

# **CINCINNATI/NORTHERN KENTUCKY INTERNATIONAL AIRPORT**

## **ANNUAL FINANCIAL INFORMATION AS OF DECEMBER 31, 2024**

**ISSUER:** Kenton County Airport Board

### **SUBMITTER INFORMATION:**

Name: Dilwyn Gruffydd  
Title: Secretary-Treasurer  
Company: Kenton County Airport Board  
Mailing Address: P. O. Box 752000  
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### **DETAILED ISSUE IDENTIFICATION:**

This Annual Financial Information is provided in accordance with written continuing disclosure agreements undertaken, as required by SEC Rule 15c2-12, for the benefit of the holders of the following bond issues of the Kenton County Airport Board.

Issue Description: Kenton County Airport Board  
Cincinnati/Northern Kentucky International Airport  
Revenue Refunding Bonds, Series 2016  
Amount of Issue: \$47,785,000  
Dated Date: June 30, 2016  
Delivery Date: June 30, 2016

Issue Details: – matured cusips not included

<b>CUSIP Number</b>	<b>Maturity Date</b>	<b>Interest Rate</b>
491026UN8	January 1, 2026	5.000%
491026UP3	January 1, 2027	5.000%
491026UQ1	January 1, 2028	5.000%
491026UR9	January 1, 2029	5.000%
491026US7	January 1, 2030	5.000%
491026UT5	January 1, 2031	5.000%
491026UU2	January 1, 2032	5.000%
491026UV0	January 1, 2033	5.000%

Issue Description: Kenton County Airport Board  
Cincinnati/Northern Kentucky International Airport  
Revenue Bonds, Series 2019

Amount of Issue: \$32,935,000

Dated Date: March 20, 2019

Delivery Date: March 20, 2019

Issue Details: – matured cusips not included

CUSIP Number	Maturity Date	Interest Rate
491026VA5	January 1, 2026	5.000%
491026VB3	January 1, 2027	5.000%
491026VC1	January 1, 2028	5.000%
491026VD9	January 1, 2029	5.000%
491026VE7	January 1, 2030	5.000%
491026VF4	January 1, 2031	5.000%
491026VG2	January 1, 2032	5.000%
491026VH0	January 1, 2033	5.000%
491026VJ6	January 1, 2034	5.000%
491026VK3	January 1, 2035	5.000%
491026VL1	January 1, 2036	5.000%
491026VM9	January 1, 2037	5.000%
491026VN7	January 1, 2038	5.000%
491026VP2	January 1, 2039	5.000%
491026VQ0	January 1, 2040-2044	5.000%
491026VR8	January 1, 2045-2049	5.000%

Issue Description: Kenton County Airport Board  
Cincinnati/Northern Kentucky International Airport  
Senior Customer Facility Charge Taxable Revenue Bonds Series 2019  
Amount of Issue: \$103,130,000  
Dated Date: March 20, 2019  
Delivery Date: March 20, 2019

Issue Details: – matured cusips not included

CUSIP Number	Maturity Date	Interest Rate
491034AE4	January 1, 2026	3.483%
491034AF1	January 1, 2027	3.576%
491034AG9	January 1, 2028	3.726%
491034AH7	January 1, 2029	3.826%
491034AJ3	January 1, 2030	3.926%
491034AK0	January 1, 2031	4.026%
491034AL8	January 1, 2032	4.126%
491034AM6	January 1, 2033	4.226%
491034AN4	January 1, 2034	4.326%
491034AP9	January 1, 2035-2039	4.489%
491034AQ7	January 1, 2040-2049	4.689%

Issue Description: Kenton County Airport Board  
Cincinnati/Northern Kentucky International Airport  
Revenue Bonds, Series 2024A (AMT)  
Amount of Issue: \$245,340,000  
Dated Date: August 28, 2024  
Delivery Date: August 28, 2024

Issue Details: – matured cusips not included

CUSIP Number	Maturity Date	Interest Rate
491026VS6	January 1, 2029	5.000%
491026VT4	January 1, 2030	5.000%
491026VU1	January 1, 2031	5.000%
491026VV9	January 1, 2032	5.000%

491026VW7	January 1, 2033	5.000%
491026VX5	January 1, 2034	5.000%
491026VY3	January 1, 2035	5.000%
491026VZ0	January 1, 2036	5.000%
491026WA4	January 1, 2037	5.250%
491026WB2	January 1, 2038	5.250%
491026WC0	January 1, 2039	5.250%
491026WD8	January 1, 2040	5.250%
491026WE6	January 1, 2041	5.250%
491026WF3	January 1, 2042	5.250%
491026WG1	January 1, 2043	5.250%
491026WH9	January 1, 2044	5.250%
491026WJ5	January 1, 2045 -2049	5.250%
491026WK2	January 1, 2050 - 2054	5.250%

Issue Description: Kenton County Airport Board  
 Cincinnati/Northern Kentucky International Airport  
 Revenue Bonds, Series 2024B (Non-AMT)  
 Amount of Issue: \$15,040,000  
 Dated Date: August 28, 2024  
 Delivery Date: August 28, 2024

Issue Details: – matured cusips not included

CUSIP Number	Maturity Date	Interest Rate
491026WL0	January 1, 2026	5.000%
491026WM8	January 1, 2027	5.000%
491026WN6	January 1, 2028	5.000%
491026WP1	January 1, 2029	5.000%
491026WQ9	January 1, 2030	5.000%
491026WR7	January 1, 2031	5.000%

491026WS5	January 1, 2032	5.000%
491026WT3	January 1, 2033	5.000%
491026WU0	January 1, 2034	5.000%
491026WV8	January 1, 2035	5.000%
491026WW6	January 1, 2036	5.000%
491026WX4	January 1, 2037	5.000%
491026WY2	January 1, 2038	5.000%
491026WZ9	January 1, 2039	4.000%
491026XA3	January 1, 2040	4.000%
491026XB1	January 1, 2041	4.000%
491026XC9	January 1, 2042	4.000%
491026XD7	January 1, 2043	4.000%
491026XE5	January 1, 2044	4.000%
491026XF2	January 1, 2045 – 2049	4.125%
491026XG0	January 1, 2050 - 2054	4.250%

## **REQUIRED ANNUAL FINANCIAL INFORMATION:**

### **1) Audited Financial Statements**

December 31, 2024, Audited Financial Statements presented in accordance with Generally Accepted Accounting Principles – See separate Audit Report attachment

### **2) Debt Service Coverage**

Debt service coverage ratio required by Bond Resolution  
1.25 x annual debt service      Actual 2024 debt service coverage ratio generated by net revenues of the Airport  
12.03 x annual debt service

