds	108,550,000	-	(20,035,000)	88,515,000	12,480,000
Unamortized bond premiums	3,066,271	-	(579,991)	2,486,280	525,418
Total other debt	<u>\$ 141,028,036</u>	<u>\$ -</u>	<u>\$ (24,144,401)</u>	<u>\$ 116,883,635</u>	<u>\$ 16,534,830</u>

PFC-backed Loan

The Authority has a privately placed draw loan with a financial institution with a limit of \$30,000,000. Funds were fully drawn as of April 15, 2023 and are intended to finance projects for which the FAA has authorized payment from proceeds of passenger facility charges (PFC) or for which the Authority intends to seek such FAA authorization. Beginning in May 2023, the Authority began making monthly principal payments in the amount of \$294,118. The total principal balance is due on October 15, 2028. Interest is payable at 2.35 percent. The loan agreement also requires the Authority to comply with a debt service coverage financial covenant. At June 30, 2025 and 2024, management believes the Authority was in compliance with this financial covenant.

Revenue Bonds

Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service. The Authority has pledged substantially all of its revenue, net of operating expenses, to repay its revenue bonds. Proceeds from the bonds provided financing for airfield and terminal improvements, the construction of the parking garage, and other capital assets. The bonds are payable solely from the net revenue from the Authority. Annual principal and interest payments on the bonds are expected to require less than 80 percent of net revenue. Principal and interest paid and total net revenue for the 2025 fiscal year were approximately \$16,100,000 and \$61,700,000, respectively. Principal and interest paid and total net revenue for the 2024 fiscal year were approximately \$24,400,000 and \$48,800,000, respectively.

Note 6 - Long-term Debt (Continued)

The Airport System Revenue Master Bond Resolution (the "Resolution") adopted by the Authority's board permits the Authority to restrict a certain amount of assets, as discussed in Note 4. The Resolution also requires the Authority to comply with a debt service coverage financial covenant. At June 30, 2025 and 2024, management believes the Authority was in compliance with this financial covenant. Additionally, the bonds are subject to federal arbitrage regulations. As of June 30, 2025 and 2024, there were no liabilities for arbitrage rebate. The Resolution also contains the following key provisions in case of an event of default that has not been remedied: (1) the bonds are not subject to acceleration as to the payment of principal or interest or other payment, (2) the trustee has the right to prioritize application of revenue and other moneys, and (3) the trustee has the right to appoint a receiver based upon filing of judicial proceedings. Bonds payable, which are parity bonds secured by a lien on the proceeds of all authority revenue bonds, bond funds, and net revenue, consist of the following at June 30:

Purpose	Interest Rates	Maturing	Outstanding at June 30, 2025	Outstanding at June 30, 2024
2014 Series A Revenue Bonds, various annual principal payments	2% to 5%	July 1, 2032	\$ 36,420,000	\$ 40,075,000
2014 Series C Revenue Bonds, various annual principal payments	0.25% to 4.6%	July 1, 2038	39,615,000	48,440,000
Total revenue bonds payable			76,035,000	88,515,000
Less current portion			(13,135,000)	(12,480,000)
Total long-term bonds payable			<u>\$ 62,900,000</u>	<u>\$ 76,035,000</u>

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above debt are as follows:

Years Ending June 30	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2026	\$ 3,529,412	\$ 494,114	\$ 13,135,000	\$ 3,124,755	\$ 20,283,281
2027	3,529,412	410,021	13,140,000	2,571,897	19,651,330
2028	3,529,412	326,773	7,060,000	2,132,614	13,048,799
2029	11,764,705	90,179	7,510,000	1,797,427	21,162,311
2030	-	-	7,950,000	1,434,179	9,384,179
2031-2035	-	-	24,760,000	2,265,044	27,025,044
2036-2039	-	-	2,480,000	234,651	2,714,651
Total	<u>\$ 22,352,941</u>	<u>\$ 1,321,087</u>	<u>\$ 76,035,000</u>	<u>\$ 13,560,567</u>	<u>\$ 113,269,595</u>

Line of Credit

The Authority has a line of credit in the amount of \$40,000,000. No draws have been made on the line of credit.

Note 7 - Contingent Liabilities

Part 150 Land Acquisition Program

The Authority acquires certain residential properties surrounding the Louisville International Airport that are adversely impacted by noise. To accomplish this acquisition, the Authority has instituted an FAA-approved Part 150 voluntary acquisition and relocation program. Under this program, residents in the noise-impacted areas may sell their property to the Authority at its appraised value. The Authority will also make a replacement housing payment, if applicable, and pay most closing and moving expenses. Once vacated, all residential and ancillary structures are demolished or moved from the noise-impacted area.

To assist residents in finding replacement housing, the Authority, in conjunction with the FAA, developed an Innovative Housing Program at Heritage Creek. Through this program, the Authority developed a subdivision located outside the noise-impacted areas, which consists of moderately priced houses similar to the houses of the residents seeking replacement. Residents who participated in this program exchanged their residential property in the noise-impacted area for similar property in the new subdivision. This program provided approximately 450 replacement lots at an estimated cost of \$28,000,000. This program was initially funded partially by a special grant from the FAA of \$10,000,000, with remaining costs being paid with surplus funds of the Authority. During 2019, the remaining developable lots in Phase I and II of the subdivision were sold to an outside developer.

Upon completion of the Part 150 Land Acquisition Program, approximately 2,200 residential properties will have been acquired at an estimated cost of approximately \$294,000,000. This includes costs of residences acquired, replacement housing payments, demolition, and other related costs. At June 30, 2025 and 2024, capital projects in progress include approximately \$3,700,000 and \$3,800,000, respectively, related to the Part 150 Land Acquisition Program, which consists of total project expenditures through June 30, 2025 of approximately \$292,400,000 less \$288,800,000 of costs related to land that has been sold or optioned for sale and \$292,400,000 less \$288,700,000 of costs related to land that has been sold or optioned for sale through June 30, 2024.

For land purchased under this program, the FAA requires land no longer needed for noise compatibility purposes be stripped of its residential development rights and sold at fair market value at the earliest practicable time. The portion of the sale proceeds, which is proportionate to the FAA's share of land acquisition costs, will either (1) be returned to the FAA or (2) be reinvested in an approved noise compatibility project, as approved by the FAA. At the time of such sales, significant losses on impairment, asset reallocations, or gains may occur. The Authority retains certain rights in perpetuity associated with this land that is sold.

Deposit from Commonwealth of Kentucky

In September 1994, the Authority and the Commonwealth of Kentucky (the "Commonwealth") entered into a Memorandum of Understanding (M.O.U.) in which the Commonwealth agreed to relieve the Authority from its future obligations (principal and interest) pertaining to the 1982 and 1988 Commonwealth of Kentucky Economic Development Bonds (the "Bonds") in exchange for the construction and transfer of property and other assets, as specified in the M.O.U. The Bonds with a recorded amount of approximately \$9,800,000 were retired in the year ended June 30, 2000. The full release totaled \$10,200,000, which was the present value of the required bond payments over the remaining term of the Bonds at the historical discount rate.

During 1999, the Authority received an additional \$20,000,000 from the Commonwealth to acquire residential property under its Part 150 Land Acquisition Program. The Authority, in turn, agreed to transfer certain property to the Commonwealth.

From 2003 to 2023, the Authority entered into a series of deeds that transferred property to the Commonwealth valued at approximately \$29,000,000. The entire amount of these transfers reduced the related liability to approximately \$1,200,000. The Authority expects to transfer additional property in the future, as specified by the Commonwealth of Kentucky, in order to satisfy the remaining obligations.

Note 7 - Contingent Liabilities (Continued)

Litigation

From time to time, the Authority is party to litigation involving routine matters and is subject to certain other claims that arise in the normal course of business. In management's opinion, the ultimate resolution of the claims is not expected to have a material adverse effect on the Authority's financial position, change in net position, or cash flow.

Note 8 - Service Concession Arrangement for Parking Management

The Authority entered into a parking management concession agreement with a third-party transportation company to operate and collect user fees from the parking facilities and operate shuttle bus services. The third party was required to provide a minimum capital investment of \$1,500,000. Under this agreement, as amended, the third party pays the Authority a minimum annual guarantee of \$1,000,000 and a range from \$7,000,000 to \$13,500,000 based on enplanements through 2029. Given this revenue is contingent upon some variables, revenue is recognized when the event upon which the payments are dependent occurs, according to the terms of the agreement. As such, there are no receivables or deferred inflows of resources recorded at June 30, 2025 and 2024.

Note 9 - Special Facility Revenue Bonds (Conduit Debt)

Special Facility Revenue Bonds totaling \$148,800,000 issued during fiscal year 1999 and \$42,600,000 issued in fiscal year 2006 (collectively, the "Facility Bonds") were issued to finance the acquisition and construction of facilities for UPS. Although taking the legal form of a financing lease between the authority and UPS, the substance of these arrangements is that the Facility Bonds constitute special and limited obligations and do not constitute a debt, liability, or general obligation of the Authority or a pledge of authority revenue. Repayment of the Facility Bonds and related interest is unconditionally the obligation of UPS. As such, no liability relating to the Facility Bonds is included in the accompanying financial statements. At June 30, 2025 and 2024, the Facility Bonds outstanding aggregated \$191,400,000.

