Louisville Regional Airport Authority

Louisville, Kentucky

Financial Report
with Supplementary Information
June 30, 2026

Louisville Regional Airport Authority

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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, 2026 and 2025 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, 2026 and 2025 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.

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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 revenue, 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, 2026 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 21, 2026

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 41 destinations on seven 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, 2026. 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, 2026, seven passenger carriers participate in the Terminal Use and Lease Agreement. These seven 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.

Overview of 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 revenues and expenses, noncapital subsidies, and other nonoperating revenues and expenses. The resulting change in net position reflects the Authority's overall financial performance for the 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.

Financial Summary

Below are summarized financial statements:

Authority's Net Position

	2026	2025	2024 Restated
Assets:			
Current and other assets:			
Cash and investments	$ 69,312,126	$ 78,956,141	$ 74,522,812
Receivables	63,859,818	24,658,391	23,922,283
Other assets	83,165,794	69,929,256	57,313,784
Capital assets (includes in progress)	892,173,111	781,054,443	744,619,134
Net OPEB asset	-	104,028	-
Total assets	1,108,510,849	954,702,259	900,378,013
Deferred outflows	7,159,763	7,313,531	6,752,692
Total Assets and Deferred Outflows	1,115,670,612	962,015,790	907,130,705
Liabilities:			
Current Liabilities	43,965,060	28,476,695	22,524,199
Noncurrent Liabilities			
Due within one year			
Current portion of unamortized bond premiums	411,414	465,840	525,417
Loans payable from unrestricted current assets	842,091	864,146	929,814
Bonds and loans payable from restricted current assets	15,827,321	15,800,266	15,079,599
Due in more than one year	111,658,201	88,739,026	105,869,278
Net pension liability	24,512,759	25,875,596	26,096,653
Net OPEB Liability	1,251,469	-	41,052
Total Liabilities	198,468,315	160,221,569	171,066,012
Deferred inflows (Pension & OPEB)	7,805,201	10,563,413	12,751,797
Deferred inflows (Leases - GASB 87)	40,884,015	6,648,812	12,499,296
Total Liabilities and Deferred Inflows	247,157,531	177,433,794	196,317,105
Net Position			
Invested in capital assets, net of related debt	779,004,023	668,094,797	624,964,983
Restricted for debt service	37,093,453	44,634,674	41,012,183
Restricted for capital projects	34,763,193	18,043,229	9,181,165
Restricted for OPEB	-	104,028	-
Unrestricted	17,652,412	53,705,268	35,655,269
Total Net Position	$ 868,513,081	$ 784,581,996	$ 710,813,600

Authority's Changes in Net Position

	2026	2025	2024 Restated
Operating Revenues	$ 103,886,322	$ 94,925,877	$ 88,696,111
Operating Expenses	90,363,849	82,439,516	72,503,863
Operating Income	13,522,473	12,486,361	16,192,248
Noncapital Subsidies	6,340,122	6,448,422	-
Operating Income (Loss) and Noncapital Subsidies	19,862,595	18,934,783	16,192,248
Other Non-operating Revenues (Expenses)	64,068,490	54,833,613	29,157,301
Income before Capital Contributions	83,931,085	73,768,396	45,349,549
Capital Contributions	-	-	25,950,596
Change in Net Position	83,931,085	73,768,396	71,300,145
Net Position - Beginning of year, as adjusted	784,581,996	710,813,600	640,963,951
Adoption of New Accounting Pronouncement	-	-	(1,450,496)
Net Position - End of year	**$ 868,513,081**	**$ 784,581,996**	**$ 710,813,600**

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 of the Authority's Fiscal Year 2025 Audited Financial Report.

Detailed Analyses

Financial Highlights (Versus Prior Year)

Passenger traffic declined 2.4% from FY25 to FY26. This decline is mainly attributable to general market slow down, overall higher airfare costs, and the loss of Spirit Airlines. Total cargo operations continued to increase in FY26 by 3.9% since last fiscal year. However, landed weight for cargo operations has decreased 3.5% in the same time frame. Decreased cargo landed weight can be attributed to UPS' retirement and replacement of the MD-11 aircraft with newer and lighter aircraft that have lower landed weights. The change in cargo air fleet resulted in lower landing weights even though there was an increase in cargo.

Operating revenue increased 9.4% from FY25 to FY26. Major contributors to the increase in operating revenues include:

- All operating revenues increased from FY25 to FY26 with the exception of Parking and Ground Transportation, which mostly held steady with less than a 1% decrease year over year. The greatest percent increase in operating revenue was seen in Non-aviation facility and land leases which nearly doubled in FY26 from FY25. The Authority acquired commercial real estate and assumed the existing tenant leases, generating an additional $1.0 million in lease revenue.
- Aviation facility and land leases were the greatest dollar amount increase from FY25 to FY26, increasing $3.8 million year over year. $2.9 million of this increase is due to payments from the FBO for reconciliation of revenues incorrectly categorized in prior years. The remaining increase is attributable to increased rental rates.

- Landing and field use fees, apron area, and terminal area all increased from FY25 to FY26. Increases in landing and field use and apron area and a portion of the terminal are attributable to increased costs of operations. In these areas, rates are based on the recoupment of costs, therefore revenues increase as expenses increase. The terminal area increase is mainly due to an increase in restaurant concession revenue and advertising revenue.

Other non-operating revenues and noncapital subsidies were $9.1M / 14.9% greater in FY26 than FY25.

- Changes in non-operating revenues and non-capital subsidies were driven by:
  - Capital grant revenues increased $8.8M / 20.3% in FY26 which was a result of increased capital spending and draws of the related federal and state grant awards.
  - Small declines in Passenger Facility Charges (PFC) and Customer Contract Fee (CCF) revenues are a result of the slight decline in passenger traffic in FY26 compared to FY25.

Operating expenses before depreciation were $3.8 million / 8.8% higher than FY25.

- Operating expense increases were the result of:
  - Payroll and Related Expenses were the largest dollar amount increase in operating expenses year over year. FY26 expenses were $1.7 million higher than prior year. This increase was mainly due to increases in salaries and wages from merit raises, bonuses, and increasing fringe benefit costs. Additionally, the FY26 sick time liability accrual required by GASB 101 increased $486,000 from FY25. This increase is tied to increased pay rates and a decrease in sick time forfeitures from prior years.
  - Professional and consulting fee expenses were the highest percent increase at $950,000 / 179.8% greater in FY26 than FY25. Additional spending in FY26 can be attributed to legal fees from the acquisition of commercial real estate, operational matters, and continuation of major construction projects.
  - Retirement expenses for FY26 were $585,000 / 102.8% greater than prior year. This increase is 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 $569,000 in FY 26 and $10,000 in FY25. More detailed explanations may be found in Note 13 to these statements.
  - The results of all other expense categories compared to prior year had mixed outcomes with increases or decreases that cumulatively resulted in expenses that were $389,000 / 7.4% greater than FY25.

Operating income before depreciation was $5.2M / 10.0% greater than FY25.

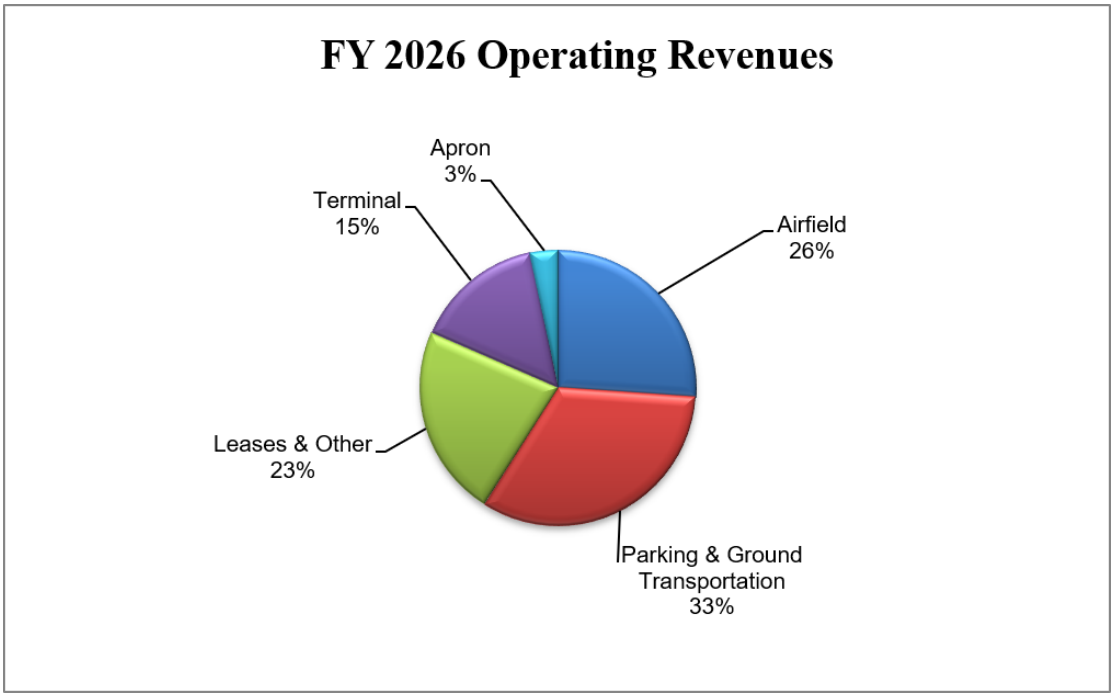
Net position increased by $83.9 million in FY26 from FY25 amount, resulting in a total net position of $868.5 million at the end of FY26. This increase in net position is a result of the Authority's operations and resulting revenues and expenses as described above.