Debt service coverage ratio required by CFC Trust Indenture  
1.25 x annual debt service      Actual 2024 debt service coverage ratio generated by CFCs collected by Rental Car Companies  
2.43 annual debt service

### 3) Annual Airport Operating Data

Summarized below are certain operational statistics for the Airport for the year ended December 31, 2024:

#### **Historical Cost per Enplanement (CPE) (2015-2024)**

	For Year Ended December 31									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CPE	\$9.17	\$6.90	\$5.85	\$4.49	\$4.51	\$14.23	\$7.93	\$7.18	\$9.65	\$9.98

Source: Airport Records

#### **Enplaned Passengers & Market Share by Airline**

<u>Airline<sup>1</sup></u>	2024	
	<u>Enplaned Passengers</u>	<u>Share</u>
Delta	1,610,799	35.0%
American	907,303	19.7%
United	479,546	10.4%
Alaska	47,114	1.0%
Air Canada	26,414	0.6%
Allegiant	470,300	10.2%
Breeze Air	35,032	0.8%
British Air	41,588	0.9%
Frontier	685,981	14.9%
Southwest	265,663	5.8%
Sun Country	14,683	0.3%
All Other <sup>2</sup>	20,691	0.4%
<b>Total<sup>3</sup></b>	<b>4,605,114</b>	<b>100.0%</b>

1. For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.

2. Consists of airlines no longer serving the Airport and/or charter airlines.

3. Columns may not add to totals shown because of rounding.

Source: Airport Records

### Landed Weight & Market Share by Airline

2024		
Airline <sup>1</sup>	Landed Weight <sup>2</sup>	Share
Delta	1,814,912	11.9%
American	1,100,453	7.2%
United	628,805	4.1%
Air Canada	37,416	0.2%
Alaska	53,819	0.4%
Allegiant	478,803	3.1%
Breeze Air	54,746	0.4%
British Air	117,029	0.8%
Frontier	730,327	4.8%
Southwest	306,265	2.0%
Other Passenger	72,015	0.5%
DHL	6,256,126	41.2%
Amazon	3,167,070	20.8%
Other Cargo	368,909	2.4%
All Other <sup>3</sup>	34,785	0.2%
Total <sup>4</sup>	15,221,480	100.0%

1. For those airlines that were party to a merger or acquisition, only the surviving entity is presented in this table. However, the activity for the airlines that are now a part of the surviving airline is included in the information presented.

2. Weights are in thousands of pounds.

3. Consists of airlines no longer serving the Airport and/or charter airlines.

4. Columns may not add to totals shown because of rounding.

Source: Airport Records

### Historical Air Cargo (in tons)

Year	Airport <sup>1</sup>	DHL <sup>1</sup>	Amazon <sup>1</sup>
2015	804,088	765,933	
2016	818,364	789,544	
2017	1,041,890	883,138	127,506
2018	1,241,320	960,709	243,433
2019	1,248,779	956,342	249,269
2020	1,434,132	1,068,815	280,893
2021	1,694,595	1,137,900	307,808
2022	1,978,447	1,112,647	578,915
2023	2,095,114	1,117,141	945,751
2024	1,869,771	1,074,183	754,576

1. Includes enplaned & deplaned air mail, air express & air freight

Source: Airport Records

**Cincinnati/Northern Kentucky International Airport**  
**Market Share of Rental Car Brands December 31, 2024**

<u>Corporate Entity</u>	<u>Rental Car Brands</u>	Twelve Months Ended December 31, 2024 Share by Gross Revenues
EAN Holdings, LLC	Enterprise Rent-A-Car, Alamo Rent a Car and National Car Rental	44%
Avis/Budget Rental LLC	Avis Rent a Car, Budget Rent a Car, Payless Car Rental and Zipcar	29%
The Hertz Company	Hertz, Thrifty Car Rental and Dollar Rent A Car	24%
Tom Wood Rental Kentucky, Inc	SIXT Rent A Car	3%

**Historical Rental Car Demand and CFC Collections at the Airport**

<u>Fiscal Year</u>	<u>Total Transactions<sup>1,2</sup></u>	<u>Total Rental Car Transaction Days<sup>1,3,4</sup></u>	<u>Total CFCs Received by the Airport<sup>1,2,4</sup></u>
2015	356	1,292	\$5,744
2016	376	1,367	\$6,726
2017	428	1,461	\$8,778
2018	461	1,595	\$11,930
2019	464	1,617	\$12,130
2020	168	674	\$5,057
2021	234	977	\$7,328
2022	333	1,291	\$9,683
2023	391	1,517	\$11,197
2024	423	1,602	\$12,011

1. In thousands

2. Source: Airport Records

3. Source: Kenton County Airport Board and rental car company records

4. The Airport began collecting CFCs in April 2006. From April 2006 until January 2015, the Airport collected a CFC at a rate of \$3.75 per transaction day. From January 2015 until November 2016, the CFC increased to \$4.75 per transaction day and from November 2016 until January 2018, the CFC collected by the Airport increased to \$6.00 per transaction day.

The current CFC collected by the Airport as of January 2018 is \$7.50 per transaction day.



# **Cincinnati/Northern Kentucky International Airport**

**Basic Financial Statements and Other  
Required Information issued under the provisions of  
the Office of Management and Budget Uniform Guidance  
December 31, 2024 and 2023**

# **Cincinnati/Northern Kentucky International Airport**

## **Table of Contents**

### **Years Ended December 31, 2024 and 2023**

---

	<b>Page(s)</b>
<b>Report of Independent Auditors</b> .....	1-4
<b>Management's Discussion and Analysis</b> .....	5-18
<b>Basic Financial Statements</b>	
Statements of Net Position.....	19-20
Statements of Revenues, Expenses and Changes in Net Position.....	21
Statements of Cash Flows .....	22-23
Notes to Financial Statements.....	24-77
<b>Required Supplementary Information</b>	
Schedule of the Proportionate Share of the Net Pension Liability of the Kentucky Public Pensions Authority's County Employees Retirement System Non-Hazardous..	78
Schedule of the Proportionate Share of the Net Pension Liability of the Kentucky Public Pensions Authority's County Employees Retirement System Hazardous.....	79
Schedule of the Employer Pension Contributions of the Kentucky Public Pensions Authority's County Employees Retirement System Non-Hazardous..	80
Schedule of the Employer Pension Contributions of the Kentucky Public Pensions Authority's County Employees Retirement System Hazardous.....	81
Notes to Required Supplementary Information - Pension .....	82-83
Schedule of the Proportionate Share of the Net OPEB Liability of the Kentucky Public Pensions Authority's County Employees Non-Hazardous Portion of the Insurance Fund .....	84
Schedule of the Proportionate Share of the Net OPEB Liability of the Kentucky Public Pensions Authority's County Employees Hazardous Portion of the Insurance Fund .....	85
Schedule of the Employer OPEB Contributions of the Kentucky Public Pensions Authority's Insurance Fund Non-Hazardous.....	86
Schedule of the Employer OPEB Contributions of the Kentucky Public Pensions Authority's Insurance Fund Hazardous.....	87
Notes to Required Supplementary Information - OPEB .....	88-89
<b>Supplementary Information</b>	
Combining Schedule of Statement of Net Position.....	90-93
Combining Schedule of Revenues, Expenses, and Changes in Net Position.....	94-97
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	98-99
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance .....	100-102