Note 10 - Passenger Facility Charges

The Aviation and Capacity Expansion Act of 1990 authorized domestic airports to impose a passenger facility charge on passengers at levels ranging from \$1.00 to \$4.50. The Authority imposes PFC of \$4.50.

The FAA has authorized the Authority to collect total net PFC revenue of \$187,053,283 to be applied as follows:

For direct payment on capital project costs	\$ 102,112,780
To be applied to the debt service and related costs on bonds issued to finance PFC-approved project costs	<u>84,940,503</u>
Total	<u>\$ 187,053,283</u>

During the years ended June 30, 2025 and 2024, the Authority recognized passenger facility charge revenue of approximately \$8,888,000 and \$9,433,000, respectively.

Note 11 - Major Customer

During both fiscal year 2025 and 2024, the Authority earned approximately 25 percent of its operating revenue from one customer.

Note 12 - Deferred Compensation and 401(k) Plans

Contributory Plans

The Authority sponsors 401(k) and 457 plans for substantially all employees. The plans provide for employees to defer a portion of their salary until future years. The plans are administered by KPEDCA. Employee contributions to the 401(k) plan totaled approximately \$370,000 and \$277,000 for the years ended June 30, 2025 and 2024, respectively. Employee contributions to the 457 plan totaled approximately \$369,000 and \$344,000 for the years ended June 30, 2025 and 2024, respectively. The Authority also offers a 401(a) plan to which it provides matching contributions. The Authority will contribute 50 percent of employee contributions to both the 401(k) and 457 plans up to the Internal Revenue Service (IRS) maximum. The employer matching contributions are fully vested after four years of employment. The Authority's contributions to the plan totaled approximately \$373,000 and \$354,000 for the years ended June 30, 2025 and 2024, respectively.

Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan

Plan Description

All full-time and eligible part-time employees of the Authority are required to participate in a defined benefit plan under the Kentucky Public Pensions Authority (KPPA), an agency of the Commonwealth of Kentucky. The benefits are provided through the Non-hazardous Normal Retirement Fund, the Hazardous Retirement Fund, the Non-hazardous Insurance Fund, and the Hazardous Insurance Fund. All are cost-sharing, multiple-employer plans administered by the County Employees' Retirement System. CERS provides pensions and health care coverage for regular full-time members employed by positions of each participating county, city, and school board and any additional eligible local agencies electing to participate in CERS.

General Information about the Pension and OPEB Plan

Under the provisions of Kentucky Revised Statute Section 78.520, a nine-member board of trustees (the "Board") administers CERS. Another nine-member board of trustees called the Kentucky Retirement Systems (KRS) will oversee the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS). KPPA is the administrative entity comprising the office of counselors and professional staff. KPPA is governed by a third board composed of eight members who are trustees from CERS and KRS. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to members of that plan and a pro rata share of administrative costs.

The plan provides for retirement, disability, and death benefits to plan members. Retirement benefits may also be extended to beneficiaries of plan members under certain circumstances. Under the provisions of Kentucky Revised Statute Section 61.701, the Board of CERS also administers the insurance fund. The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by KPPA. The assets of the insurance fund are invested as a whole. KPPA and the Commonwealth have statutory authority to determine plan benefits and employer contributions.

CERS issues a publicly available financial report that includes financial statements and required supplementary information for CERS. The report may be obtained by writing to Kentucky Public Pensions Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or it may be found at the KPPA website at www.kyret.ky.gov.

Retirement Benefits Provided

The information below summarizes the major retirement benefit provisions of CERS. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Non-hazardous Retirement Fund

The following applies to members whose participation began before August 1, 2004:

Age and service requirement: Age 65 with at least one month of nonhazardous duty service credit or at any age with 27 or more years of service credit

Benefit: If a member has at least 48 months of service, the monthly benefit is 2.20 percent times final average compensation times years of service depending on participation and retirement dates. Final compensation is calculated by taking the average of the highest five fiscal years of salary. If the number of months of service credit during the five-year period is less than 48, one or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

The following applies to members whose participation began on or after August 1, 2004 but before September 1, 2008:

Age and service requirement: Age 65 with at least one month of nonhazardous duty service credit or at any age with 27 or more years of service credit

Benefit: If a member has at least 48 months of service, the monthly benefit is 2.00 percent, multiplied by final average compensation, multiplied by years of service. Final compensation is calculated by taking the average of the highest five fiscal years of salary. If the number of months of service credit during the five-year period is less than 48, one or more additional fiscal years shall be used. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

The following applies to members whose participation began on or after September 1, 2008 but before January 1, 2014:

Age and service requirement: Age 65 with 60 months of nonhazardous duty service credit or age 57 if age plus service equals at least 87

Benefit: The monthly benefit is the following benefit factor based on service credit at retirement plus 2.00 percent for each year of service greater than 30 years, multiplied by final average compensation, multiplied by years of service:

<u>Service Credit</u>	<u>Benefit Factor</u>
10 years or less	1.10%
10+ to 20 years	1.30
20+ to 26 years	1.50
26+ to 30 years	1.75
Greater than 30*	2.00

*The 2.00 percent benefit multiplier applies only to service credit in excess of 30 years. If a member has greater than 30 years of service at retirement, service prior to 30 years will be multiplied by the 1.75 percent benefit multiplier.

Final compensation is calculated by taking the average of the last (not highest) five complete fiscal years of salary. Each fiscal year used to determine final compensation must contain 12 months of service credit.

The following applies to members whose participation began on or after January 1, 2014:

Age and service requirement: Age 65 with 60 months of nonhazardous duty service credit or age 57 if age plus service equals at least 87

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Benefit: Each year that a member is an active contributing member to the system, the member contributes 5 percent of creditable compensation, and the member's employer contributes 4 percent of creditable compensation, which is a portion of the total employer contribution, into a hypothetical account. The hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4 percent. If the system's geometric average net investment return for the previous five years exceeds 4 percent, then the hypothetical account will be credited with an additional amount of interest equal to 75 percent of the amount of the return that exceeds 4 percent. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year.

Upon retirement, the hypothetical account, including member contributions, employer contributions, and interest credits, can be withdrawn from the system as a lump sum or annuitized into a single-life annuity option.

Hazardous Retirement Fund

The following applies to members whose participation began before September 1, 2008:

Age and service requirement: Age 55 with at least one month of hazardous duty service credit or at any age with 20 or more years of service credit

Benefit: If a member has at least 60 months of service, the monthly benefit is 2.50 percent, multiplied by final average compensation, multiplied by years of service. Final compensation is calculated by taking the average of the highest three fiscal years of salary. If the number of months of service credit during the three-year period is less than 24, one or more additional fiscal years shall be used. If a member has less than 60 months of service, the monthly benefit is the actuarial equivalent of two times the member's contributions with interest.

The following applies to members whose participation began on or after September 1, 2008 but before January 1, 2014:

Age and service requirement: Age 60 with at least 60 months of hazardous duty service credit or at any age with 25 or more years of service credit

Benefit: The monthly benefit is the following benefit factor based on service credit at retirement, multiplied by final average compensation, multiplied by years of service:

<u>Service Credit</u>	<u>Benefit Factor</u>
10 years or less	1.30%
10+ to 20 years	1.50
20+ to 25 years	2.25
25+ years	2.50

Final compensation is calculated by taking the average of the highest three complete fiscal years of salary. Each fiscal year used to determine final compensation must contain 12 months of service credit.

The following applies to members whose participation began on or after January 1, 2014:

Age and service requirement: Age 60 with at least 60 months of hazardous duty service credit or at any age with 25 or more years of service credit

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Benefit: Each year that a member is an active contributing member to the system, the member contributes 8 percent of creditable compensation, and the member's employer contributes 7.50 percent of creditable compensation, which is a portion of the total employer contribution, into a hypothetical account. This hypothetical account will earn interest annually on both the member's and employer's contribution at a minimum rate of 4 percent. If the system's geometric average net investment return for the previous five years exceeds 4 percent, then the hypothetical account will be credited with an additional amount of interest equal to 75 percent of the amount of the return that exceeds 4 percent. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year.

Upon retirement, the hypothetical account, including member contributions, employer contributions, and interest credits, can be withdrawn from the system as a lump sum or annuitized into a single-life annuity option.

OPEB Benefits Provided

The information below summarizes the major OPEB benefit provisions of CERS for the Non-hazardous Insurance Fund and the Hazardous Insurance Fund. It is not intended to be, nor should it be interpreted as, a complete statement of all benefit provisions.

The following applies to members whose participation began before July 1, 2003:

Eligibility: Recipient of a retirement allowance

Benefit: Fixed percentage of health insurance premium for nonhazardous members only and hazardous members and dependents based on years of service:

Service Credit	Percent of Premium Paid
Less than 4 years	0%
4 to 9 years	25
10 to 14 years	50
15 to 19 years	75
20 or more years	100

The following applies to members whose participation began on or after January 1, 2003 but before September 1, 2008:

Eligibility: Recipient of a retirement allowance with at least 120 months of service at retirement

Benefit: Subsidy consisting of a monthly contribution of a fixed dollar amount of \$10 nonhazardous and \$15 hazardous, adjusted annually, per year of earned service. Effective January 1, 2023, nonhazardous members will receive an additional dollar contribution of \$5 for every year of nonhazardous service a member attains over 27 years. Hazardous members will receive an additional dollar contribution of \$5 for every year of hazardous service a member attains over 20 years. These additional dollar contributions are not adjusted annually and are payable only for non-Medicare retirees. Also, they are payable only when the applicable insurance fund is at least 90 percent funded on an actuarial value of asset basis as of the last actuarial valuation.