Additional Financial Information

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

	2026 Actual	2025 Actual	2024 Restated
Operating Revenues			
Landing and field use	$ 27,095,712	$ 24,921,700	$ 23,359,129
Apron area	3,384,917	2,835,074	2,647,932
Terminal Areas	15,799,501	14,663,880	14,048,314
Parking and ground transportation	34,187,017	34,282,553	31,966,553
Aviation facility and land leases	20,085,962	16,285,378	14,873,675
Non-aviation facility and land leases	2,716,459	1,388,011	1,264,929
Other	616,754	549,281	535,579
Total operating revenues	103,886,322	94,925,877	88,696,111
Noncapital Subsidies			
Customer contract fee	6,340,122	6,448,422	-
Total noncapital subsidies	6,340,122	6,448,422	-
Other Non-operating Revenues			
Passenger Facility Charge	8,706,700	8,887,521	9,433,307
Customer Contract Fee	-	-	6,532,950
Net gain on disposal of assets	206,794	-	-
Interest Income	6,817,252	6,328,277	6,099,061
Non-Capital Grants	-	-	11,252,269
Other	65,076	104,533	152,021
Capital grant revenue	51,869,061	43,109,559	-
Total Other Non-Operating Revenues	67,664,883	58,429,890	33,469,609
Total Revenues	$ 177,891,327	$ 159,804,189	$ 122,165,719

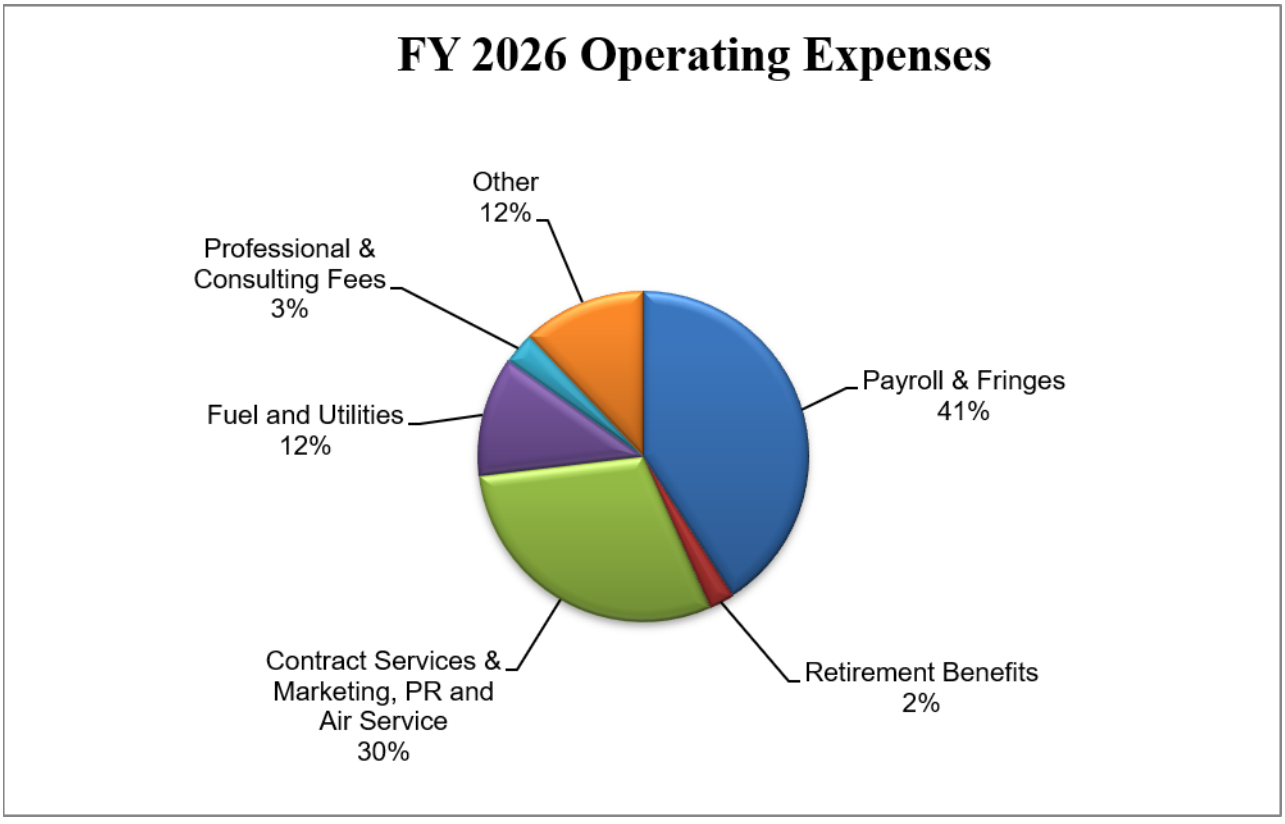
Discussion of significant variances from prior year are included earlier in the Financial Highlights section.



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

	2026 Actual	2025 Actual	2024 Restated
Operating Expenses:			
Payroll and fringe benefits	$ 19,105,453	$ 17,370,758	$ 16,036,384
Contract services, marketing and PR	13,901,073	14,091,380	12,950,322
Fuel and utilities	5,455,082	5,144,763	5,377,402
Professional and consulting fees	1,480,612	529,150	615,327
Retirement	1,153,608	568,868	427,048
Other	5,622,396	5,233,489	4,459,413
Total Operating Expenses before Depreciation	46,718,224	42,938,409	39,865,896
Non-operating Expenses			
Interest expense	3,596,393	3,449,104	3,988,162
Net loss on disposal of assets	-	147,173	324,145
Total non-operating expenses	3,596,393	3,596,277	4,312,307
Total Expenses before Depreciation	$ 50,314,617	$ 46,534,686	$ 44,178,203

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



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 2025, SDF ranked second in North America for total cargo volume and fourth worldwide. Cargo volume at SDF was 7.6 and 7.3 billion pounds for FY26 and FY25, respectively. Of that, UPS accounted for 7.5 and 7.2 billion pounds for each respective year. Passenger and cargo statistics are directly associated with much of the Authority's revenues including landing fees, terminal concession revenues, and Passenger Facility Charges.

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:

	FY 2026	FY 2025	FY 2024
Passengers			
Enplaned	2,272,646	2,319,055	2,419,220
Deplaned	2,255,052	2,318,223	2,434,534
Total	4,527,698	4,637,278	4,853,754
Landed Weight (lbs)			
Passenger	2,824,527,574	2,781,311,688	2,908,704,843
Cargo	19,098,046,427	19,797,656,846	16,353,150,540
Total	21,922,574,001	22,578,968,534	19,261,855,383
Total Cargo (lbs)	7,572,823,456	7,286,426,326	5,902,863,881

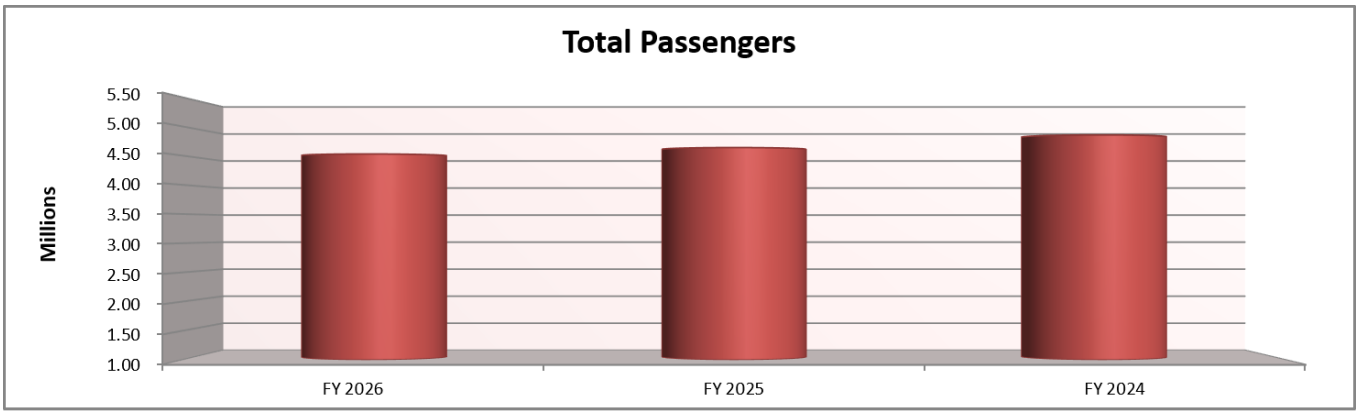
FY26 passenger traffic at SDF dipped 2.4% from the previous year yet was still the 3rd busiest year on record. This slight decline is reflective of the market constrained by economic slow down, higher airfares nationwide as a result of escalating jet fuel prices, and filling market capacity vacated by Spirit Airlines.