# **Cincinnati/Northern Kentucky International Airport**

## **Table of Contents**

### **Years Ended December 31, 2024 and 2023**

---

Schedule of Expenditures of Federal Awards .....	103
Notes to Schedule of Expenditures of Federal Awards .....	104
Schedule of Findings and Questioned Costs.....	105-106
Schedule of Prior Year Audit Findings and Their Resolutions .....	107
Report of Independent Auditors on Compliance for Passenger Facility Charge Program and Report on Internal Control Over Compliance Required by the Federal Aviation Administration.....	108-110
Schedule of Passenger Facility Charges Collected and Expended .....	111
Notes to Schedule of Passenger Facility Charges Collected and Expended .....	112
Schedule of Passenger Facility Charge Findings and Questioned Costs .....	113
Schedule of Prior Year Passenger Facility Charge Findings and Their Resolutions.....	114



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## REPORT OF INDEPENDENT AUDITORS

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

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which comprise the Airport's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Airport, as of December 31, 2024 and 2023, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Airport and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

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

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

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

*Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

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

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

*Required Supplementary Information*

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

*Supplementary Information*

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2025 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

*Blue & Co., LLC*

Cincinnati, Ohio  
July 21, 2025

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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#### **Introduction**

The following management discussion and analysis of the financial performance and activity of the Cincinnati/Northern Kentucky International Airport (Airport) (CVG) provides an introduction and understanding of the Airport's basic financial statements (Statements) for the calendar year ended December 31, 2024 with selected comparative information for the years ended December 31, 2023 and 2022. The Statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

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

#### **Airport Governance**

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

#### **Airport Activity Highlights**

The Airport serves as the primary airport for scheduled passenger service for the fifteen county Cincinnati Consolidated Metropolitan Statistical Area. As of December 31, 2024, scheduled passenger service at the Airport was provided by eleven airline groups. Scheduled cargo service was provided by three cargo operators.

The Airport has the unique distinction of serving as a dual air cargo hub for DHL Worldwide Express (DHL) and Amazon Air (Amazon). DHL's hub at CVG is its main international cargo hub for North America and Latin America and is one of DHL's three global super hubs. According to Airports Council International (ACI) statistics, in 2024, CVG ranked seventh in North America for total air cargo tonnage and twentieth globally.

In October 2024, DHL broke ground on a \$192 million expansion project including a 305,000 square foot maintenance facility and associated aircraft apron. The maintenance facility is located directly south of its current operation on a 50-acre site leased from the Airport.

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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

In September 2024, F&F LLC broke ground on 4.5 acres of aeronautical property to develop an 80,000 square-foot cargo facility with airside access to handle current and future general air freight needs. F&F LLC is the first tenant in the Airport's Global Logistics Park located in the northern area of the campus.

Selected activity statistics for the years ended December 31, 2024, 2023, and 2022 are as follows:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Enplaned passengers	<u>4,605,114</u>	<u>4,369,960</u>	<u>3,782,857</u>
Origin passengers(1)	<u>4,397,884</u>	<u>4,087,711</u>	<u>3,558,950</u>
Landed weights(lbs. 000s)			
Passenger airlines	<u>5,429,376</u>	<u>5,088,445</u>	<u>4,223,022</u>
Cargo airlines(2)	<u>9,792,104</u>	<u>10,714,993</u>	<u>9,277,495</u>
Total landed weight	<u>15,221,480</u>	<u>15,803,438</u>	<u>13,500,517</u>
Aircraft landings(3)	<u>77,237</u>	<u>78,918</u>	<u>69,081</u>

(1) as reported to the Airport by the airlines

(2) includes maintenance flights

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

In 2024, annual enplanement volumes surpassed pre-COVID levels. In 2024, enplaned passenger activity increased 235,154, or 5.4% over 2023 activity and represented 101.1% of pre-COVID levels. In 2023, enplaned passenger activity increased 587,103, or 15.5% over 2022 activity.

In 2024, total aircraft landed weights decreased 581,958 or 3.7%. Passenger landed weight increased 340,931 or 6.7% as passenger airlines continued to add capacity. In 2024, cargo landed weight decreased 922,889 or 8.6%, driven by a transition in certain Amazon aircraft operating agreements which temporarily reduced capacity, competition with passenger belly freight, and a reduction in imports from Asia.

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

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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In 2024, the total number of aircraft landings decreased by 1,681 or 2.1%. For 2024, passenger aircraft landings increased by 3,051 or 7.0% as airlines added capacity in response to growing air travel demand. Cargo landings decreased by 4,732 or 13.5% for the reasons described above as well as signatory cargo carriers operating larger aircraft.

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

#### **Airline Rates and Charges**

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

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

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

The landing fee rate, terminal rates and charges, and NRR credits are established annually during the budget process based on projected revenues, costs, and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges, and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2024 and 2023 were \$9.1 million and \$9.0 million, respectively. In 2024 and 2023, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates and charges.

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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

In addition to the landing fees and terminal rentals and any other fees and charges allowable under the Agreement, each Signatory Carrier is required to make extraordinary coverage protection payments to the Airport in any fiscal year in which the amount of operating revenues less operating expenses as defined in the general bond resolution is, or is forecasted to be, less than 125% of the aggregate annual debt service requirements as calculated under the Airport's general bond resolution. No such payments were necessary for 2024 or 2023 under the Agreement.

Airline revenues reflected in the financial statements presented here for 2022 are calculated pursuant to the 2016 Use Agreement extended through December 31, 2022.