The following applies to members whose participation began on or after September 1, 2008:

Eligibility: Recipient of a retirement allowance with at least 180 months of service at retirement

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Benefit: Subsidy consisting of a monthly contribution of a fixed dollar amount of \$10 nonhazardous and \$15 hazardous, adjusted annually, per year of earned service. Effective January 1, 2023, nonhazardous members will receive an additional dollar contribution of \$5 for every year of nonhazardous service a member attains over 27 years. Hazardous members will receive an additional dollar contribution of \$5 for every year of hazardous service a member attains over 25 years. These additional dollar contributions are not adjusted annually and are payable only for non-Medicare retirees. Also, they are payable only when the applicable insurance fund is at least 90 percent funded on an actuarial value of asset basis as of the last actuarial valuation.

Contributions

The Authority was required to contribute at an actuarially determined rate determined by statute. Per Kentucky Revised Statute Section 78.545(33), normal contribution and past service contribution rates shall be determined by the KRS board on the basis of an annual valuation last preceding July 1 of a new biennium. The KRS board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS board.

The Authority's contractually required contribution rate for the years ended June 30, 2025 and 2024 were 19.71 percent (19.71 percent allocated to pension and 0 percent allocated to OPEB) and 23.34 percent (23.34 percent allocated to pension and 0 percent allocated to OPEB), as set by KRS of each nonhazardous employee's annual payroll. The Authority's contractually required contribution rate for the years ended June 30, 2025 and 2024 was 38.61 percent (36.49 percent allocated to pension and 2.12 percent allocated to OPEB) and 43.69 percent (41.11 percent allocated to pension and 2.58 percent allocated to OPEB), as set by KRS of each hazardous employee's annual payroll. Administrative costs of KRS are financed through employer contributions and investment earnings.

Contributions to the plan from the Authority were approximately \$3,256,000 (\$3,183,000 related to pension and \$73,000 related to OPEB) and approximately \$3,482,000 (\$3,402,000 related to pension and \$80,000 related to OPEB) for the years ended June 30, 2025 and 2024, respectively. The OPEB contribution amount does not include the implicit subsidy reported in the amount of approximately \$131,000 and \$121,000 for 2025 and 2024, respectively.

The following applies to members whose participation began before September 1, 2008:

Nonhazardous members' contributions equal 5 percent of all creditable compensation, and hazardous contributions equal 8 percent of all creditable compensation. Interest paid on the members' accounts is currently 2.5 percent and, per statute, shall not be less than 2.0 percent. Members are entitled to a full refund of contributions with interest.

The following applies to members whose participation began on or after September 1, 2008:

Nonhazardous members' contributions equal 6 percent of all creditable compensation, with 5 percent being credited to the members' accounts and 1 percent deposited to the KRS 401(h) Retiree Medical Benefit Account. Hazardous contributions equal 9 percent of all creditable compensation, with 8 percent being credited to the members' accounts and 1 percent deposited to the KRS 401(h) account. Interest paid on the members' accounts will be set at 2.5 percent. Members are entitled to a full refund of contributions and interest in their individual account; however, the 1 percent contributed to the insurance fund is nonrefundable.

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

The following applies to members whose participation began on or after January 1, 2014:

Nonhazardous members' contributions equal 6 percent of all creditable compensation, with 5 percent being credited to the members' accounts and 1 percent deposited to the KRS 401(h). Hazardous contributions equal 9 percent of all creditable compensation, with 8 percent being credited to the members' accounts and 1 percent deposited to the KRS 401(h) account. Members are entitled to a full refund of contributions and interest on the members' portion of the hypothetical account; however, the 1 percent contributed to the insurance fund is nonrefundable.

Net Pension Liability

KRS chooses a date for each pension plan to measure its net pension liability. This is based on the measurement date of each pension plan, which may be based on a comprehensive valuation as of that date or based on an earlier valuation that has used procedures to roll the information forward to the measurement date. The total pension liability (TPL) used to determine the Authority's proportionate share of the net pension liability at June 30, 2025 for both plans was determined by an actuarial valuation as of June 30, 2023, which used update procedures to roll forward the estimated liability to June 30, 2024. The total pension liability used to determine the Authority's proportionate share of the net pension liability at June 30, 2024 for both plans was determined by an actuarial valuation as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

The Authority's proportionate share of the plan's net pension liability is approximately \$25,876,000 and \$26,097,000 as of June 30, 2025 and 2024, respectively. The Authority's proportionate share of the CERS plan was approximately 0.291 percent for nonhazardous and 0.329 percent for hazardous service employees at June 30, 2025 and was approximately 0.277 percent for nonhazardous and 0.309 percent for hazardous service employees at June 30, 2024. The liability was distributed based on the respective years of actual employer contributions to the plan.

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

For the years ended June 30, 2025 and 2024, the Authority recognized pension expense of approximately \$1,625,000 (\$1,144,000 for nonhazardous and \$481,000 for hazardous service employees) and approximately \$785,000 (\$457,000 for nonhazardous and \$328,000 for hazardous service employees), respectively, from all plans.

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

At June 30, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,392,858	\$ -	\$ 1,300,487	\$ 48,245
Changes in assumptions	-	1,264,448	-	2,278,715
Net difference between projected and actual earnings on pension plan investments	-	1,571,126	-	325,869
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,259,802	452,436	551,289	1,135,464
Total included in future pension expense	2,652,660	3,288,010	1,851,776	3,788,293
Employer contributions to the plan subsequent to the measurement date	2,940,998	-	3,147,763	-
Total	<u>\$ 5,593,658</u>	<u>\$ 3,288,010</u>	<u>\$ 4,999,539</u>	<u>\$ 3,788,293</u>

Since certain expense items are amortized over closed periods each year, the deferred portions of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled as deferred inflows. If they will increase pension expense, they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive system members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five-year period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (note that employer contributions subsequent to the measurement date will reduce the net pension liability and, therefore, will not be included in future pension expense):

Years Ending June 30	Amount
2026	\$ (618,219)
2027	698,269
2028	(384,341)
2029	<u>(331,059)</u>
Total	<u>\$ (635,350)</u>

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Net OPEB (Asset) Liability

At June 30, 2025, the Authority reported an asset of approximately \$104,000 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2023, which used update procedures to roll forward the estimated liability to June 30, 2024. The Authority's proportion of the net OPEB asset was based on the Authority's actuarially required contribution for the year ended June 30, 2024 relative to all other contributing employers. At June 30, 2025, the Authority's proportion was 0.291 percent for nonhazardous and 0.329 percent for hazardous, which was an increase of 0.014 percent for the Authority's nonhazardous proportion and an increase of 0.020 percent for the hazardous proportion measured as of June 30, 2023.

At June 30, 2024, the Authority reported a liability of approximately \$41,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023. The Authority's proportion of the net OPEB liability was based on the Authority's actuarially required contribution for the year ended June 30, 2023 relative to all other contributing employers. At June 30, 2024, the Authority's proportion was 0.277 percent for nonhazardous and 0.309 percent for hazardous, which was a increase of 0.006 percent for the Authority's nonhazardous proportion and an increase of 0.015 percent for the hazardous proportion measured as of June 30, 2022.

OPEB Recovery and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2025 and 2024, the Authority recognized OPEB recovery of approximately \$1,603,000 (\$1,207,000 for nonhazardous and \$396,000 for hazardous service employees) and approximately \$1,052,000 (\$809,000 for nonhazardous and \$243,000 for hazardous service employees), respectively.

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

At June 30, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 387,679	\$ 5,426,067	\$ 304,593	\$ 7,168,543
Changes in assumptions	727,514	707,158	1,040,670	964,959
Net difference between projected and actual earnings on pension plan investments	-	710,810	-	146,925
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	420,606	431,368	222,508	683,077
Total included in future OPEB expense	1,535,799	7,275,403	1,567,771	8,963,504
Employer contributions to the plan subsequent to the measurement date	184,074	-	185,382	-
Total	<u>\$ 1,719,873</u>	<u>\$ 7,275,403</u>	<u>\$ 1,753,153</u>	<u>\$ 8,963,504</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending June 30	Amount
2026	\$ (2,240,450)
2027	(1,640,944)
2028	(1,586,293)
2029	(314,277)
2030	42,360
Total	<u>\$ (5,739,604)</u>

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Actuarial Assumptions

The total pension and OPEB liabilities in the actuarial valuation were determined using the following actuarial assumptions applied to all periods included in the measurement:

	2025			
	Non-hazardous Retirement Fund	Hazardous Retirement Fund	Non-hazardous Insurance Fund	Hazardous Insurance Fund
Inflation	2.50%	2.50%	2.50%	2.50%
Salary increases (including inflation)	3.30% to 10.30% (varies by service)	3.55% to 19.05% (varies by service)	3.30% to 10.30% (varies by service)	3.55% to 19.05% (varies by service)
Investment rate of return (net of investment expenses)	6.50%	6.50%	6.50%	6.50%
Mortality rates - Active members	Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010	Pub-2010 Public Safety Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010	Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010	Pub-2010 Public Safety Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Mortality rates - Healthy retired members	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	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	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	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
Mortality rates - Disabled members	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	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	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	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
Payroll growth rate	2.00%	2.00%	2.00%	2.00%
Health care trend rates pre-65	N/A	N/A	Initial trend starting at 7.10% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years	Initial trend starting at 7.10% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years
Health care trend rates post-65	N/A	N/A	Initial trend starting at 8.00% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years	Initial trend starting at 8.00% at January 1, 2026 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