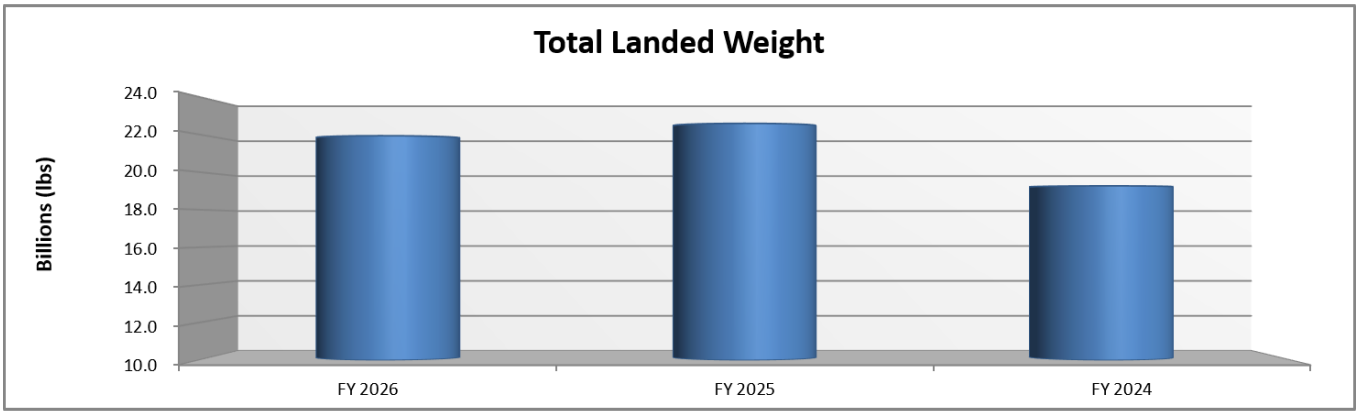
SDF continues to demonstrate long-term growth trajectory and resilience amidst numerous macro level events that are impacting the airline industry. Spirit Airlines' lost capacity was fully backfilled by completion of the fiscal year and seat capacity is up 5%. The airlines remain bullish on the Louisville market. Future growth will continue with a healthy mix of business and leisure-oriented flying, added depth on existing routes and new markets coming online as economic stability allows.

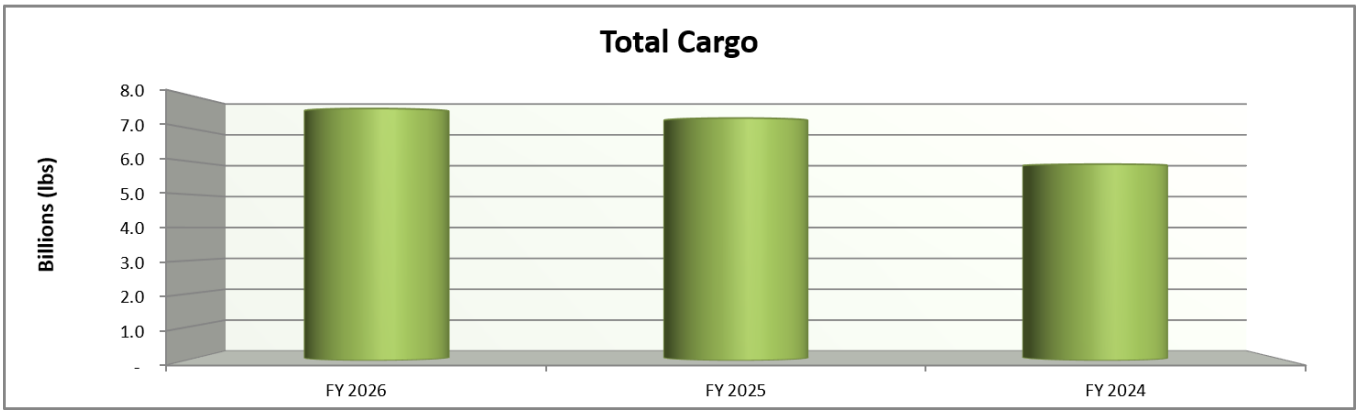
Overall demand continues to be strong, anchored by record leisure travel and growing corporate travel spend. Louisville's destination appeal and large-scale conferences and events continue to offset seasonal low cycles common to airports in this region, with events such as the Kentucky Derby and fall music festivals still driving some of the airport's busiest days. Louisville's resilient economy, destination appeal and geography continue to make it a strategically important and financially strong market for passenger and cargo airlines.

These statistics directly support much of the Authority's revenue as they drive landing fees, passenger-related revenues in the terminal, parking and ground transportation as well as PFC and CCF revenue. These statistical results also directly impact the level of federal Capital Grant Revenues available to the Authority for capital spending.

Statistical Graphs







Significant Capital Asset and Long-Term Financing Activity

Capital Assets. During FY26, the Authority's capital spending and accruals totaled approximately $155.2 million. Major projects were the runway & taxiway improvements of $26.0 million; land and commercial real estate purchases of $54.4 million; sound insulation and noise mitigation of $3.3 million; terminal improvement projects of $62.8 million; parking & roadway projects of $4.1 million; and other facility projects and equipment purchases of $4.6 million. Fixed assets acquired and projects completed and capitalized during the year totaled approximately $93.7 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.

Capital Grant Revenues. The Authority receives Capital Grant Revenues routinely in the form of payments from Federal Aviation Administration (FAA) grants that are generally only available for use on eligible capital spending. During FY26, the Authority recorded Capital Grant Revenues of approximately $51.9 million for payments received or accrued, primarily from FAA and state grants. Unused grant funds awarded and not received as of June 30, 2026 remain available for use by the Authority in future years.

Debt. Currently, the Authority has bonds outstanding of $62.9 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, 2026, the Authority has an outstanding balance on this loan of $18.8 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, 2026, the Authority has drawn the full balance of this line of credit. The proceeds of this line of credit were used for the acquisition of land and commercial real estate on the west side of the airport property. The Authority obtained a second line of credit for $50 million in FY26. As of June 30, 2026, the Authority has not drawn on this line of credit.

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.

Currently Known Facts, Decisions, or Conditions.

Inflation and jet fuel prices directly dictate the cost and frequency of air travel, which directly impacts the Authority's revenues. Airlines must balance the inflationary rises of general operational overhead and volatile jet fuel prices by passing the additional costs along to passengers. The demand for travel usually softens when consumer budgets tighten, which dictates the number of passengers traveling through the airport. Inflation and fuel prices also have direct impact on shipping and cargo as increases in the cost of goods and the cost of transporting goods can lead to reductions in cargo that is moved through the airport.

The Authority acquired property and commercial real estate and assumed lessor responsibilities with the existing tenants. An increase in non-aviation-related leases is expected in future years from the tenant leases.

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, 2026 and 2025

	Louisville Regional Airport Authority		Component Unit: Louisville Renaissance Zone Corporation	
	2026	2025	2026	2025
Assets				
Current assets:				
Cash and cash equivalents (Note 3)	$ 7,145,319	$ 25,610,496	$ 8,723,089	$ 20,230,494
Investments (Note 3)	30,858,749	53,345,645	15,051,427	16,203,552
Receivables:				
Accrued interest receivable	1,051,496	985,462	-	-
Leases receivable (Note 15)	9,250,203	2,492,812	1,572,061	1,540,243
Grants receivable	12,069,571	8,100,077	-	-
Fees, rentals, and other - Net	8,937,352	8,786,646	-	76,140
Prepaid expenses and other assets	774,755	811,631	-	-
Restricted cash and cash equivalents (Notes 3 and 4)	18,794,379	18,547,092	-	-
Restricted investments (Notes 3 and 4)	31,308,058	-	-	-
Total current assets	120,189,882	118,679,861	25,346,577	38,050,429
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents (Notes 3 and 4)	24,160,809	18,689,027	-	-
Investments (Notes 3 and 4)	3,333,441	31,881,506	-	-
Leases receivable (Note 15)	32,551,196	4,293,394	19,764,619	14,267,520
Investments (Note 3)	36,102,410	-	-	-
Net OPEB asset	-	104,028	-	-
Capital assets:				
Assets not subject to depreciation (Note 5)	439,165,825	363,632,582	18,582,758	20,908,260
Assets subject to depreciation - Net (Note 5)	453,007,286	417,421,861	61,925,809	47,539,765
Total noncurrent assets	988,320,967	836,022,398	100,273,186	82,715,545
Total assets	1,108,510,849	954,702,259	125,619,763	120,765,974
Deferred Outflows of Resources				
Deferred pension costs (Note 13)	4,902,130	5,593,658	-	-
Deferred OPEB costs (Note 13)	2,257,633	1,719,873	-	-
Total deferred outflows of resources	7,159,763	7,313,531	-	-