#### **Overview of Key Federal Grants**

##### *COVID Relief Grants*

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

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

The legislation included direct aid in the form of grants for airports. The Board has been awarded a total of \$97.3 million under the three Acts: CARES \$42.9 million, CRRSAA \$12.3 million, and ARPA \$42.1 million. The grants can be used for any purpose for which airport revenues may lawfully be used including operating expenditures, debt service, and new airport development or construction. The period of performance for the grants is four years and include provisions related to procurement, cost eligibility, and workforce retention requirements that must be adhered to. The Board's payment requests under the Acts must be submitted for incurred expenses only, consistent with FAA's Payment Policy. In 2024, to reimburse operating expenses, the Board used \$18.5 million of ARPA funds. In 2023, the Board used \$18.4 million of ARPA, \$5.4 million of CRRSAA, and \$0.7 million of CARES funds.

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

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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#### *Bipartisan Infrastructure Law*

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

#### **Overview of the Financial Statements**

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

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

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

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

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

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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#### **Summary of Financial Position**

A summarized comparison of the Airport's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at December 31, 2024, 2023 and 2022 is set forth below (in thousands of dollars):

	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
Current assets	\$ 323,857	\$ 245,117	\$ 204,192
Non-current assets			
Capital assets	965,102	909,545	882,091
Other non-current assets	<u>552,750</u>	<u>303,597</u>	<u>288,101</u>
Total assets	<u>1,841,709</u>	<u>1,458,259</u>	<u>1,374,384</u>
Deferred outflows of resources	<u>31,030</u>	<u>44,951</u>	<u>31,716</u>
<b>Liabilities</b>			
Current liabilities	98,390	61,529	68,351
Non-current liabilities	<u>524,837</u>	<u>263,570</u>	<u>292,984</u>
Total liabilities	<u>623,227</u>	<u>325,099</u>	<u>361,335</u>
Deferred inflows of resources	<u>174,462</u>	<u>194,431</u>	<u>168,877</u>
<b>Net Position</b>			
Unrestricted	118,512	66,007	16,146
Net investment in capital assets	736,623	739,182	705,280
Restricted	<u>219,915</u>	<u>178,491</u>	<u>154,462</u>
Total net position	<u>\$ 1,075,050</u>	<u>\$ 983,680</u>	<u>\$ 875,888</u>

#### **Net Position**

Net position is the difference between total assets, total deferred outflows, total liabilities, and total deferred inflows and is an indicator of the fiscal health of the Airport. The majority of the Airport's net position at December 31, 2024, 2023, and 2022, represents its investment in capital assets less the related outstanding indebtedness used to acquire those capital assets. The Airport uses these capital assets to provide services to the airlines, passengers, service providers and other users of the Airport. While the Airport's net position related to capital assets is reported net of related debt, the associated debt service is paid annually from operating revenues or other nonoperating revenues generated through the use of these capital assets.

In 2024, the Airport's net position increased by \$91.4 million primarily due to increases in operating revenues generated by landings fees, terminal rents, parking facilities, and terminal concessions, an increase in investment income generated by higher interest rates and investable balances, and an increase in PFCs and CFCs collected.

In 2023, the Airport's net position increased by \$107.8 million primarily due to increases in operating revenues generated by terminal rents and parking facilities, an increase in investment income generated by higher interest rates, and an increase in federal grant revenues for operations and capital requirements.

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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#### Assets, Liabilities, and Deferrals

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

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

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

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

In 2024, deferred outflows of resources decreased \$13.9 million and deferred inflows of resources decreased \$20.0 million. The decrease in deferred outflows of resources was due to actual performance of KPPA investments exceeding projections, as well as changes in the Airport's proportionate share of the plan's unfunded liability. The decrease in deferred inflows of resources was due to amortization of prior differences between OPEB expected and actual plan experience, amortization of lease revenue deferrals, and amortization of prior year pension plan change of assumptions.

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

**Cincinnati/Northern Kentucky International Airport**  
**Management's Discussion and Analysis**  
**December 31, 2024 and 2023**

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**Summary of Financial Operations**

A summary comparison of the Airport's Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31, 2024, 2023, and 2022 is set forth below (in thousands of dollars):

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating revenues	\$ 172,023	\$ 161,872	\$ 126,147
Operating expenses	<u>131,914</u>	<u>128,121</u>	<u>115,318</u>
Operating income (loss), before depreciation and amortization	<u>40,109</u>	<u>33,751</u>	<u>10,829</u>
Depreciation and amortization	<u>(57,963)</u>	<u>(48,294)</u>	<u>(45,987)</u>
Operating loss, after depreciation and amortization	<u>(17,854)</u>	<u>(14,543)</u>	<u>(35,158)</u>
Nonoperating changes in net position: (decrease) increase	66,803	65,663	30,699
Capital contributions	<u>42,421</u>	<u>56,672</u>	<u>30,997</u>
Total changes in net position	91,370	107,792	26,538
Net position at the beginning of the year	<u>983,680</u>	<u>875,888</u>	<u>849,350</u>
Net position at the end of the year	<u>\$ 1,075,050</u>	<u>\$ 983,680</u>	<u>\$ 875,888</u>