	2024			
	Non-hazardous Retirement Fund	Hazardous Retirement Fund	Non-hazardous Insurance Fund	Hazardous Insurance Fund
Inflation	2.50%	2.50%	2.50%	2.50%
Salary increases (including inflation)	3.30% to 10.30% (varies by service)	3.55% to 19.05% (varies by service)	3.30% to 10.30% (varies by service)	3.55% to 19.05% (varies by service)
Investment rate of return (net of investment expenses)	6.50%	6.50%	6.50%	6.50%
Mortality rates - Active members	Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010	Pub-2010 Public Safety Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010	Pub-2010 General Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010	Pub-2010 Public Safety Mortality table projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010
Mortality rates - Healthy retired members	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	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	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	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
Mortality rates - Disabled members	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	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	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	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
Payroll growth rate	2.00%	2.00%	2.00%	2.00%
Health care trend rates pre-65	N/A	N/A	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	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
Health care trend rates post-65	N/A	N/A	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 13 years	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 13 years

The actuarial assumptions used in both the June 30, 2023 and 2022 actuarial valuations were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2022.

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Discount Rate

Non-hazardous and Hazardous Retirement Fund

The discount rate of 6.50 percent used to measure the total pension liability at both June 30, 2025 and 2024 was determined after considering a projection of the cash flows to determine whether the future contributions over the remaining 25-year and 26-year amortization period, respectively, of the unfunded actuarial accrued liability will be sufficient to allow the pension plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first 4 years of the projection period.

Non-hazardous and Hazardous Insurance Fund

The discount rates of 5.99 percent for nonhazardous and 6.02 percent for hazardous at June 30, 2025 and 5.93 nonhazardous and 5.97 percent for hazardous at June 30, 2024 used to measure the total OPEB liability were determined after considering a projection of the cash flows to determine whether the future contributions over the remaining 26-year and 25-year amortization period, respectively, of the unfunded actuarial accrued liability will be sufficient to allow the OPEB plans' fiduciary net position to make all projected future benefit payments of current active and inactive employees. The June 30, 2024 discount rate determination used an expected rate of return of 6.50 percent and a municipal bond rate of 3.97 percent, as reported in Fidelity Index's 20-Year Municipal GO AA Index as of June 30, 2024. The June 30, 2023 discount rate determination used an expected rate of return of 6.50 percent and a municipal bond rate of 3.86 percent, as reported in Fidelity Index's 20-Year Municipal GO AA Index as of June 30, 2023. However, the cost associated with the implicit employer subsidy was not included in the calculation of KRS' actuarial determined contributions, and any cost associated with the implicit subsidy will not be paid out of the KRS' trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The long-term expected return on plan assets is reviewed as part of the regular experience studies prepared every five years for the system. The most recent analysis, performed for the period covering fiscal years 2018 through 2022, is outlined in a report dated May 9, 2023. However, the board of KRS has the authority to review the assumptions on a more frequent basis and adopt new assumptions prior to the next scheduled experience study. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Investment Rate of Return

Best estimates of arithmetic real rates of return as of the June 30, 2024 measurement date for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Non-hazardous and Hazardous Retirement and Insurance Plans

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equity	50.00 %	4.15 %
Private equity	10.00	9.10
Core fixed income	10.00	2.85
Specialty credit	10.00	3.82
Cash	-	1.70
Real estate	7.00	4.90
Real return	13.00	5.35

Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Non-hazardous and Hazardous Retirement and Insurance Plans

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equity	50.00 %	5.90 %
Private equity	10.00	11.73
Core fixed income	10.00	2.45
Specialty credit	10.00	3.65
Real estate	7.00	4.99
Real return	13.00	5.15

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority as of June 30, 2025 and 2024, calculated using the discount rate of 6.50 percent for both fiscal years, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2025		
	1 Percentage Point Decrease (5.50%)	Current Discount Rate (6.50%)	1 Percentage Point Increase (7.50%)
Net pension liability of the Non-hazardous Retirement Fund	\$ 22,435,739	\$ 17,403,332	\$ 13,227,761
Net pension liability of the Hazardous Retirement Fund	10,907,155	8,472,264	6,484,309
Total	<u>\$ 33,342,894</u>	<u>\$ 25,875,596</u>	<u>\$ 19,712,070</u>

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

	2024		
	1 Percentage Point Decrease (5.50%)	Current Discount Rate (6.50%)	1 Percentage Point Increase (7.50%)
Net pension liability of the Non-hazardous Retirement Fund	\$ 22,416,507	\$ 17,754,800	\$ 13,880,745
Net pension liability of the Hazardous Retirement Fund	10,533,580	8,341,853	6,551,709
Total	<u>\$ 32,950,087</u>	<u>\$ 26,096,653</u>	<u>\$ 20,432,454</u>

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following presents the net OPEB (asset) liability of the Authority's Non-hazardous Insurance Fund and Hazardous Insurance Fund as of June 30, 2025, calculated using the discount rate of 5.99 percent and 6.02 percent, respectively, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2025		
	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB liability (asset) of the Non-hazardous Insurance Fund	\$ 681,065	\$ (503,704)	\$ (1,499,861)
Net OPEB liability (asset) of the Hazardous Insurance Fund	1,104,518	399,676	(189,356)
Total	<u>\$ 1,785,583</u>	<u>\$ (104,028)</u>	<u>\$ (1,689,217)</u>

The following presents the net OPEB (asset) liability of the Authority's Non-hazardous Insurance Fund and Hazardous Insurance Fund as of June 30, 2024, calculated using the discount rate of 5.93 percent and 5.97 percent, respectively, as well as what the Authority's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2024		
	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB liability (asset) of the Non-hazardous Insurance Fund	\$ 716,909	\$ (382,022)	\$ (1,302,243)
Net OPEB liability (asset) of the Hazardous Insurance Fund	1,069,692	423,074	(115,955)
Total	<u>\$ 1,786,601</u>	<u>\$ 41,052</u>	<u>\$ (1,418,198)</u>

June 30, 2025 and 2024

**Note 13 - Defined Benefit Pension and Other Postemployment Benefits Plan
(Continued)**

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB (asset) liability of the Authority at June 30, 2025 and 2024, calculated using the health care cost trend rate, as well as what the Authority's net OPEB (asset) liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2025		
	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Non-hazardous Insurance Fund	\$ (1,211,852)	\$ (503,704)	\$ 321,237
Net OPEB (asset) liability of the Hazardous Insurance Fund	(61,958)	399,676	939,226
Total	\$ (1,273,810)	\$ (104,028)	\$ 1,260,463
	2024		
	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Non-hazardous Insurance Fund	\$ (1,224,448)	\$ (382,022)	\$ 652,818
Net OPEB liability of the Hazardous Insurance Fund	4,820	423,074	928,202
Total	\$ (1,219,628)	\$ 41,052	\$ 1,581,020

Assumption Changes

Since the prior measurement date, several assumptions that affect the measurement of the total OPEB liability changed, including the following:

- The discount rate for the Non-hazardous Insurance Fund increased from 5.93 percent to 5.99 percent.
- The discount rate for the Hazardous Insurance Fund increased from 5.97 percent to 6.02 percent.

Note 14 - Other Postemployment Benefit Plan

The Authority provides OPEB for all employees who retired from the Authority prior to May 1, 2001 (the Authority's entry into CERS) on or after attaining age 55 with at least 10 years of service and to all disabled employees with at least one year of service who were injured on the job. The Authority contributes between 95 and 100 percent of the amount of medical insurance premiums approved by the Authority for such retired and disabled employees and their dependents. These contributions are recognized by the Authority as they are made. The cost of providing such benefits was approximately \$33,000 for six employees during 2025 and \$39,000 for eight employees during 2024. The plan may be terminated at the election of the board without notice.

Note 15 - Leases

The Authority, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for certain regulated leases and short-term leases. As lessor, the asset underlying the lease is not unrecognized. 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 in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The Authority 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 a majority of the leases are received monthly, and the revenue varies based on the nature of the lease. A majority of the leases are a fixed monthly fee and often contain annual or periodic escalation clauses. For some leases for which the business conducts sales, the monthly fee is a percentage of gross revenue and varies each month. For these sales-based leases, there are often minimum annual guarantees (MAGs) or minimum monthly guarantees (MMGs) contained in the lease that provide a certain amount of revenue regardless of the operational success. Lease terms vary from month to month to over 20 years. A majority of the leases carry a term of less than 5 years.

The Authority has adopted the following policies to assist in determining lease treatment:

- The maximum possible lease term(s) is noncancelable by both lessee and lessor and is more than 12 months.
- The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.
- For the fiscal years ended June 30, 2025 and 2024, all leases with associated receivables are based on fixed payments and do not have variable payment components included in the receivable.