Louisville Regional Airport Authority

Statement of Net Position (Continued)

June 30, 2026 and 2025

	Louisville Regional Airport Authority		Component Unit: Louisville Renaissance Zone Corporation	
	2026	2025	2026	2025
Liabilities				
Current liabilities:				
Accounts payable	$ 33,587,947	$ 17,472,239	$ 1,753,512	$ 1,696,991
Accrued liabilities and other	4,429,882	3,753,893	-	-
Unearned revenue	2,969,389	4,498,405	188,606	-
Accounts payable from restricted assets	1,528,152	1,030,387	-	-
Accrued interest payable from restricted assets	1,445,293	1,716,439	-	-
Accrued interest payable from unrestricted assets	4,397	5,332	-	-
Loans payable from unrestricted assets (Note 6)	842,091	864,146	-	-
Current portion of unamortized bond premiums (Note 6)	411,414	465,840	-	-
Bonds and loans payable from restricted assets (Note 6)	15,827,321	15,800,266	-	-
Total current liabilities	61,045,886	45,606,947	1,942,118	1,696,991
Noncurrent liabilities:				
Net pension liability (Note 13)	24,512,759	25,875,596	-	-
Net OPEB liability (Note 13)	1,251,469	-	-	-
Bonds and loans payable and unamortized bond premium - Net of current portion (Note 6)	106,137,727	83,218,552	-	-
Other noncurrent liabilities	5,520,474	5,520,474	-	-
Total noncurrent liabilities	137,422,429	114,614,622	-	-
Total liabilities	198,468,315	160,221,569	1,942,118	1,696,991
Deferred Inflows of Resources				
Deferred pension cost reductions (Note 13)	2,692,957	3,288,010	-	-
Deferred OPEB cost reductions (Note 13)	5,112,244	7,275,403	-	-
Lease arrangements (Note 15)	40,884,015	6,648,812	18,520,650	13,196,050
Total deferred inflows of resources	48,689,216	17,212,225	18,520,650	13,196,050
Net Position				
Net investment in capital assets	779,004,023	668,094,797	80,508,567	68,448,025
Restricted:				
Restricted for capital projects	34,763,193	18,043,229	-	-
Restricted for debt service	37,093,453	44,634,674	-	-
Restricted for OPEB	-	104,028	-	-
Unrestricted	17,652,412	53,705,268	24,648,428	37,424,908
Total net position	**$ 868,513,081**	**$ 784,581,996**	**$ 105,156,995**	**$ 105,872,933**

See notes to financial statements.

Louisville Regional Airport Authority

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2026 and 2025

	Louisville Regional Airport Authority		Component Unit: Louisville Renaissance Zone Corporation	
	2026	2025	2026	2025
Operating Revenue				
Rentals and concessions	$ 76,790,610	$ 70,004,177	$ 1,805,892	$ 2,105,327
Landing and field use fees	27,095,712	24,921,700	-	-
TIF revenue	-	-	-	2,863,052
Total operating revenue	103,886,322	94,925,877	1,805,892	4,968,379
Operating Expenses				
Operations and general maintenance	30,503,940	29,215,200	-	-
Administrative, general, planning, and engineering	16,214,284	13,723,209	508,281	293,935
Total operating and maintenance	46,718,224	42,938,409	508,281	293,935
Depreciation	43,645,625	39,501,107	3,602,860	3,516,645
Total operating expenses	90,363,849	82,439,516	4,111,141	3,810,580
Operating Income (Loss)	13,522,473	12,486,361	(2,305,249)	1,157,799
Noncapital Subsidies - Customer contract fees	6,340,122	6,448,422	-	-
Operating Income (Loss) and Noncapital Subsidies	19,862,595	18,934,783	(2,305,249)	1,157,799
Other Nonoperating Revenue (Expenses)				
Investment income - Net	5,637,181	6,129,368	1,060,515	1,116,659
Gain (loss) on sale of assets	206,794	(147,173)	-	-
Passenger facility charges	8,706,700	8,887,521	-	-
Interest income - Leases	1,180,071	198,909	528,796	547,894
Other revenue	65,076	104,533	-	-
Interest expense	(3,596,393)	(3,449,104)	-	-
Capital grant revenue	51,869,061	43,109,559	-	-
Total other nonoperating revenue	64,068,490	54,833,613	1,589,311	1,664,553
Change in Net Position	83,931,085	73,768,396	(715,938)	2,822,352
Net Position - Beginning of year	784,581,996	710,813,600	105,872,933	103,050,581
Net Position - End of year	**$ 868,513,081**	**$ 784,581,996**	**$ 105,156,995**	**$ 105,872,933**

See notes to financial statements.

Louisville Regional Airport Authority

Statement of Cash Flows

Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities		
Receipts from customers and users	$ 101,426,610	$ 97,629,041
Payments to suppliers	(26,408,547)	(30,976,847)
Payments to employees	(22,267,492)	(20,391,657)
Net cash and cash equivalents provided by operating activities	52,750,571	46,260,537
Cash Flows Provided by Noncapital Financing Activities - Customer contract fees	6,340,122	6,448,422
Cash Flows from Capital and Related Financing Activities		
Draw on line of credit	40,000,000	-
Capital grant revenue	47,899,567	37,562,768
Passenger facility charges	8,706,700	8,887,521
Proceeds from sale of capital assets	206,794	337,128
Acquisition and construction of capital assets	(138,188,741)	(67,713,653)
Principal and interest paid on capital debt	(20,901,908)	(20,146,447)
Other fees and proceeds	65,076	104,533
Interest income - Leases	1,180,071	198,909
Net cash and cash equivalents used in capital and related financing activities	(61,032,441)	(40,769,241)
Cash Flows from Investing Activities		
Interest received on investments	5,571,147	5,143,906
Purchases of investment securities	(106,158,597)	(163,091,786)
Proceeds from sale and maturities of investment securities	89,783,090	77,864,635
Net cash and cash equivalents used in investing activities	(10,804,360)	(80,083,245)
Net Decrease in Cash and Cash Equivalents	(12,746,108)	(68,143,527)
Cash and Cash Equivalents - Beginning of year	62,846,615	130,990,142
Cash and Cash Equivalents - End of year	**$ 50,100,507**	**$ 62,846,615**
Classification of Cash and Cash Equivalents		
Current cash and cash equivalents	$ 7,145,319	$ 25,610,496
Current restricted cash and cash equivalents	18,794,379	18,547,092
Noncurrent restricted cash and cash equivalents	24,160,809	18,689,027
Total cash and cash equivalents	**$ 50,100,507**	**$ 62,846,615**

See notes to financial statements.

Statement of Cash Flows (Continued)

Years Ended June 30, 2026 and 2025

	2026	2025
Reconciliation of Operating Income to Net Cash and Cash Equivalents from Operating Activities		
Operating income	$ 13,522,473	$ 12,486,361
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:		
Depreciation	43,645,625	39,501,107
Changes in assets and liabilities:		
Fees and rentals receivable and unearned income	(2,459,712)	2,703,164
Supplies and prepaid expenses	36,876	34,823
Accounts payable	41,680	(5,980,288)
Net pension or OPEB liability	(7,340)	(366,137)
Deferrals related to pension or OPEB	(2,604,444)	(2,749,223)
Accrued and other liabilities	575,413	630,730
Total adjustments	39,228,098	33,774,176
Net cash and cash equivalents provided by operating activities	**$ 52,750,571**	**$ 46,260,537**
Significant Noncash Transactions - Capital assets acquired through accounts payable	$ 30,532,363	$ 14,454,577

See notes to financial statements.

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 as capital grant revenue within other nonoperating revenue (expenses) in the statement of revenue, expenses, and changes in net position.

Passenger Facility Charges

Passenger facility charges (PFCs) represent federally authorized fees collected from enplaned passengers to fund FAA-approved airport capital projects and related debt service.

Customer Contract Fees

Customer contract fees represent fees collected from rental car customers to fund rental car facilities, infrastructure, capital, and operating expenditures.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

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 consist primarily of U.S. Treasury securities, U.S. government agency securities, and other investment vehicles. All investments are held in the Authority's name.

Receivables

Receivables are reported at present value less the estimated portion that is expected to be uncollectible. As of June 30, 2026 and 2025, the allowance for uncollectible accounts was $200,000 and $100,000, respectively.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

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

Revenue from grants is recognized when all eligibility requirements, including time requirements, are met. Grants may be restricted for either specific operating purposes or for capital purposes.

Pension and Other Postemployment Benefit Costs

For the purpose of measuring the net pension liability, net OPEB (liability) asset, 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.

Note 2 - Significant Accounting Policies (Continued)

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.

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 leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases receivable.