# Cincinnati/Northern Kentucky International Airport

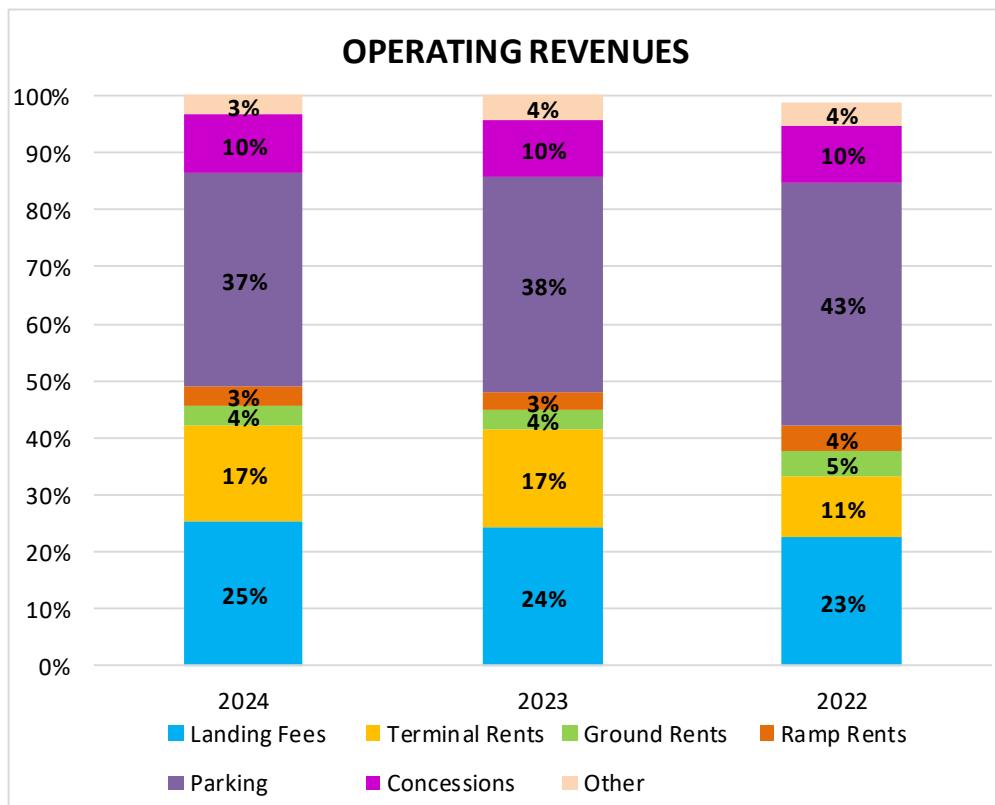
## Management's Discussion and Analysis

### December 31, 2024 and 2023

#### Operating Revenues

A summary comparison of the Airport's Operating Revenues for the years ended December 31, 2024, 2023, and 2022 is set forth below (in thousands of dollars):

	2024	2023	2022
Landing fees	\$ 41,760	\$ 39,223	\$ 28,412
Rentals:			
Terminal	29,005	27,699	13,315
Ground	6,114	5,680	5,796
Ramp	5,666	4,969	5,668
Other	2,118	1,961	1,594
Parking	64,230	61,216	53,790
Concessions	17,690	16,093	12,578
Rebilled services	1,715	1,570	1,793
Ground transportation	2,789	2,398	1,482
Other	936	1,063	1,719
	<u>\$ 172,023</u>	<u>\$ 161,872</u>	<u>\$ 126,147</u>



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

# Cincinnati/Northern Kentucky International Airport

## Management's Discussion and Analysis

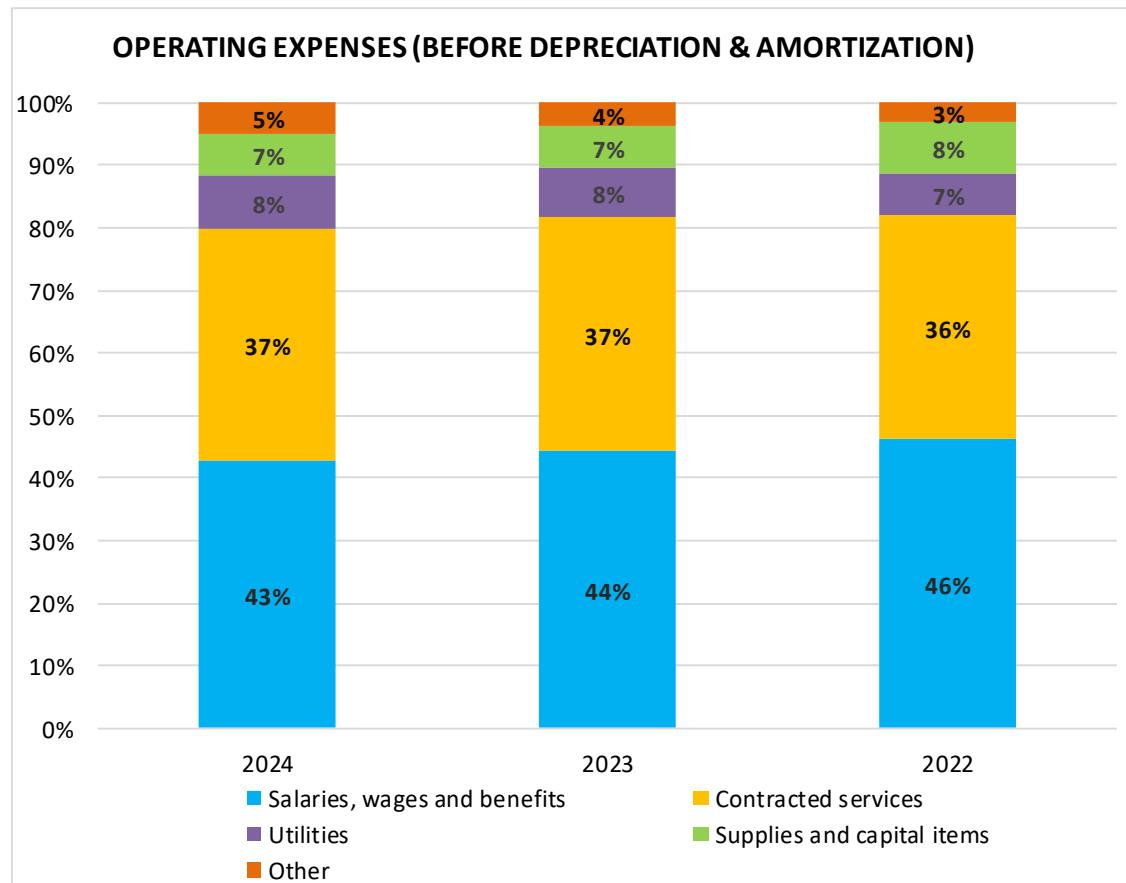
### December 31, 2024 and 2023

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

#### Operating Expenses

A summary comparison of the Airport's Operating Expenses for the years ended December 31, 2024, 2023, and 2022 is set forth below (in thousands of dollars):

	2024	2023	2022
Salaries, wages and benefits	\$ 56,559	\$ 56,744	\$ 53,411
Contracted services	48,819	47,997	41,104
Supplies and capital items	11,116	10,039	7,883
Utilities	8,951	8,366	9,345
General administration	4,518	3,230	1,953
Insurance	1,951	1,745	1,622
Total operating expenses			
Before depreciation & amortization	131,914	128,121	115,318
Depreciation & amortization	57,963	48,294	45,987
Total operating expenses	\$ 189,877	\$ 176,415	\$ 161,305



# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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

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

#### Nonoperating Changes in Net Position

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

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

#### Capital Contributions

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

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

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

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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#### **Summary of Cash Flows**

A comparative summary of the Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022 is as follows (in thousands of dollars):

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Net cash provided (used) by operating activities	\$ 36,970	\$ 16,929	\$ 9,924
Net cash provided (used) by non-capital financing activities	25,808	33,621	11,330
Net cash provided (used) by capital and related financing activities	259,925	(7,692)	11,242
Net cash (used) provided in investing activities	<u>(322,994)</u>	<u>(42,574)</u>	<u>(40,404)</u>
Net (decrease) increase in cash	(291)	284	(7,908)
Cash at the beginning of the year	2,560	2,276	10,184
Cash at the end of the year	<u>\$ 2,269</u>	<u>\$ 2,560</u>	<u>\$ 2,276</u>

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

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

#### **Capital Assets**

During 2024, 2023 and 2022, the Airport had capital additions, including construction in process and equipment, land, and easement purchases totaling \$172.6 million, \$156.0 million, and \$113.1 million, respectively.