During the years ended June 30, 2025 and 2024, the Authority recognized the following related to its lessor agreements:

	2025	2024
Lease revenue	\$ 8,403,758	\$ 8,079,761
Interest income related to its leases	198,909	140,328
Revenue from variable payments not previously included in the measurement of the lease receivable	10,203,784	10,027,104

The Authority has issued General Airport Revenue Bonds whose repayments are secured by the overall net revenue derived by airport operations. Although none of the Authority’s leases are directly pledged as security for these bond repayments, lease revenue is a component of net revenue. See Note 6 for more information regarding outstanding bonds.

Most leases do not contain any early termination provisions, and the few that do can be terminated by either the lessor or lessee, but not both. In addition, they are long term in nature and expire in less than 10 years.

Note 15 - Leases (Continued)

Future principal and interest payment requirements related to the Authority’s lease receivable at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 2,492,812	\$ 165,237	\$ 2,658,049
2027	948,919	134,616	1,083,535
2028	667,668	106,017	773,685
2029	667,668	78,363	746,031
2030	417,549	60,969	478,518
2031-2035	680,180	191,099	871,279
2036-2040	514,139	98,223	612,362
2041-2045	397,271	25,957	423,228
Total	\$ 6,786,206	\$ 860,481	\$ 7,646,687

Regulated Leases

In accordance with GASB accounting standards, the Authority does not recognize a lease receivable and 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 Authority is party to certain regulated leases, as defined by GASB accounting standards. The leased assets include aircraft maintenance facilities, cargo facilities and ramps, building facilities, and land that the lessees use for fixed-base operations (FBO) and hangar construction and use. Included in these regulated leased assets are a cargo ramp area and a portion of one taxiway that are leased under preferential use to a single counterparty.

The Authority also has certain airline leases that are regulated by the FAA. The leased assets include the airfield, land for aircraft overnight parking, building facilities used for baggage systems and hold rooms, and terminal and apron space. Included in these regulated leased assets are portions of the terminal that are leased under preferential or exclusive use agreements to eight signatory airlines.

During the years ended June 30, 2025 and 2024, the Authority recognized the following from regulated leases:

	2025	2024
Lease revenue	\$ 12,013,843	\$ 11,112,600
Revenue from variable payments excluded from the schedule of expected future minimum payments	36,449,633	34,936,582

Note 15 - Leases (Continued)

Future expected minimum payments related to the Authority's regulated leases at June 30, 2025 are as follows:

Years Ending	Amount
2026	\$ 10,635,997
2027	10,765,422
2028	10,718,434
2029	10,563,006
2030	10,555,421
2031-2035	53,124,537
2036-2040	30,875,360
2041-2045	7,492,312
2046-2050	3,289,854
2051-2055	2,934,424
2056-2060	2,805,177
2061-2065	561,035
Total	<u>\$ 154,320,979</u>

Most of these leases do not contain early termination provisions, and the few that do can only be terminated by either the lessor or lessee, but not both. In addition, nearly all of the regulated leases are long term in nature. More than half of the leases expire in less than 10 years; however, there are a few leases with terms as long as 20, 30, or 40 years.

Note 16 - Louisville Renaissance Zone Corporation

Organization

Louisville Renaissance Zone Corporation is governed by an 11-member board of directors consisting of the same individuals as the Authority's board. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within the Corporation.

The Corporation is a nonstock, nonprofit public property corporation set up to carry out the public purposes of the Authority to promote and develop aviation and air transportation and/or establish, operate, or expand any airport or air navigation facilities. This includes identifying, developing, acquiring, financing, and accomplishing public projects within the development area, serving as the agency of tax increment financing (TIF), public project development within the development area and for the acquisition and financing of public projects for and on behalf of the Authority. The Corporation is a component unit of the Authority.

The Corporation entered into an interlocal cooperation agreement with the government of the Louisville Metro and the Commonwealth of Kentucky whereby funding was provided by TIF. Under this agreement, the Corporation was to acquire property, construct, and maintain improvements to accomplish approved public purposes. The Corporation received approval for projects totaling approximately \$81,900,000 primarily for land acquisition and infrastructure improvements. Under the TIF agreements, approved projects were to be completed by December 31, 2023.

June 30, 2025 and 2024

Note 16 - Louisville Renaissance Zone Corporation (Continued)

Accounting and Reporting Principles

The Corporation follows accounting principles generally accepted in the United States of America, as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Corporation:

Basis of Accounting

The Corporation uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Investments

Investments are reported at amortized cost. Investments are made only in government-backed securities. All investments are held in the Corporation's name.

Fees Receivable

Receivables represent TIF requests submitted to or earned from state and local governments. At June 30, 2024, fees receivable include TIF revenue calculated based on actual project costs through December 31, 2023 not yet recovered through prior TIF payments. The TIF receivables recognized are limited to the eligible spending incurred by the Corporation through December 31, 2023. Amounts not expected to be collected within one year are reported as long-term receivables. Receivables are reported at fair value and are reduced by the estimated portion that is expected to be uncollectible. Interest is not normally charged on receivables. At June 30, 2025, there are no outstanding TIF receivables.

Capital Assets

Capital assets, which include land, construction projects, land improvements, buildings, and utility systems, are reported in the schedule of full accrual net position. Capital assets are defined by the Corporation as assets with an initial individual cost of more than \$50,000 and an estimated useful life of 3 years or greater. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Costs are allocated to project components by the specific identification method whenever possible. Otherwise, costs are allocated based on their relative fair value to the total project. The Corporation is depreciating land improvements, buildings, and utility systems over periods of 10 to 20 years and equipment over a period of 7 years. The assets are reviewed for impairment when events indicate the carrying amount may not be recoverable.

Net Position

Net position of the Corporation is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted.

June 30, 2025 and 2024

Note 16 - Louisville Renaissance Zone Corporation (Continued)

Revenue

The Corporation recognizes revenue from land sales upon transfer of title. Revenue from the TIF agreements is recognized when reasonably measurable and determinable based on the terms of the respective agreements. TIF revenue included in operating revenue represents the estimated TIF revenue earned in the most recent calendar year and any differences between actual collections and prior estimates. Revenue from lease agreements is recognized when earned based on the terms of the respective lease agreements. Lease revenue is included in operating revenue.

Unearned Income

Unearned income consists of concessionaire rentals and payments received in advance, which will be recognized as revenue when earned.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Leases

The Corporation is a lessor for a noncancelable lease of land, buildings, and equipment. The Corporation recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Corporation initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Corporation determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The Corporation uses its incremental borrowing rate at lease inception as the discount rate for 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.

The Corporation monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deposits and Investments

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Corporation would not be able to recover the full value of its deposits. The Corporation's investment policy states that all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Corporation's agents in the Corporation's name. The balances of each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. The Corporation's policy regarding custodial credit risk for deposits is for all overnight repurchase agreements to be fully collateralized by U.S. government securities held by the Corporation or by the Corporation's agent in the Corporation's name. Repurchase agreements are recorded at cost. At year end, the Corporation had no uninsured or uncollateralized deposits.

Note 16 - Louisville Renaissance Zone Corporation (Continued)

	2025	2024
Covered by federal depository insurance	\$ 250,000	\$ 500,000
Uninsured and collateralized	19,998,790	3,357,923
Bank balance	\$ 20,248,790	\$ 3,857,923

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation does not have a policy for custodial credit risk. At June 30, 2025 and 2024, the Corporation does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Corporation's investment policy follows Kentucky Revised Statute 66.480, and, as such, interest rate risk is minimized due to the limitations contained within this statute. The weighted-average maturity of investments at June 30, 2025 was 0.39 years. The Corporation did not hold any investments subject to interest rate risk at June 30, 2024.

Credit Risk

Credit risk is the risk the issuer or other counterparty to an investment will not fulfill its obligations. The Corporation's investment policy minimizes credit risk by investing only in investments allowed by the Kentucky Revised Statute 66.480.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Corporation's investment in a single issuer. The Corporation's investment policy minimizes concentration of credit risk by limiting uncollateralized certificates of deposit, bankers' acceptances, commercial paper, equity securities, and corporate bonds to 20 percent of invested assets per category or 40 percent of total invested assets for shares of mutual funds, equity securities, and corporate bonds combined, with certain limited exceptions. At the time the investment is made, no more than 5 percent of invested assets shall be invested in any one issuer. At June 30, 2025, there were no investments subject to concentration of credit risk. At June 30, 2024, the Corporation did not hold any investments, as all of the Corporation's funds were held as cash and cash equivalents.