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncements

During the current year, the Authority adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis, the classification/presentation of unusual or infrequent items, the presentation of proprietary fund operating and nonoperating activities (including subsidies), major component unit presentation, and the budgetary comparison schedules reported as required supplementary information, as applicable.

Note 2 - Significant Accounting Policies (Continued)

The implementation of this standard did not result in a change to the Authority's total net position; however, the following line items have been reclassified in the statement of revenue, expenses, and changes in net position to conform to the new presentation requirements:

- Capital grant revenue previously reported as part of capital contributions is presented within other nonoperating revenue (expenses).
- Customer contract fees previously reported as part of nonoperating revenue (expense) are presented within noncapital subsidies.

During the current year, the Authority adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which requires expanded disclosures of certain types of capital assets by major category and assets held for sale by the Authority. The adoption of this statement did not result in any changes to the Authority's capital asset disclosures.

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2027.

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:

	2026	2025
Cash on hand	$ 169	$ 231
Deposits with financial institutions	35,429,242	47,764,473
Repurchase agreements and cash equivalents	14,671,096	15,081,911
U.S. Treasury	65,822,823	50,562,187
U.S. government agency securities	35,478,822	34,664,964
Other investments	301,013	-
Total deposits and investments	$ 151,703,165	$ 148,073,766

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

	2026	2025
Current assets:		
Cash and cash equivalents	$ 7,145,319	$ 25,610,496
Investments	30,858,749	53,345,645
Restricted cash and cash equivalents	18,794,379	18,547,092
Restricted investments	31,308,058	-
Noncurrent assets:		
Investments	36,102,410	-
Restricted cash and cash equivalents	24,160,809	18,689,027
Restricted investments	3,333,441	31,881,506
Total deposits and investments	$ 151,703,165	$ 148,073,766

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

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.

	2026	2025
Covered by federal depository insurance	$ 500,000	$ 500,000
Uninsured and collateralized	35,308,595	48,033,257
Bank balance	$ 35,808,595	$ 48,533,257

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, 2026 and 2025 was 1.06 and 0.65 years, respectively.

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.

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, 2026 and 2025, there were no investments subject to concentration of credit risk.

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, 2026 and 2025. 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, 2026 and 2025, this reimbursement amount was approximately $4,300,000.

At June 30, 2026 and 2025, restricted assets are composed of the following:

	2026				
	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Current Investments	Noncurrent Investments	Total
Bond funds	$ 14,564,871	$ -	$ 8,077,563	$ 179,242	$ 22,821,676
Revolving debt coverage	-	90,514	3,988,920	82,122	4,161,556
Land proceeds	44,876	262,041	-	-	306,917
PFC funds	2,810,554	8,481,246	13,756,809	3,072,077	28,120,686
CCF funds	116,418	13,281,604	-	-	13,398,022
Other	1,257,660	2,045,404	5,484,766	-	8,787,830
Total	$ 18,794,379	$ 24,160,809	$ 31,308,058	$ 3,333,441	$ 77,596,687

	2025				
	Current Cash and Cash Equivalents	Noncurrent Cash and Cash Equivalents	Current Investments	Noncurrent 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

Note 5 - Capital Assets

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

	Balance July 1, 2025	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated:				
Land	$ 312,641,725	$ 14,168,285	$ -	$ 326,810,010
Capital projects in progress:				
Construction projects	47,276,521	155,113,630	(93,748,672)	108,641,479
Land acquisition program	3,714,336	-	-	3,714,336
Total capital assets not being depreciated	363,632,582	169,281,915	(93,748,672)	439,165,825
Capital assets being depreciated:				
Land improvements	761,031,397	29,343,116	(354,019)	790,020,494
Buildings	191,253,615	44,733,734	-	235,987,349
Utility systems	94,177,557	2,324,125	(3,172,326)	93,329,356
Equipment (excluding automotive)	51,266,778	1,452,144	(48,685)	52,670,237
Vehicles and automotive equipment	20,513,962	1,377,931	(1,006,032)	20,885,861
Furniture and fixtures	5,876,136	-	(342,292)	5,533,844
Total capital assets being depreciated	1,124,119,445	79,231,050	(4,923,354)	1,198,427,141
Accumulated depreciation:				
Land improvements	508,780,791	27,248,088	(354,017)	535,674,862
Buildings	130,708,668	6,459,584	-	137,168,252
Utility systems	36,962,656	3,969,822	(3,172,327)	37,760,151
Equipment (excluding automotive)	15,017,944	3,689,355	(48,689)	18,658,610
Vehicles and automotive equipment	11,959,803	1,795,112	(1,006,030)	12,748,885
Furniture and fixtures	3,267,722	483,664	(342,291)	3,409,095
Total accumulated depreciation	706,697,584	43,645,625	(4,923,354)	745,419,855
Net capital assets being depreciated	417,421,861	35,585,425	-	453,007,286
Net capital assets	$ 781,054,443	$ 204,867,340	$ (93,748,672)	$ 892,173,111

Note 5 - Capital Assets (Continued)

	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	$ 744,619,134	$ 108,400,056	$ (71,964,747)	$ 781,054,443

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 $108,400,000.

Note 6 - Long-term Debt

Long-term debt activity for the years ended June 30, 2026 and 2025 can be summarized as follows:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds and loans payable:					
Direct borrowings and direct placements:					
Line of credit	$ -	$ 40,000,000	$ -	$ 40,000,000	$ -
PFC-backed loan	22,352,941	-	(3,529,411)	18,823,530	3,529,412
Total direct borrowings and direct placements principal outstanding	22,352,941	40,000,000	(3,529,411)	58,823,530	3,529,412
Other debt - Revenue bonds	76,035,000	-	(13,135,000)	62,900,000	13,140,000
Unamortized bond premiums	1,960,863	-	(465,840)	1,495,023	411,414
Total bonds and loans payable	$ 100,348,804	$ 40,000,000	$ (17,130,251)	$ 123,218,553	$ 17,080,826

	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 other debt	$ 116,883,635	$ -	$ (16,534,831)	$ 100,348,804	$ 17,130,252

Line of Credit

The Authority entered into a revolving line of credit agreement with a financial institution effective June 30, 2022, providing for borrowings of up to $40,000,000 to finance capital projects and general operations. The facility allows advances through June 30, 2027 and bears interest at a fixed rate of 4.70 percent through June 30, 2027. Thereafter, outstanding borrowings bear interest at a rate equal to the Five-Year Treasury Constant Maturity rate plus 1.70 percent. Interest is payable monthly. Principal payments are not required until July 2027, at which time the outstanding balance will be repaid in equal monthly installments over a 60-month period. The facility matures on June 30, 2032. The revolving line of credit agreement also requires the Authority to comply with a debt service coverage financial covenant. At June 30, 2026, management believes the Authority was in compliance with this financial covenant.

During fiscal year 2026, the Authority made its first draw on the facility. As of June 30, 2026, the outstanding balance under the line of credit was $40,000,000, and the Authority had no remaining borrowing capacity available under the facility.

In May 2026, the Authority entered into a subordinate revolving line of credit facility consisting of tax-exempt and taxable borrowing components. The combined outstanding balance under the components may not exceed $50,000,000. Borrowings under the facility may be made through April 30, 2029, with amounts outstanding bearing interest at variable rates based on daily SOFR plus an applicable spread. At June 30, 2026, no amounts were outstanding under the facility. The agreement provides for an unused commitment fee of 0.10 percent per annum on the undrawn portion of the facility, payable quarterly in arrears.

Note 6 - Long-term Debt (Continued)

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 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, 2026 and 2025, 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 2026 fiscal year were approximately $16,300,000 and $67,200,000, respectively. Principal and interest paid and total net revenue for the 2025 fiscal year were approximately $16,100,000 and $61,700,000, respectively.

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, 2026 and 2025, management believes the Authority was in compliance with this financial covenant. Additionally, the bonds are subject to federal arbitrage regulations. As of June 30, 2026 and 2025, 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, 2026	Outstanding at June 30, 2025
2014 Series A Revenue Bonds, various annual principal payments	2% to 5%	July 1, 2032	$ 32,430,000	$ 36,420,000
2014 Series C Revenue Bonds, various annual principal payments	0.25% to 4.6%	July 1, 2038	30,470,000	39,615,000
Total revenue bonds payable			62,900,000	76,035,000
Less current portion			(13,140,000)	(13,135,000)
Total long-term bonds payable			$ 49,760,000	$ 62,900,000

Note 6 - Long-term Debt (Continued)

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		
	Principal	Interest	Principal	Interest	Total
2027	$ 3,529,412	$ 2,290,021	$ 13,140,000	$ 2,571,897	$ 21,531,330
2028	11,529,412	2,062,901	7,060,000	2,132,614	22,784,927
2029	19,764,706	1,440,472	7,510,000	1,797,427	30,512,605
2030	8,000,000	969,070	7,950,000	1,434,179	18,353,249
2031	8,000,000	587,848	8,455,000	1,042,968	18,085,816
2032-2036	8,000,000	207,061	16,885,000	1,322,838	26,414,899
2037-2040	-	-	1,900,000	133,889	2,033,889
Total	$ 58,823,530	$ 7,557,373	$ 62,900,000	$ 10,435,812	$ 139,716,715

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 both June 30, 2026 and 2025, capital projects in progress include approximately $3,700,000 related to the Part 150 Land Acquisition Program, which consists of total project expenditures to date of approximately $292,400,000 less $288,700,000 of costs related to land that has been sold or optioned for sale.