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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Significant Airport projects expenditures capitalized during 2024, 2023 and 2022 were as follows:

Projects capitalized (in thousands of dollars)	2024	2023	2022
Concourse B Boarding Bridge	\$ 46,000	\$ -	\$ -
Snow removal equipment	9,028		
Terminal Exit Lane / Meet & Greet	2,914	-	-
SWTP - Clarifier Bottom Scraper / Biolac Syster	2,133	-	-
Miscellaneous equipment	1,998		
18L - 36R RSA Rehab	1,631	-	-
PMO Software	891	-	-
Video Management System (VMS) Refresh	684	-	-
Delta apron ramp	407	3,500	-
Concourse A & B ramp improvements	270	19,512	-
West apron rehab	83	37,768	-
Miscellaneous runway, taxiway, roadway	-	11,197	4
Informational technology & innovation	-	1,330	-
Miscellaneous terminal building	-	677	1,181
Non-airfield roadways	-	467	4,402
Miscellaneous non-terminal buildings	-	455	503
Parking garage & lot lighting	-	268	3,508
Consolidated ground transportation facility	-	67	2,950
Runway 9/27 and associated taxiways	-	-	30,460
Baggage handling system	-	-	11,859
Terminal escalator replacement	-	-	3,432
Terminal roadways & roadway utilities	-	-	74
	<hr/> \$ 66,039	<hr/> \$ 75,241	<hr/> \$ 58,373

#### **Debt Administration**

As of December 31, 2024, the Airport's outstanding bonds were the Series 2016 Refunding Revenue Bonds with a principal balance of \$27.7 million, the Series 2019 Revenue Bonds with a principal balance of \$30.5 million, the Series 2019 CFC revenue bonds with a principal balance of \$96.7 million, and the Series 2024A&B Revenue Bonds (2024 Revenue Bonds) with principal balances of \$260.4 million. The Series 2024A Revenue Bonds were issued to fund the replacement of the existing Baggage Handling System (BHS) including the demolition of the existing BHS, infill of the security building tunnel, and the buildout of a new Checked Bag Inspection System/Checked Bag Reconciliation Area (CBIS/CBRA) under the existing security checkpoint. The Series 2024B Revenue Bonds were issued to fund certain airfield rehabilitation projects. All the Airport's outstanding bonds bear fixed rates of interest.

The Series 2016, Series 2019, and Series 2024 Revenue Bonds are secured by a pledge of the Airport's net operating revenues as defined in the related bond resolutions. Pursuant to approvals previously received from the FAA, while secured by net operating revenues, the full amount of the debt service on the Series 2016 Revenue Bonds and the majority of the debt service on the Series 2019 Revenue Bonds are payable from PFCs on-hand and currently approved future PFC collections. The Board intends to use PFCs to pay a portion of the debt service on the Series 2024 Revenue Bonds pending approval of its nineteenth PFC application. As of December 31, 2024, the Airport's underlying long-term ratings for bonds issued under

# **Cincinnati/Northern Kentucky International Airport**

## **Management's Discussion and Analysis**

### **December 31, 2024 and 2023**

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the Airport's general bond resolution were "A1" from Moody's Investor Services with a "stable" outlook and "A+" from Fitch Ratings with a "stable" outlook.

The Series 2019 CFC Revenue Bonds are special limited obligations of the Airport. These bonds are secured by a pledge of CFCs collected by the rental car companies and are subject to the requirements of the Trust Indenture entered into between the Board and the trustee for the bonds. In the event that CFC collections are insufficient or are estimated to be insufficient to pay debt service and funding of reserves as required by the rate covenant set forth in the Trust Indenture, the Board has secured the right to charge the rental car companies operating under rental car agreements for any such deficiency. Any deficiency payments collected are also pledged to the payment of the Series 2019 CFC Revenue Bonds. No such deficiency payments were required in 2024 or 2023. Fitch and Moody's both revised the outlook for the Airport's Series 2019 CFC Revenue Bonds from "Stable" to "Positive" in June 2024 and July 2024, respectively. As of December 31, 2024, the Airport's underlying long-term ratings for the Airport's Series 2019 CFC Revenue Bonds was "A-" with a "positive" outlook from Fitch and "A3" with a "positive" outlook from Moody's.

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

In July 2023, the Board adopted the Series 2023 Subordinate Bond Resolution and issued the Series 2023 Subordinate Notes in the maximum commitment amount of \$150.0 million for the purpose of providing short term funding for capital improvement projects, including capitalized interest, and funding costs of issuance relating to the 2023 Subordinate Notes. In conjunction with the 2023 Subordinate Bond Resolution, the Board competitively solicited and subsequently authorized an agreement with Bank of America National Association for a replacement revolving line of credit in the maximum commitment amount of \$150.0 million. The agreement expires on August 21, 2026 with provision for two additional one-year extensions. As of December 31, 2024, the full \$150.0 million revolving line of credit remained available to the Board.

#### **Requests for Information**

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

**Cincinnati/Northern Kentucky International Airport**  
**Statements of Net Position**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b>Current assets</b>		
<b>Unrestricted</b>		
Cash	\$ 1,779	\$ 1,707
Investments (at fair value)	243,244	182,421
Investment income receivable	902	295
Accounts receivable	7,720	10,920
Lease receivable	10,907	9,913
Grants and federal awards receivable	6,072	14,321
Prepaid expenses	2,794	2,623
Supplies inventory	5,961	6,211
Total unrestricted current assets	<u>279,379</u>	<u>228,411</u>
<b>Restricted</b>		
Cash	490	853
Investments (at fair value)	43,988	15,806
Investment income receivable	-	47
Total restricted current assets	<u>44,478</u>	<u>16,706</u>
<b>Total current assets</b>	<u>323,857</u>	<u>245,117</u>
<b>Non-current assets</b>		
<b>Unrestricted</b>		
Investments (at fair value)	-	1,484
Lease receivable	116,799	125,585
Prepaid expenses	318	293
Capital assets, non-depreciable	230,922	230,448
Capital assets, net of accumulated depreciation	734,180	679,097
Total unrestricted non-current assets	<u>1,082,219</u>	<u>1,036,907</u>
<b>Restricted</b>		
Investments (at fair value)	431,089	172,387
Investment income receivable	2,055	792
Passenger facility charges receivable	1,600	2,232
Customer facility charges receivable	889	824
Total restricted non-current assets	<u>435,633</u>	<u>176,235</u>
<b>Total non-current assets</b>	<u>1,517,852</u>	<u>1,213,142</u>
<b>Total assets</b>	<u>1,841,709</u>	<u>1,458,259</u>
<b>Deferred outflows of resources</b>		
Pension	21,543	31,395
Other postemployment benefits	9,487	13,556
Total deferred outflows of resources	<u>31,030</u>	<u>44,951</u>