June 30, 2025 and 2024

Note 16 - Louisville Renaissance Zone Corporation (Continued)

Capital Assets

Capital asset activity for the Corporation for the years ended June 30, 2025 and 2024 was as follows:

	2025			2024			Ending Balance
	Beginning Balance	Increases	Decreases	Beginning Balance	Increases	Decreases	
Capital assets not being depreciated:							
Land	\$ 13,148,608	\$ 70,000	\$ -	\$ 13,218,608	\$ 13,135,112	\$ -	\$ 13,148,608
Construction projects	5,325,808	2,448,134	(84,290)	7,689,652	7,689,119	23,677,036	5,325,808
Total capital assets not being depreciated	18,474,416	2,518,134	(84,290)	20,908,260	20,824,231	23,677,036	18,474,416
Capital assets being depreciated:							
Land improvements	48,672,432	-	83,912	48,756,344	22,645,581	26,026,851	48,672,432
Buildings	12,975,970	-	-	12,975,970	12,975,970	-	12,975,970
Utility systems	5,688,264	-	-	5,688,264	5,688,264	-	5,688,264
Total capital assets being depreciated	67,336,666	-	83,912	67,420,578	41,309,815	26,026,851	67,336,666
Accumulated depreciation:							
Land improvements	(12,880,262)	(2,540,209)	-	(15,420,471)	(11,516,883)	(1,363,379)	(12,880,262)
Buildings	(702,865)	(648,799)	-	(1,351,664)	(54,067)	(648,798)	(702,865)
Utility systems	(2,781,041)	(327,637)	-	(3,108,678)	(2,453,404)	(327,637)	(2,781,041)
Total accumulated depreciation	(16,364,168)	(3,516,645)	-	(19,880,813)	(14,024,354)	(2,339,814)	(16,364,168)
Net capital assets being depreciated	50,972,498	(3,516,645)	83,912	47,539,765	27,285,461	23,687,037	50,972,498
Net capital assets	\$ 69,446,914	\$ (998,511)	\$ (378)	\$ 68,448,025	\$ 48,109,692	\$ 47,364,073	\$ 69,446,914

Construction Commitments

The Corporation has active construction projects at year end. The projects primarily include warehouse development. At year end, the Corporation's commitments with contractors were approximately \$16,300,000.

Leases - Lessor

The Corporation, as a lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for short-term leases. As lessor, the asset underlying the lease is not unrecognized. 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 in addition to any payments received at or before the commencement of the lease term that relate to future periods.

The Corporation leases land and a building to third parties. There is also equipment that is leased to the Authority. Fixed payments are received monthly or annually. Certain leases contain annual escalation clauses. Lease terms vary from 4 years to over 10 years and the leases do not contain early termination provisions.

The Corporation has adopted the following policies to assist in determining lease treatment:

- The maximum possible lease term(s) is noncancelable by both lessee and lessor and is more than 12 months.
- The term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

June 30, 2025 and 2024

Note 16 - Louisville Renaissance Zone Corporation (Continued)

- For the fiscal years ended June 30, 2025 and 2024, all leases with associated receivables are based on fixed payments and do not have variable payment components included in the receivable.

During the years ended June 30, 2025 and 2024, the Corporation recognized the following related to its lessor agreements:

	2025	2024
Lease revenue	\$ 1,707,517	\$ 1,707,217
Interest income related to its leases	547,894	578,191
Revenue from variable payments not previously included in the measurement of the lease receivable	59,941	51,988

Future principal and interest payment requirements related to the Corporation's lease receivable at June 30, 2025 are as follows:

Years Ending June 30	Principal	Interest	Total
2026	\$ 1,540,243	\$ 503,116	\$ 2,043,359
2027	1,527,348	454,971	1,982,319
2028	1,535,376	404,167	1,939,543
2029	1,657,537	349,890	2,007,427
2030	1,786,337	291,350	2,077,687
2031-2034	7,760,922	492,193	8,253,115
Total	\$ 15,807,763	\$ 2,495,687	\$ 18,303,450

Note 17 - Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance to cover these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. See the supplementary schedule of insurance coverage for the types of risks and insurance coverage in place.

Required Supplementary Information

Louisville Regional Airport Authority

Required Supplementary Information Schedule of the Authority's Proportionate Share of the Net Pension Liability - Non-Hazardous County Employees' Retirement System - Non-Hazardous

	Last Ten Fiscal Years									
	Fiscal Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.29100 %	0.27700 %	0.27100 %	0.28300 %	0.30500 %	0.29000 %	0.28900 %	0.28700 %	0.28200 %	0.28900 %
Authority's proportionate share of the net pension liability	\$ 17,403,332	\$ 17,754,800	\$ 19,599,880	\$ 18,052,970	\$ 23,363,872	\$ 20,424,102	\$ 17,610,177	\$ 16,799,402	\$ 13,899,653	\$ 12,422,062
Authority's covered payroll	\$ 9,126,270	\$ 8,263,215	\$ 7,512,106	\$ 7,215,303	\$ 7,829,265	\$ 7,442,953	\$ 7,151,045	\$ 7,095,652	\$ 6,825,340	\$ 6,848,747
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	190.69 %	214.87 %	260.91 %	250.20 %	298.42 %	274.41 %	246.26 %	236.76 %	203.65 %	181.38 %
Plan fiduciary net position as a percentage of total pension liability	61.61 %	57.48 %	52.42 %	57.33 %	47.81 %	50.45 %	53.54 %	53.32 %	55.50 %	59.97 %

The amounts presented for each fiscal year were determined as of the prior year end, which is the measurement date of the related liability.

Louisville Regional Airport Authority

Required Supplementary Information Schedule of the Authority's Proportionate Share of the Net Pension Liability - Hazardous County Employees' Retirement System - Hazardous

	Last Ten Fiscal Years									
	Fiscal Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Authority's proportion of the net pension liability	0.32900 %	0.30900 %	0.29400 %	0.34900 %	0.35000 %	0.37100 %	0.36800 %	0.41400 %	0.40100 %	0.39800 %
Authority's proportionate share of the net pension liability	\$ 8,472,264	\$ 8,341,853	\$ 8,974,031	\$ 9,289,418	\$ 10,523,655	\$ 10,244,055	\$ 8,910,273	\$ 9,267,322	\$ 6,874,186	\$ 6,115,791
Authority's covered payroll	\$ 2,475,532	\$ 2,117,144	\$ 1,909,831	\$ 2,086,644	\$ 2,045,479	\$ 2,118,602	\$ 2,054,672	\$ 2,438,047	\$ 2,228,906	\$ 2,175,463
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	342.24 %	394.01 %	469.89 %	445.18 %	514.48 %	483.53 %	433.66 %	380.11 %	308.41 %	281.13 %
Plan fiduciary net position as a percentage of total pension liability	57.05 %	52.96 %	47.11 %	52.26 %	44.11 %	46.63 %	49.26 %	49.78 %	53.95 %	57.52 %

The amounts presented for each fiscal year were determined as of the prior year end, which is the measurement date of the related liability.

Louisville Regional Airport Authority

Required Supplementary Information

Schedule of the Authority's Proportionate Share of the Net OPEB Liability - Non-Hazardous County Employees' Retirement System - Non-Hazardous

	Last Eight Fiscal Years							
	Fiscal Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the net OPEB (asset) liability	0.29100 %	0.27700 %	0.27100 %	0.28300 %	0.30500 %	0.29000 %	0.28900 %	0.40500 %
Authority's proportionate share of the net OPEB (asset) liability	\$ (503,704)	\$ (382,022)	\$ 5,349,820	\$ 5,419,482	\$ 7,365,571	\$ 4,883,590	\$ 5,131,937	\$ 5,769,822
Authority's covered payroll	\$ 9,126,270	\$ 8,263,215	\$ 7,512,106	\$ 7,215,303	\$ 7,829,265	\$ 7,442,953	\$ 7,151,045	\$ 7,095,652
Authority's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(5.52)%	(4.62)%	71.22 %	75.11 %	94.08 %	65.61 %	71.76 %	81.31 %
Plan fiduciary net position as a percentage of total OPEB liability	104.89 %	104.23 %	60.95 %	62.91 %	51.67 %	60.44 %	57.62 %	52.39 %

The amounts presented for each fiscal year were determined as of the prior year end, which is the measurement date of the related liability.

Louisville Regional Airport Authority

Required Supplementary Information
 Schedule of the Authority's Proportionate Share of the Net OPEB Liability - Hazardous
 County Employees' Retirement System - Hazardous

	Last Eight Fiscal Years							
	Fiscal Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the net OPEB liability	0.32900 %	0.30900 %	0.29400 %	0.34900 %	0.34900 %	0.37100 %	0.36800 %	0.41400 %
Authority's proportionate share of the net OPEB liability	\$ 399,676	\$ 423,074	\$ 2,504,974	\$ 2,821,403	\$ 3,224,482	\$ 2,743,245	\$ 2,626,892	\$ 3,424,264
Authority's covered payroll	\$ 2,475,532	\$ 2,117,144	\$ 1,909,831	\$ 2,086,644	\$ 2,045,479	\$ 2,118,602	\$ 2,054,672	\$ 2,438,047
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.15 %	19.98 %	131.16 %	135.21 %	157.64 %	129.48 %	127.85 %	140.45 %
Plan fiduciary net position as a percentage of total OPEB liability	93.53 %	92.27 %	64.13 %	66.81 %	58.84 %	64.44 %	64.24 %	58.99 %

The amounts presented for each fiscal year were determined as of the prior year end, which is the measurement date of the related liability.