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.

Note 7 - Contingent Liabilities (Continued)

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.

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, 2026 and 2025.

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, 2026 and 2025, 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.

Note 10 - Passenger Facility Charges (Continued)

The FAA has authorized the Authority to collect total net PFC revenue of $183,826,846 to be applied as follows:

For direct payment on capital project costs	$ 98,886,343
To be applied to the debt service and related costs on bonds issued to finance PFC-approved project costs	84,940,503
Total	$ 183,826,846

During the years ended June 30, 2026 and 2025, the Authority recognized passenger facility charge revenue of approximately $8,707,000 and $8,888,000, respectively.

Note 11 - Major Customer

During fiscal years 2026 and 2025, the Authority earned approximately 24 and 25 percent, respectively, 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 Kentucky Public Employees' Deferred Compensation Authority. Employee contributions to the 401(k) plan totaled approximately $379,000 and $370,000 for the years ended June 30, 2026 and 2025, respectively. Employee contributions to the 457 plan totaled approximately $420,000 and $369,000 for the years ended June 30, 2026 and 2025, 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 $399,000 and $373,000 for the years ended June 30, 2026 and 2025, 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.

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

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.

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

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

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:

Service Credit	Benefit Factor
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

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

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

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:

Service Credit	Benefit Factor
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

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

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 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

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, 2026 and 2025 were 18.62 percent (18.62 percent allocated to pension and 0 percent allocated to OPEB) and 19.71 percent (19.71 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, 2026 and 2025 was 35.73 percent (34.00 percent allocated to pension and 1.73 percent allocated to OPEB) and 38.61 percent (36.49 percent allocated to pension and 2.12 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 $3,244,000 ($3,178,000 related to pension and $66,000 related to OPEB) and approximately $3,256,000 ($3,183,000 related to pension and $73,000 related to OPEB) for the years ended June 30, 2026 and 2025, respectively. The OPEB contribution amount does not include the implicit subsidy reported in the amount of approximately $184,000 and $131,000 for 2026 and 2025, respectively. Contributions to the plan are slightly higher than reported in the accompanying schedules due to payments the Authority is required to make to the plan for employment of previously retired plan participants.

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.

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

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.

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, 2026 for both plans was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The total pension liability 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 Authority's proportionate share of the plan's net pension liability is approximately $24,513,000 and $25,876,000 as of June 30, 2026 and 2025, respectively. The Authority's proportionate share of the CERS plan was approximately 0.292 percent for nonhazardous and 0.344 percent for hazardous service employees at June 30, 2026 and was approximately 0.291 percent for nonhazardous and 0.329 percent for hazardous service employees at June 30, 2025. 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, 2026 and 2025, the Authority recognized pension expense of approximately $1,667,000 ($1,224,000 for nonhazardous and $443,000 for hazardous service employees) and approximately $1,625,000 ($1,144,000 for nonhazardous and $481,000 for hazardous service employees), respectively, from all plans.

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:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,097,325	$ -	$ 1,392,858	$ -
Changes in assumptions	-	274,073	-	1,264,448
Net difference between projected and actual earnings on pension plan investments	-	2,325,523	-	1,571,126
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	871,644	93,361	1,259,802	452,436
Total included in future pension expense	1,968,969	2,692,957	2,652,660	3,288,010
Employer contributions to the plan subsequent to the measurement date	2,933,161	-	2,940,998	-
Total	$ 4,902,130	$ 2,692,957	$ 5,593,658	$ 3,288,010

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
2027	$ 699,098
2028	(484,044)
2029	(579,292)
2030	(359,750)
Total	$ (723,988)

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

Net OPEB Liability (Asset)

At June 30, 2026, the Authority reported a liability of approximately $1,251,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024, which used update procedures to roll forward the estimated liability to June 30, 2025. The Authority's proportion of the net OPEB liability was based on the Authority's actuarially required contribution for the year ended June 30, 2025 relative to all other contributing employers. At June 30, 2026, the Authority's proportion was 0.292 percent for nonhazardous and 0.343 percent for hazardous, which was an increase of 0.001 percent for the Authority's nonhazardous proportion and an increase of 0.014 percent for the hazardous proportion measured as of June 30, 2024.

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.

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

For the years ended June 30, 2026 and 2025, the Authority recognized OPEB recovery of approximately $1,086,000 ($1,061,000 for nonhazardous and $25,000 for hazardous service employees) and approximately $1,603,000 ($1,207,000 for nonhazardous and $396,000 for hazardous service employees), respectively.

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:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,195,634	$ 3,525,685	$ 387,679	$ 5,426,067
Changes in assumptions	440,234	404,141	727,514	707,158
Net difference between projected and actual earnings on pension plan investments	-	974,174	-	710,810
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	374,505	208,244	420,606	431,368
Total included in future OPEB expense	2,010,373	5,112,244	1,535,799	7,275,403
Employer contributions to the plan subsequent to the measurement date	247,260	-	184,074	-
Total	$ 2,257,633	$ 5,112,244	$ 1,719,873	$ 7,275,403

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
2027	$ (1,550,505)
2028	(1,501,886)
2029	(218,118)
2030	95,620
2031	73,018
Total	$ (3,101,871)

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:

	2026			
	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 7.35% at January 1, 2027 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years	Initial trend starting at 7.35% at January 1, 2027 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 12.00% at January 1, 2027 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years	Initial trend starting at 12.00% at January 1, 2027 and gradually decreasing to an ultimate trend rate of 4.25% over a period of 14 years

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

	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

The actuarial assumptions used in both the June 30, 2024 and 2023 actuarial valuations were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2022.

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, 2026 and 2025 was determined after considering a projection of the cash flows to determine whether the future contributions over the remaining 24-year and 25-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 6.26 percent for nonhazardous and 6.24 percent for hazardous at June 30, 2026 and 5.99 percent for nonhazardous and 6.02 percent for hazardous at June 30, 2025 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 24-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, 2025 discount rate determination used an expected rate of return of 6.50 percent and a municipal bond rate of 5.20 percent, as reported in Bond Buyer's 20-Year Municipal GO AA Index as of June 30, 2025. 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. 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.

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, 2025 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	45.00 %	4.15 %
Private equity	8.00	7.90
Core fixed income	13.00	2.70
Specialty credit	20.00	3.83
Cash	2.00	1.25
Real estate	5.00	4.75
Real return	7.00	5.20

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

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, 2026 and 2025, 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:

	2026		
	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	$ 21,491,666	$ 16,256,112	$ 11,936,655
Net pension liability of the Hazardous Retirement Fund	10,935,773	8,256,647	6,110,578
Total	$ 32,427,439	$ 24,512,759	$ 18,047,233

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

	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	$ 33,342,894	$ 25,875,596	$ 19,712,070

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

The following presents the net OPEB liability of the Authority's Non-hazardous Insurance Fund and Hazardous Insurance Fund as of June 30, 2026, calculated using the discount rate of 6.26 percent and 6.24 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:

	2026		
	1 Percentage Point Decrease	Current Discount Rate	1 Percentage Point Increase
Net OPEB liability (asset) of the Non-hazardous Insurance Fund	$ 1,684,336	$ 280,708	$ (900,658)
Net OPEB liability of the Hazardous Insurance Fund	1,831,610	970,761	249,975
Total	$ 3,515,946	$ 1,251,469	$ (650,683)

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	$ 1,785,583	$ (104,028)	$ (1,689,217)

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

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

The following presents the net OPEB liability (asset) of the Authority at June 30, 2026 and 2025, 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:

	2026		
	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB (asset) liability of the Non-hazardous Insurance Fund	$ (648,716)	$ 280,708	$ 1,368,730
Net OPEB liability of the Hazardous Insurance Fund	358,734	970,761	1,695,857
Total	$ (289,982)	$ 1,251,469	$ 3,064,587

	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

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 5.99 percent to 6.26 percent.
- The discount rate for the Hazardous Insurance Fund increased from 6.02 percent to 6.24 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 $28,000 for five employees during 2026 and $33,000 for six employees during 2025. 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 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, 2026 and 2025, 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, 2026 and 2025, the Authority recognized the following related to its lessor agreements:

	2026	2025
Lease revenue	$ 9,021,505	$ 8,403,758
Interest income related to its leases	1,180,071	198,909
Revenue from variable payments not previously included in the measurement of the lease receivable	11,603,225	10,203,784

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, 2026 are as follows:

Years Ending	Principal	Interest	Total
2027	$ 9,250,203	$ 1,267,163	$ 10,517,366
2028	9,058,125	964,589	10,022,714
2029	8,854,714	663,238	9,517,952
2030	8,448,183	373,704	8,821,887
2031	2,148,195	190,381	2,338,576
2032-2036	1,972,946	618,892	2,591,838
2037-2041	1,196,027	341,851	1,537,878
2042-2046	873,006	77,943	950,949
Total	$ 41,801,399	$ 4,497,761	$ 46,299,160

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 seven and eight signatory airlines in 2026 and 2025, respectively.