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

**Cincinnati/Northern Kentucky International Airport**  
**Statements of Net Position, continued**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

	<b>2024</b>	<b>2023</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 45,664	\$ 29,537
Rates and charges settlement payable to airlines	10,930	9,895
Contract retainage payable	3,285	147
Bond interest payable	2,141	2,177
Assets held in trust	25,015	10,002
Revenue bonds payable, inclusive of unamortized premium	10,270	8,796
Subordinate debt - equipment lease	941	764
Subscription liability	144	211
Total current liabilities	<u>98,390</u>	<u>61,529</u>
Non-current liabilities		
Accounts payable and accrued expenses	1,630	2,203
Revenue bonds payable, inclusive of unamortized premium	429,780	158,421
Subordinate debt - equipment lease	1,636	1,791
Subscription liability	1,011	803
Net pension liability	90,710	99,751
Net other postemployment benefits liability	70	601
Total non-current liabilities	<u>524,837</u>	<u>263,570</u>
Total liabilities	<u>623,227</u>	<u>325,099</u>
<b>Deferred inflows of resources</b>		
Pension	18,920	22,179
Other postemployment benefits	27,836	36,753
Leases	127,706	135,499
Total deferred inflows of resources	<u>174,462</u>	<u>194,431</u>
<b>Net position</b>		
Unrestricted	118,512	66,007
Net investment in capital assets	736,623	739,182
Restricted:		
For federally approved projects	107,258	95,697
For ground transportation expenditures	40,107	32,507
For operational cash flow shortages	36,268	34,127
For debt service	35,316	15,524
For uses legally required by contributing parties	966	636
Total net position	<u>\$ 1,075,050</u>	<u>\$ 983,680</u>

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

**Cincinnati/Northern Kentucky International Airport**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2024 and 2023**

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*(in thousands of dollars)*

	<b>2024</b>	<b>2023</b>
<b>Operating revenues</b>		
Landing fees, net	\$ 41,760	\$ 39,223
Rentals:		
Terminal, net	29,005	27,699
Ground	6,114	5,680
Ramp	5,666	4,969
Other	2,118	1,961
Parking	64,230	61,216
Concessions	17,690	16,093
Rebilled services	1,715	1,570
Ground transportation	2,789	2,398
Other	936	1,063
Total operating revenues	172,023	161,872
<b>Operating expenses</b>		
Salaries, wages and benefits	56,559	56,744
Contracted services	48,819	47,997
Supplies and capital items expensed	11,116	10,039
Utilities	8,951	8,366
General administration	4,518	3,230
Insurance	1,951	1,745
Total operating expenses	131,914	128,121
Operating income, before depreciation and amortization	40,109	33,751
Depreciation and amortization	(57,963)	(48,294)
Operating loss, after depreciation and amortization	(17,854)	(14,543)
<b>Nonoperating changes in net position: (decrease) increase</b>		
Revenue bond interest, net of premium amortization	(10,746)	(6,639)
Bond issuance costs	(1,460)	(191)
Subordinate debt interest	(105)	(98)
Passenger facility charge revenues	18,290	17,332
Customer facility charge revenues	12,011	11,197
Police forfeiture program revenues	1,041	555
Police forfeiture program revenues passed through to other local government	(5)	(4)
Grants and federal awards for operating expenses	18,668	25,007
Investment income	24,922	17,262
Interest income - leases	4,159	4,241
Interest expense - subscription assets	(39)	(53)
Net (loss) gain on disposal of capital assets	(183)	321
Non-capitalized project costs	(38)	(3,262)
Other	288	(5)
Total nonoperating changes in net position, before capital contributions	66,803	65,663
<b>Capital contributions</b>		
Grants and federal awards for capital expenditures	41,428	53,278
Third party funding of project costs	993	3,394
Total capital contributions	42,421	56,672
Total changes in net position	91,370	107,792
Net position at the beginning of the year	983,680	875,888
<b>Net position at the end of the year</b>	\$ 1,075,050	\$ 983,680

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

**Cincinnati/Northern Kentucky International Airport**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

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*(in thousands of dollars)*

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 171,623	\$ 162,158
Principal paid on subscription assets	(277)	(370)
Cash paid to suppliers	(69,929)	(76,694)
Cash paid for the direct benefit of employees	(64,447)	(68,165)
Net cash provided by operating activities	<u>36,970</u>	<u>16,929</u>
<b>Cash flows from non-capital financing activities</b>		
Police forfeiture program receipts	1,041	555
Police forfeiture program receipts passed through to other local government	(5)	(12)
Grants and federal awards receipts for operating expenses	20,613	28,837
Interest income - leases	4,159	4,241
Net cash provided by non-capital financing activities	<u>25,808</u>	<u>33,621</u>
<b>Cash flows from capital and related financing activities</b>		
Revenue bond debt service - principal	(5,630)	(5,400)
Revenue bond debt service - interest	(11,989)	(7,633)
Proceeds from issuance of bonds	279,671	-
Bond issuance costs	(1,410)	(76)
Subordinate debt service - principal	(843)	(637)
Subordinate debt service - interest	(105)	(98)
Proceeds from issuance of subordinate debt	866	951
Passenger facility charges received	18,922	17,172
Customer facility charges received	11,946	11,104
Grants and federal awards receipts for capital expenditures	51,399	53,576
Assets held in trust	15,013	2,557
Interest expense - subscription assets	(39)	(52)
Other	285	-
Proceeds from sale of assets	509	740
Acquisition and construction of airport facilities	(98,670)	(79,896)
Net cash provided (used) by capital and related financing activities	<u>259,925</u>	<u>(7,692)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	1,229,906	664,387
Purchase of investments	(1,576,983)	(722,857)
Investment income received	24,083	15,896
Net cash (used) by investing activities	<u>(322,994)</u>	<u>(42,574)</u>
Net increase in cash	(291)	284
Cash at the beginning of the year	2,560	2,276
<b>Cash at the end of the year</b>	<b><u>2,269</u></b>	<b><u>\$ 2,560</u></b>