Louisville Regional Airport Authority

Required Supplementary Information Schedule of Pension Contributions - Non-Hazardous County Employees' Retirement System - Non-Hazardous

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,918,757	\$ 2,130,072	\$ 1,933,592	\$ 1,590,313	\$ 1,392,553	\$ 1,511,048	\$ 1,207,247	\$ 1,035,471	\$ 989,843	\$ 847,707
Contributions in relation to the statutorily required contribution	1,918,757	2,130,072	1,933,592	1,590,313	1,392,553	1,511,048	1,207,247	1,035,471	989,843	847,707
Contribution Excess	\$ -									
Authority's Covered Payroll	\$ 9,734,941	\$ 9,126,270	\$ 8,263,215	\$ 7,512,106	\$ 7,215,303	\$ 7,829,265	\$ 7,442,953	\$ 7,151,045	\$ 7,095,652	\$ 6,825,340
Contributions as a Percentage of Covered Payroll	19.71 %	23.34 %	23.40 %	21.17 %	19.30 %	19.30 %	16.22 %	14.48 %	13.95 %	12.42 %

Louisville Regional Airport Authority

Required Supplementary Information Schedule of Pension Contributions - Hazardous County Employees' Retirement System - Hazardous

**Last Ten Fiscal Years
Years Ended June 30**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 1,022,241	\$ 1,017,691	\$ 906,349	\$ 646,669	\$ 627,245	\$ 614,871	\$ 526,684	\$ 456,137	\$ 529,300	\$ 451,576
Contributions in relation to the statutorily required contribution	1,022,241	1,017,691	906,349	646,669	627,245	614,871	526,684	456,137	529,300	451,576
Contribution Excess	\$ -									
Authority's Covered Payroll	\$ 2,801,428	\$ 2,475,532	\$ 2,117,144	\$ 1,909,831	\$ 2,086,644	\$ 2,045,479	\$ 2,118,602	\$ 2,054,672	\$ 2,438,047	\$ 2,228,906
Contributions as a Percentage of Covered Payroll	36.49 %	41.11 %	24.87 %	22.20 %	21.71 %	20.26 %				

Louisville Regional Airport Authority

Required Supplementary Information
Schedule of OPEB Contributions - Non-Hazardous
County Employees' Retirement System - Non-Hazardous

	Last Eight Fiscal Years							
	Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution \$	-	-	280,123	434,200	343,448	372,673	391,499	336,099
Contributions in relation to the statutorily required contribution	-	-	280,123	434,200	343,448	372,673	391,499	336,099
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 9,734,941	\$ 9,126,270	\$ 8,263,215	\$ 7,512,106	\$ 7,215,303	\$ 7,829,265	\$ 7,442,953	\$ 7,151,045
Contributions as a Percentage of Covered Payroll	- %	- %	3.39 %	5.78 %	4.76 %	4.76 %	5.26 %	4.70 %

Louisville Regional Airport Authority

Required Supplementary Information
Schedule of OPEB Contributions - Hazardous
County Employees' Retirement System - Hazardous

	Last Eight Fiscal Years							
	Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution \$	59,390	63,869	143,542	199,959	198,649	194,730	221,818	192,112
Contributions in relation to the statutorily required contribution	59,390	63,869	143,542	199,959	198,649	194,730	221,818	192,112
Contribution Excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's Covered Payroll	\$ 2,801,428	\$ 2,475,532	\$ 2,117,144	\$ 1,909,831	\$ 2,086,644	\$ 2,045,479	\$ 2,118,602	\$ 2,054,672
Contributions as a Percentage of Covered Payroll	2.12 %	2.58 %	6.78 %	10.47 %	9.52 %	9.52 %	10.47 %	9.35 %

Pension Information

Benefit Changes

During the 2023 legislative session, House Bill 506 was enacted, which reinstated the partial lump-sum option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

During the 2021 legislative session, Senate Bill 169 passed, which increased the disability benefits for certain members who become totally and permanently disabled in the line of duty or as a result of a duty-related disability. The minimum disability benefit increased from 25 percent of the member's monthly final rate of pay to 75 percent of the member's monthly average pay. For nonhazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position.

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. Benefits paid to the spouses of deceased members have been increased from 25 percent of the member's final rate of pay to 75 percent of the member's average pay. If the member does not have a surviving spouse, benefits paid to surviving dependent children have been increased from 10 percent of the member's final pay rate to 50 percent of average pay for one child, 65 percent of average pay for two children, or 75 percent of average pay for three children.

Changes in Assumptions

The 2022 valuation, which is used to determine the Authority's proportionate share of the net pension liability at June 30, 2023, updated certain assumptions based on the 2022 Experience Study. The inflation rate increased from 2.30 percent to 2.50 percent and the investment rate of return increased from 6.25 percent to 6.50 percent. Further, the mortality rates for active members changed from the MP-2014 improvement scale using a base year of 2010 to the MP-2020 improvement scale using a base year of 2010. The mortality rates for retired members changed from a system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 to 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 rates for disabled members changed from the Pub-2010 Disabled Mortality table, with a four-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 to the PUB-2010 Disabled Mortality table, with rates multiplied by 150 percent 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 2019 valuation, which is used to determine the Authority's proportionate share of the net pension liability at June 30, 2020, updated certain assumptions, including a change in the mortality tables used. For active members, the mortality tables used are the Pub-2010 General Mortality table for the Non-Hazardous System and the Pub-2010 Public Safety Mortality table for the Hazardous System, projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. For healthy retired members and beneficiaries, the mortality table used is the system-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019. For disabled members, the Pub-2010 Disabled Mortality table is used, with a four-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, disability, withdrawal, and mortality were updated based on the 2018 experience study.

The 2017 valuation, which is used to determine the Authority's proportionate share of the net pension liability at June 30, 2018, updated certain assumptions, including a decreased investment rate of return from 7.50 to 6.25 percent. The assumed rate of inflation was reduced from 3.25 to 2.30 percent. The payroll growth assumption was reduced from 4.00 to 2.00 percent.

June 30, 2025 and 2024

OPEB Information

Benefit Changes

During the 2023 legislative session, House Bill 506 was enacted, which reinstated the partial lump-sum option form of payment for members who retire on and after January 1, 2024 and adjusted the minimum required separation period before a retiree may become reemployed and continue to receive their retirement allowance to one month for all circumstances.

During the 2022 legislative session, Senate Bill 209 passed, which increased the insurance dollar contribution for members hired on or after July 1, 2003 by \$5 for each year of service a member attains over certain thresholds, depending on a member's retirement eligibility requirement. This increase in the insurance dollar contribution does not increase by 1.5 percent annually and is only payable for non-Medicare retirees. Additionally, it is only payable when the member's applicable insurance fund is at least 90 percent funded. The increase is first payable January 1, 2023 as long as the insurance fund is at least 90 percent funded on an actuarial valuation of asset basis as of the last actuarial valuation. Senate Bill 209 also allows members receiving the insurance dollar contribution to participate in a medical insurance reimbursement plan that would provide the reimbursement of premiums for health plans other than those administered by KPPA.

During the 2021 legislative session, Senate Bill 169 passed, which increased the disability benefits for certain members who become totally and permanently disabled in the line of duty or as a result of a duty-related disability. The insurance premium for the member, the member's spouse, and the member's dependent children shall be paid in full by the system. For nonhazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position.

During the 2018 legislative session, House Bill 185 was enacted, which updated the benefit provisions for active members who die in the line of duty. The system shall now pay 100 percent of the insurance premium for spouses and children of all active members who die in the line of duty.

Changes in Assumptions

The 2023 valuation, which is used to determine the Authority's proportionate share of the net OPEB liability at June 30, 2024, updated certain assumptions, including an increased discount rate from 5.93 to 5.99 percent for the Non-hazardous Insurance Fund and 5.97 percent to 6.02 percent for the Hazardous Insurance Fund.

The 2022 valuation, which is used to determine the Authority's proportionate share of the net OPEB liability at June 30, 2023, updated certain assumptions, including an increased discount rate from 5.70 to 5.93 percent for the Non-hazardous Insurance Fund and 5.61 percent to 5.97 percent for the Hazardous Insurance Fund. In addition, the inflation rate increased from 2.30 percent to 2.50 percent and the investment rate of return increased from 6.25 percent to 6.50 percent. Further, the mortality rates for active members changed from the MP-2014 improvement scale using a base year of 2010 to the MP-2020 improvement scale using a base year of 2010. The mortality rates for retired members changed from a system-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019 to 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 rates for disabled members changed from the Pub-2010 Disabled Mortality table, with a four-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 to the PUB-2010 Disabled Mortality table, with rates multiplied by 150 percent 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 2021 valuation, which is used to determine the Authority's proportionate share of the net OPEB liability at June 30, 2022, updated certain assumptions, including an increased discount rate from 5.20 to 5.70 percent for the Non-hazardous Insurance Fund and 5.05 percent to 5.61 percent for the Hazardous Insurance Fund.

The 2020 valuation, which is used to determine the Authority's proportionate share of the net OPEB liability at June 30, 2021, updated certain assumptions, including a decreased discount rate from 5.34 to 5.20 percent for the Non-hazardous Insurance Fund and 5.30 percent to 5.05 percent for the Hazardous Insurance Fund.