During the years ended June 30, 2026 and 2025, the Authority recognized the following from regulated leases:

	2026	2025
Lease revenue	$ 14,045,893	$ 12,013,843
Revenue from variable payments excluded from the schedule of expected future minimum payments	38,297,297	36,449,633

Note 15 - Leases (Continued)

Future expected minimum payments related to the Authority's regulated leases at June 30, 2026 are as follows:

Years Ending	Amount
2027	$ 14,540,841
2028	13,019,070
2029	11,464,138
2030	11,465,321
2031	11,522,811
2032-2036	57,101,891
2037-2041	24,250,197
2042-2046	6,567,147
2047-2051	3,289,854
2052-2056	2,837,489
2057-2061	2,805,177
Total	$ 158,863,936

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 and serving as the agency of tax increment financing (TIF) and 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.

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.

Capital Assets

Capital assets, which include land, construction projects, land improvements, buildings, and utility systems, are reported in the statement of 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.

Revenue

The Corporation recognizes revenue from land sales upon transfer of title. Revenue from lease agreements is recognized when earned based on the terms of the respective lease agreements. Lease revenue is included in operating revenue. 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.

Unearned Income

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

Note 16 - Louisville Renaissance Zone Corporation (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 Corporation is a lessor for noncancelable leases of land, buildings, and equipment. The Corporation recognizes leases receivable and deferred inflows 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 leases and will remeasure the leases receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the leases 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.

	2026	2025
Covered by federal depository insurance	$ 250,000	$ 250,000
Uninsured and collateralized	8,473,089	19,998,790
Bank balance	$ 8,723,089	$ 20,248,790

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, 2026 and 2025, the Corporation does not have investments with custodial credit risk.

Note 16 - Louisville Renaissance Zone Corporation (Continued)

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, 2026 and 2025 was 1.20 and 0.39 years, respectively.

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, 2026 and 2025, there were no investments subject to concentration of credit risk.

Capital Assets

Capital asset activity for the Corporation for the years ended June 30, 2026 and 2025 was as follows:

	2026				2025			
	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Capital assets not being depreciated:								
Land	$ 13,218,608	$ -	$ 5,364,150	$ 18,582,758	$ 13,148,608	$ 70,000	$ -	$ 13,218,608
Construction projects	7,689,652	15,663,402	(23,353,054)	-	5,325,808	2,448,134	(84,290)	7,689,652
Total capital assets not being depreciated	20,908,260	15,663,402	(17,988,904)	18,582,758	18,474,416	2,518,134	(84,290)	20,908,260
Capital assets being depreciated:								
Land improvements	48,756,344	-	34,972	48,791,316	48,672,432	-	83,912	48,756,344
Buildings	12,975,970	-	17,953,932	30,929,902	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	67,420,578	-	17,988,904	85,409,482	67,336,666	-	83,912	67,420,578
Accumulated depreciation:								
Land improvements	(15,420,471)	(2,551,617)	-	(17,972,088)	(12,880,262)	(2,540,209)	-	(15,420,471)
Buildings	(1,351,664)	(723,606)	-	(2,075,270)	(702,865)	(648,799)	-	(1,351,664)
Utility systems	(3,108,678)	(327,637)	-	(3,436,315)	(2,781,041)	(327,637)	-	(3,108,678)
Total accumulated depreciation	(19,880,813)	(3,602,860)	-	(23,483,673)	(16,364,168)	(3,516,645)	-	(19,880,813)
Net capital assets being depreciated	47,539,765	(3,602,860)	17,988,904	61,925,809	50,972,498	(3,516,645)	83,912	47,539,765
Net capital assets	$ 68,448,025	$ 12,060,542	$ -	$ 80,508,567	$ 69,446,914	$ (998,511)	$ (378)	$ 68,448,025

Capital Assets Held for Sale

Included in capital assets as of June 30, 2026 is land that is held for sale. This land is reported within capital assets not subject to depreciation in the statement of net position. It has a total historical cost of approximately $688,000.

Note 16 - Louisville Renaissance Zone Corporation (Continued)

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 $50,000.

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 5 years to 15 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 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, 2026 and 2025, 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, 2026 and 2025, the Corporation recognized the following related to its lessor agreements:

	2026	2025
Lease revenue	$ 1,728,348	$ 1,707,517
Interest income related to its leases	528,796	547,894
Revenue from variable payments not previously included in the measurement of the lease receivable	61,504	59,941

Future principal and interest payment requirements related to the Corporation's lease receivable at June 30, 2026 are as follows:

Years Ending June 30	Principal	Interest	Total
2027	$ 1,572,061	$ 762,716	$ 2,334,777
2028	1,799,308	701,861	2,501,169
2029	1,947,528	635,566	2,583,094
2030	2,103,900	563,846	2,667,746
2031	2,268,813	486,403	2,755,216
2032-2036	8,071,259	1,290,009	9,361,268
2037-2041	3,250,251	436,510	3,686,761
2042-2046	323,560	2,340	325,900
Total	$ 21,336,680	$ 4,879,251	$ 26,215,931

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

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net pension liability	0.29200 %	0.29100 %	0.27700 %	0.27100 %	0.28300 %	0.30500 %	0.29000 %	0.28900 %	0.28700 %	0.28200 %
Authority's proportionate share of the net pension liability	$ 16,256,112	$ 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
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
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	166.99 %	190.69 %	214.87 %	260.91 %	250.20 %	298.42 %	274.41 %	246.26 %	236.76 %	203.65 %
Plan fiduciary net position as a percentage of total pension liability	65.34 %	61.61 %	57.48 %	52.42 %	57.33 %	47.81 %	50.45 %	53.54 %	53.32 %	55.50 %

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

See notes to required supplementary information.

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Authority's proportion of the net pension liability	0.34400 %	0.32900 %	0.30900 %	0.29400 %	0.34900 %	0.35000 %	0.37100 %	0.36800 %	0.41400 %	0.40100 %
Authority's proportionate share of the net pension liability	$ 8,256,647	$ 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
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
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	294.73 %	342.24 %	394.01 %	469.89 %	445.18 %	514.48 %	483.53 %	433.66 %	380.11 %	308.41 %
Plan fiduciary net position as a percentage of total pension liability	61.24 %	57.05 %	52.96 %	47.11 %	52.26 %	44.11 %	46.63 %	49.26 %	49.78 %	53.95 %

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

See notes to required supplementary information.

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

Last Nine Fiscal Years

Fiscal Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the net OPEB liability (asset)	0.29200 %	0.29100 %	0.27700 %	0.27100 %	0.28300 %	0.30500 %	0.29000 %	0.28900 %	0.40500 %
Authority's proportionate share of the net OPEB liability (asset)	$ 280,708	$ (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	$ 9,734,941	$ 9,126,270	$ 8,263,215	$ 7,512,106	$ 7,215,303	$ 7,829,265	$ 7,442,953	$ 7,151,045	$ 7,095,652
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	2.88 %	(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	97.66 %	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.

See notes to required supplementary information.

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

Last Nine Fiscal Years

Fiscal Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Authority's proportion of the net OPEB liability	0.34300 %	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	$ 970,761	$ 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	$ 2,801,428	$ 2,475,532	$ 2,117,144	$ 1,909,831	$ 2,086,644	$ 2,045,479	$ 2,118,602	$ 2,054,672	$ 2,438,047
Authority's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.65 %	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	86.82 %	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.

See notes to required supplementary information.

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

Last Ten Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 1,862,771	$ 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
Contributions in relation to the statutorily required contribution	1,862,771	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
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 10,004,140	$ 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
Contributions as a Percentage of Covered Payroll	18.62 %	19.71 %	23.34 %	23.40 %	21.17 %	19.30 %	19.30 %	16.22 %	14.48 %	13.95 %

See notes to required supplementary information.

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

Last Ten Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 1,070,390	$ 1,022,241	$ 1,017,691	$ 906,349	$ 646,669	$ 627,245	$ 614,871	$ 526,684	$ 456,137	$ 529,300
Contributions in relation to the statutorily required contribution	1,070,390	1,022,241	1,017,691	906,349	646,669	627,245	614,871	526,684	456,137	529,300
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 3,148,205	$ 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
Contributions as a Percentage of Covered Payroll	34.00 %	36.49 %	41.11 %	24.87 %	24.87 %	24.87 %	24.87 %	24.87 %	22.20 %	21.71 %

See notes to required supplementary information.

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

Last Nine Fiscal Years

Years Ended June 30

	2026	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	$ 10,004,140	$ 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 %

See notes to required supplementary information.