Supplementary Information

Louisville Regional Airport Authority

Combining Schedule of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2025 and 2024

	2025			2024 Total (Restated)
	Louisville International	Bowman Field	Total	
Operating revenues				
Landing and field use fees	\$ 24,921,700	\$ -	\$ 24,921,700	\$ 23,359,129
Apron area	2,769,326	65,747	2,835,073	2,647,931
Terminal area	14,466,023	197,857	14,663,880	14,048,317
Parking and ground transportation	34,282,553	-	34,282,553	31,966,553
Aviation related facility and land leases	14,680,345	1,683,707	16,364,052	14,959,308
Non-aviation related facility and land leases	1,309,338	-	1,309,338	1,179,297
Airport services and other revenue	479,230	70,051	549,281	535,576
Total operating revenues	<u>92,908,515</u>	<u>2,017,362</u>	<u>94,925,877</u>	<u>88,696,111</u>
Operating expenses				
Operations and general maintenance				
Salaries, wages	10,660,024	648,009	11,308,033	10,321,657
Contracts	9,776,490	240,154	10,016,644	8,512,695
Utilities and fuel supplies	4,432,304	712,463	5,144,767	5,377,402
Supplies and other	2,819,563	224,836	3,044,399	2,782,782
Reimbursed costs	(285,697)	(12,946)	(298,643)	(641,202)
Total operations and general maintenance	<u>27,402,684</u>	<u>1,812,516</u>	<u>29,215,200</u>	<u>26,353,334</u>
Administrative, general, planning and engineering	13,599,587	123,622	13,723,209	13,512,562
Total operating expenses before depreciation	<u>41,002,271</u>	<u>1,936,138</u>	<u>42,938,409</u>	<u>39,865,896</u>
Depreciation and amortization	37,031,152	2,469,955	39,501,107	32,637,967
Total operating expenses	<u>78,033,423</u>	<u>4,406,093</u>	<u>82,439,516</u>	<u>72,503,863</u>
Operating income (loss)	14,875,092	(2,388,731)	12,486,361	16,192,248
Non-operating revenues (expenses) and capital contributions				
Investment earning - Net	6,127,711	1,657	6,129,368	5,958,733
Interest income - Leases	168,950	29,959	198,909	140,328
Interest expense	(3,449,104)	-	(3,449,104)	(3,988,162)
Passenger facility charge	8,887,521	-	8,887,521	9,433,307
Customer contract fees	6,448,422	-	6,448,422	6,532,950
Net income (loss) on disposal of assets	(11,965)	(135,208)	(147,173)	(324,145)
Nonoperating grants	-	-	-	11,252,269
Other revenues	104,533	-	104,533	152,021
Capital contributions	42,258,450	851,109	43,109,559	25,950,596
Net non-operating revenues and capital contributions	<u>60,534,518</u>	<u>747,517</u>	<u>61,282,035</u>	<u>55,107,897</u>
Changes in net position	<u>\$ 75,409,610</u>	<u>\$ (1,641,214)</u>	<u>\$ 73,768,396</u>	<u>\$ 71,300,145</u>

	Cost					Accumulated Depreciation					Net Balance June 30, 2025
	Balance July 1, 2024	Additions	Retirements	Tranfers/ Adjustments	Balance June 30, 2025	Balance July 1, 2024	Provisions	Retirements/ Adjustments	Balance June 30, 2025		
Louisville International Airport											
Land	\$ 308,307,439	\$ 23,293	\$ -	\$ 883,751	\$ 309,214,483	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 309,214,483
Land Improvements - runways, taxiways, and aprons	\$ 544,217,883	\$ -	\$ (1,106,744)	\$ 29,557,880	\$ 572,669,019	\$ 363,941,547	\$ 17,389,774	\$ (1,035,795)	\$ 380,295,526	\$ 192,373,493	
Land improvements - ground transportation and other	\$ 151,729,752	\$ -	\$ (532,432)	\$ 5,955,430	\$ 157,152,750	\$ 105,614,688	\$ 5,512,334	\$ (532,432)	\$ 110,594,590	\$ 46,558,160	
Buildings	\$ 159,857,875	\$ -	\$ (88,036)	\$ 15,659,751	\$ 175,429,590	\$ 112,082,483	\$ 5,148,361	\$ (88,036)	\$ 117,142,808	\$ 58,286,782	
Utility systems	\$ 78,967,442	\$ -	\$ (939,612)	\$ 15,399,850	\$ 93,427,680	\$ 34,122,137	\$ 3,232,717	\$ (706,984)	\$ 36,647,870	\$ 56,779,810	
Equipment (excluding automotive)	\$ 50,840,568	\$ -	\$ (14,884)	\$ 190,077	\$ 51,015,761	\$ 10,960,526	\$ 3,862,307	\$ (14,884)	\$ 14,807,949	\$ 36,207,812	
Vehicles and automotive equipment	\$ 18,932,830	\$ -	\$ (852,113)	\$ 1,569,975	\$ 19,650,692	\$ 10,711,628	\$ 1,492,219	\$ (852,113)	\$ 11,351,734	\$ 8,298,958	
Furniture and fixtures	\$ 5,620,030	\$ -	\$ (530,829)	\$ 786,935	\$ 5,876,136	\$ 3,405,111	\$ 393,440	\$ (530,829)	\$ 3,267,722	\$ 2,608,414	
Capital projects in progress	\$ 44,777,700	\$ 75,510,823	\$ (116,464)	\$ (70,460,402)	\$ 49,711,657	\$ -	\$ -	\$ -	\$ -	\$ 49,711,657	
Total Louisville International Airport	\$ 1,363,251,519	\$ 75,534,116	\$ (4,181,114)	\$ (456,753)	\$ 1,434,147,768	\$ 640,838,120	\$ 37,031,152	\$ (3,761,073)	\$ 674,108,199	\$ 760,039,569	
Bowman Field											
Land	\$ 3,427,242	\$ -	\$ -	\$ -	\$ 3,427,242	\$ -	\$ -	\$ -	\$ -	\$ 3,427,242	
Land Improvements - runways, taxiways, and aprons	\$ 30,320,100	\$ -	\$ (157,684)	\$ 421,239	\$ 30,583,655	\$ 15,449,598	\$ 2,045,019	\$ (228,633)	\$ 17,265,984	\$ 13,317,671	
Land improvements - ground transportation and other	\$ 625,973	\$ -	\$ -	\$ -	\$ 625,973	\$ 607,315	\$ 17,376	\$ -	\$ 624,691	\$ 1,282	
Buildings	\$ 15,536,504	\$ -	\$ (273,087)	\$ 560,608	\$ 15,824,025	\$ 13,373,997	\$ 329,742	\$ (137,879)	\$ 13,565,860	\$ 2,258,165	
Utility systems	\$ 749,877	\$ -	\$ -	\$ -	\$ 749,877	\$ 282,365	\$ 32,421	\$ -	\$ 314,786	\$ 435,091	
Equipment (excluding automotive)	\$ 251,017	\$ -	\$ -	\$ -	\$ 251,017	\$ 199,302	\$ 10,693	\$ -	\$ 209,995	\$ 41,022	
Vehicles and automotive equipment	\$ 780,129	\$ -	\$ (35,402)	\$ 118,543	\$ 863,270	\$ 608,767	\$ 34,704	\$ (35,402)	\$ 608,069	\$ 255,201	
Capital projects in progress	\$ 1,036,237	\$ 1,263,008	\$ -	\$ (1,020,045)	\$ 1,279,200	\$ -	\$ -	\$ -	\$ -	\$ 1,279,200	
Total Bowman Field	\$ 52,727,079	\$ 1,263,008	\$ (466,173)	\$ 80,345	\$ 53,604,259	\$ 30,521,344	\$ 2,469,955	\$ (401,914)	\$ 32,589,385	\$ 21,014,874	
Total Louisville International Airport and Bowman Field	\$ 1,415,978,598	\$ 76,797,124	\$ (4,647,287)	\$ (376,408)	\$ 1,487,752,027	\$ 671,359,464	\$ 39,501,107	\$ (4,162,987)	\$ 706,697,584	\$ 781,054,443	

Louisville Regional Airport Authority

Schedule of Insurance Coverage

Year Ended June 30, 2025

	<u>Expiration Date</u>	<u>Amount of Coverage</u>
AIG - National Union Fire Insurance CO. of Pittsburgh		
General airport liability, including optional war risk and other perils	7/31/2025	\$ 250,000,000
Talbot/AIG - Certain Underwriters at Lloyd's		
Terrorism	7/31/2025	25,000,000
Lloyd's of London		
Alliant Deadly Weapon Response Program	7/1/2025	500,000
Travelers Excess and Surplus Lines Company		
All risk property	7/31/2025	450,000,000
Unlicensed equipment	7/31/2025	18,500,180
Chubb - ACE American Insurance Company		
Public officials' liability covering board members and all employees	7/31/2025	5,000,000
Employment Practices Liability	7/31/2025	5,000,000
KEMI		
Worker's compensation	7/31/2025	Statutory Limitations
Employer's liability	7/31/2025	1,000,000
AIG - New Hampshire Insurance Company		
Business Auto (Fleet Policy)	7/31/2025	1,000,000
AIG - Granite State Insurance Company		
Inland Marine	7/31/2025	3,417,883
Cowbell Cyber		
Cyber - Privacy & Network Liability	7/31/2025	2,000,000
Axa - Greenwich Insurance Company		
Police Professional Liability	7/31/2025	1,000,000
AIG - National Union Fire Insurance Co. of Pittsburgh		
Unmanned Aircraft	7/31/2025	5,000,000
Zurich - Fidelity and Deposit Co. of Maryland		
Commercial Crime		
Employee Theft	7/31/2026	1,000,000
Other	7/31/2026	100,000
Travelers Casualty & Surety Company of America		
Fiduciary Responsibility	8/1/2025	1,000,000
Chubb - Federal Insurance Co.		
Blanket travel accident	7/31/2026	125,000
Chubb - ACE American Insurance Co.		
Accident on Volunteers (Ambassadors)	7/31/2025	1,000,000 per Accident

Note: The Authority approved and has comparable policies in place for those policies listed above that have an expiration date between June 30, 2025 and the submission of these statements.