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

Last Nine Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 54,464	$ 59,390	$ 63,869	$ 143,542	$ 199,959	$ 198,649	$ 194,730	$ 221,818	$ 192,112
Contributions in relation to the statutorily required contribution	54,464	59,390	63,869	143,542	199,959	198,649	194,730	221,818	192,112
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Authority's Covered Payroll	$ 3,148,205	$ 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	1.73 %	2.12 %	2.58 %	6.78 %	10.47 %	9.52 %	9.52 %	10.47 %	9.35 %

See notes to required supplementary information.

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.

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 on 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 2024 valuation, which is used to determine the Authority's proportionate share of the net OPEB liability at June 30, 2025, updated certain assumptions, including an increased discount rate from 5.99 to 6.26 percent for the Non-hazardous Insurance Fund and 6.02 percent to 6.24 percent for the Hazardous Insurance Fund.

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 Postion

Years Ended June 30, 2026 and 2025

	2026			
	Louisville International	Bowman Field	Total	2025 Total
Operating revenues				
Landing and field use fees	$ 27,090,452	$ 5,260	$ 27,095,712	$ 24,921,700
Apron area	3,324,087	60,829	3,384,916	2,835,073
Terminal area	15,600,665	198,835	15,799,500	14,663,880
Parking and ground transportation	34,187,019	-	34,187,019	34,282,553
Aviation related facility and land leases	18,464,341	1,621,621	20,085,962	16,364,052
Non-aviation related facility and land leases	2,625,331	91,127	2,716,458	1,309,338
Airport services and other revenue	535,797	80,958	616,755	549,281
Total operating revenues	101,827,692	2,058,630	103,886,322	94,925,877
Operating expenses				
Operations and general maintenance				
Salaries, wages	11,568,158	792,892	12,361,050	11,308,033
Contracts	9,311,780	292,272	9,604,052	10,016,644
Utilities and fuel supplies	4,715,125	739,957	5,455,082	5,144,767
Supplies and other	3,406,125	245,051	3,651,176	3,044,399
Reimbursed costs	(480,142)	(87,278)	(567,420)	(298,643)
Total operations and general maintenance	28,521,046	1,982,894	30,503,940	29,215,200
Administrative, general, planning and engineering	16,087,618	126,666	16,214,284	13,723,209
Total operating expenses before depreciation	44,608,664	2,109,560	46,718,224	42,938,409
Depreciation and amortization	41,221,161	2,424,464	43,645,625	39,501,107
Total operating expenses	85,829,825	4,534,024	90,363,849	82,439,516
Operating income (loss)	15,997,867	(2,475,394)	13,522,473	12,486,361
Noncapital subsidies				
Customer contract fees	6,340,122	-	6,340,122	6,448,422
Total noncapital subsidies	6,340,122	-	6,340,122	6,448,422
Operating income (loss) and noncapital subsidies	22,337,989	(2,475,394)	19,862,595	18,934,783
Other nonoperating revenues (expenses)				
Investment income - Net	5,635,572	1,609	5,637,181	6,129,368
Gain (loss) on sale of assets	206,794	-	206,794	(147,173)
Passenger facility charges	8,706,700	-	8,706,700	8,887,521
Interest income - Leases	1,129,942	50,129	1,180,071	198,909
Other revenue	65,076	-	65,076	104,533
Interest expense	(3,596,393)	-	(3,596,393)	(3,449,104)
Capital grant revenue	50,155,693	1,713,368	51,869,061	43,109,559
Total other nonoperating revenues (expenses)	62,303,384	1,765,106	64,068,490	54,833,613
Changes in net position	$ 84,641,373	$ (710,288)	$ 83,931,085	$ 73,768,396

Louisville Regional Airport Authority

Schedule of Airport Property, Facilities and Equipment

Year Ended June 30, 2026

	Cost					Accumulated Depreciation				
	Balance July 1, 2025	Additions	Retirements	Tranfers/ Adjustments	Balance June 30, 2026	Balance July 1, 2025	Provisions	Retirements/ Adjustments	Balance June 30, 2026	Net Balance June 30, 2026
Louisville International Airport										
Land	$ 309,214,483	$ -	$ -	$ 14,168,285	$ 323,382,768	$ -	$ -	$ -	$ -	$ 323,382,768
Land Improvements - runways, taxiways, and aprons	572,669,019	-	-	22,806,729	595,475,748	380,295,526	19,491,021		399,786,547	195,689,201
Land improvements - ground transportation and other	157,152,750	-	(354,017)	4,178,608	160,977,341	110,594,590	5,753,704	(354,017)	115,994,277	44,983,064
Buildings	175,429,590	-	-	44,245,759	219,675,349	117,142,808	6,141,780	-	123,284,588	96,390,761
Utility systems	93,427,680	-	(3,074,184)	2,324,125	92,677,621	36,647,870	3,937,399	(3,074,184)	37,511,085	55,166,536
Equipment (excluding automotive)	51,015,761	-	(48,688)	1,452,147	52,419,220	14,807,949	3,678,662	(48,688)	18,437,923	33,981,297
Vehicles and automotive equipment	19,650,692	50,128	(629,096)	615,651	19,687,375	11,351,734	1,734,930	(1,237,033)	11,849,631	7,837,744
Furniture and fixtures	5,876,136	-	(342,292)	-	5,533,844	3,267,722	483,665	(342,292)	3,409,095	2,124,749
Capital projects in progress	49,711,657	150,315,483	-	(90,745,796)	109,281,344	-	-	-	-	109,281,344
Total Louisville International Airport	$ 1,434,147,768	$ 150,365,611	$ (4,448,277)	$ (954,492)	$ 1,579,110,610	$ 674,108,199	$ 41,221,161	$ (5,056,214)	$ 710,273,146	$ 868,837,464
Bowman Field										
Land	$ 3,427,242.00	$ -	$ -	$ -	$ 3,427,242.00	$ -	$ -	$ -	$ -	$ 3,427,242.00
Land Improvements - runways, taxiways, and aprons	30,583,655	-	-	2,212,715	32,796,370	17,265,984	1,982,361	-	19,248,345	13,548,025
Land improvements - ground transportation and other	625,973	-	-	145,062	771,035	624,691	21,002	-	645,693	125,342
Buildings	15,824,025	-	-	487,975	16,312,000	13,565,860	317,804	-	13,883,664	2,428,336
Utility systems	749,877	-	(98,142)	-	651,735	314,786	32,422	(98,142)	249,066	402,669
Equipment (excluding automotive)	251,017	-	-	-	251,017	209,995	10,692	-	220,687	30,330
Vehicles and automotive equipment	863,270	-	(376,935)	712,151	1,198,486	608,069	60,183	231,002	899,254	299,232
Capital projects in progress	1,279,200	4,798,147	-	(3,002,876)	3,074,471	-			-	3,074,471
Total Bowman Field	$ 53,604,259	$ 4,798,147	$ (475,077)	$ 555,027	$ 58,482,356	$ 32,589,385	$ 2,424,464	$ 132,860	$ 35,146,709	$ 23,335,647
Total Louisville International Airport and Bowman Field	$ 1,487,752,027	$ 155,163,758	$ (4,923,354)	$ (399,465)	$ 1,637,592,966	$ 706,697,584	$ 43,645,625	$ (4,923,354)	$ 745,419,855	$ 892,173,111

Louisville Regional Airport Authority

Schedule of Insurance Coverage

Year Ended June 30, 2026

	Expiration Date	Amount of Coverage
AIG - National Union Fire Insurance CO. of Pittsburgh		
General airport liability, including optional war risk and other perils	7/31/2026	$ 250,000,000
Talbot/AIG - Certain Underwriters at Lloyd's		
Terrorism	7/31/2026	25,000,000
Lloyd's of London		
Alliant Deadly Weapon Response Program	7/1/2026	500,000
Travelers Excess and Surplus Lines Company		
All risk property	7/31/2026	450,000,000
Unlicensed equipment	7/31/2026	18,500,180
Chubb - ACE American Insurance Company		
Public officials' liability covering board members and all employees	7/31/2026	5,000,000
Employment Practices Liability	7/31/2026	5,000,000
KEMI		
Worker's compensation	7/31/2026	Statutory Limitations
Employer's liability	7/31/2026	1,000,000
AIG – New Hampshire Insurance Company		
Business Auto (Fleet Policy)	7/31/2026	1,000,000
AIG – Granite State Insurance Company		
Inland Marine	7/31/2026	4,698,542
Cowbell Cyber		
Cyber – Privacy & Network Liability	7/31/2026	5,000,000
Axa - Greenwich Insurance Company		
Police Professional Liability	7/31/2026	1,000,000
AIG - National Union Fire Insurance Co. of Pittsburgh		
Unmanned Aircraft	7/31/2026	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	8/1/2026	1,000,000
Chubb - Federal Insurance Co.		
Blanket travel accident	7/31/2026	125,000
Chubb - ACE American Insurance Co.		
Accident on Volunteers (Ambassadors)	7/31/2026	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, 2026 and the submission of these statements.