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

**Cincinnati/Northern Kentucky International Airport**  
**Statements of Cash Flows, continued**  
**Years Ended December 31, 2024 and 2023**

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*(in thousands of dollars)*

	<b>2024</b>	<b>2023</b>
<b>Reconciliation of operating loss to net cash</b>		
<b>Provided by operating activities</b>		
Operating loss, after depreciation and amortization	\$ (17,854)	\$ (14,543)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	57,963	48,294
Change in assets and liabilities		
Decrease (increase) in accounts receivable	3,043	(4,750)
Decrease (increase) in supplies inventory	250	(556)
(Increase) decrease in portion of interfund receivables related to operating activities	(1,092)	664
(Increase) in prepaid expenses	(341)	(397)
Increase (decrease) in accounts payable and accrued expenses	1,291	(9,937)
Increase in rates and charges settlement payable to airlines	1,035	5,593
(Decrease) in contract retainage payable	(2)	(169)
Increase (decrease) in portion of interfund payables related to operating activities	504	(2,514)
Decrease (increase) in deferred outflow of resources related to pension or OPEB	13,921	(13,235)
(Decrease) increase in deferred inflow of resources related to pension or OPEB	(12,176)	30,504
(Decrease) increase in net pension liability	(9,041)	3,800
(Decrease) in net postemployment benefits liability	(531)	(25,825)
Total adjustments	<u>54,824</u>	<u>31,472</u>
Net cash provided by operating activities	<u>\$ 36,970</u>	<u>\$ 16,929</u>
<b>Noncash capital and related financing activities:</b>		
Amortization of revenue bond premium, payment of revenue bond debt service interest	\$ 1,207	\$ 960
Total noncash capital and related financing activities	<u>\$ 1,207</u>	<u>\$ 960</u>

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

#### **1. Summary of Significant Accounting Policies and Practices**

##### **Reporting Entity**

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

##### **Basis of Accounting**

The Airport is a business-type activity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. All of the Airport’s operations are reported within a single proprietary (enterprise) fund.

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

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

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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(in thousands of dollars)

#### **Pronouncements Adopted in the Comparative Reporting Period**

During 2024, the Airport implemented Statement No. 101 – *Compensated Absences* to update the recognition and measurement guidance for compensated absences, with the objective of creating a unified model of reporting. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The statement also updates disclosure requirements for the Airport's compensated absence policy. The adoption of this Statement did not have a material effect on the prior period financial statements of the Airport. Therefore, no restatement of the prior period was necessary.

During 2024, the Airport early implemented Statement No. 102 – *Certain Risk Disclosures* to establish reporting requirements for risks related to vulnerabilities due to certain concentrations or constraints. This statement requires governments to assess whether a concentration, defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources, or a constraint, defined as a limitation imposed on a government by an external party or by formal action of a governmental entities' highest level of decision-making authority, makes the government vulnerable to the risk of a substantial impact to its financial statements. Additionally, this Statement requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Airport reviewed all known areas of potential concentrations and constraints and did not identify any significant vulnerabilities.

#### **Air Carrier Rates and Charges**

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

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

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

remaining revenues (NRR) in the terminal cost center. The airline landing fee rate charged for use of the Airport is “residual” in nature in that the landing fee rates are established to recover the costs of providing the airfield. A “commercial compensatory” rate setting methodology is used to establish terminal related rates and charges wherein any unrecovered terminal costs due to vacant leasable space are borne by the Airport.

The landing fee rate, terminal rates and charges, and NRR credits are established annually during the budget process based on projected revenues, costs, and airline activity. After the close of each fiscal year, the landing fee rate, terminal related rates and charges and related NRR credits are recalculated using audited financial data. Any overpayments of such rentals, fees and charges are reflected as payable by the Board and returned to the Signatory Carriers; and any underpayments are invoiced to the Signatory Carriers. Amounts owed to the carriers as the result of this settlement process for 2024 and 2023 were \$9,106 and \$8,973, respectively. In 2024 and 2023, the Board used COVID relief grant funds in a manner to both reimburse Airport operating expenses and manage airline costs by reimbursing operating expenses in airline cost centers which served to reduce airline rates & charges.

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

#### **Account Groups and Restrictions on Net Position**

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

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

<u>Account Group:</u>	<u>Restrictions on Net Position:</u>
Operations and Maintenance	Unrestricted
Designated for Capital Projects	Unrestricted
Designated for Group Health Coverage	Unrestricted
Repair and Replacement Reserve	Unrestricted
General Purposes	Unrestricted
Net Investment in Capital Assets	Net Investment in Capital Assets
Passenger Facility Charge	Restricted for federally approved projects
Police Forfeiture	Restricted for approved law enforcement related expenditures
Customer Facility Charge	Restricted for ground transportation expenditures
Operations and Maintenance Reserve	Restricted for operational cash flow shortages
2019 Terminal Roadway Reconfiguration	Restricted for costs of the 2019 terminal roadway reconfiguration project
Bond & Grant Construction Proceeds	Restricted for Airport infrastructure projects
Bond Interest and Redemption	Restricted for debt service

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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(in thousands of dollars)

Bond Reserve	Restricted for debt service
Other Third-Party Funding	Restricted for uses legally required by contributing parties

**Unrestricted Account Groups**

The unrestricted account groups listed in the table above are resources available for any Airport use.

*Operations and Maintenance account group- unrestricted:* The Operations and Maintenance account group is maintained to account for operating revenues and expenses, provide for the funding of debt service, and all other transfers as required under the bond resolutions.

*Designated for Capital Projects account group- unrestricted:* The Airport has funds on hand which were previously received through reimbursements from federal and state grants and other third parties for eligible capital expenditures. Additionally, amounts as determined by management are periodically set aside to be used for capital projects and, as a result, are transferred from the General Purposes account group. During 2024 and 2023, the Board elected to transfer \$31,300 and \$10,000, respectively, of the Airport's share of net remaining revenues, which were utilized from the Operations and Maintenance account group to the General Purposes account group and subsequently to the Designation for Capital Projects Account Group. As the Board intends to use these funds for capital projects, they are recorded as Designated for Capital Projects and reflected as a component of unrestricted net position.

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

*Repair and Replacement Reserve account group- unrestricted:* Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain an asset balance of \$10,000 in the Repair and Replacement Reserve account group, which is available for any Airport use. If amounts from this reserve are used, the Board is required, commencing from the date the deficit occurred, to replenish the balance in twenty-four equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. On December 31, 2024 and 2023 the balances of total assets in the Repair and Replacement Reserve were \$10,193 and \$10,066, respectively. The bond resolutions do not require the Board to adjust the amount held in the Repair and Replacement Reserve as a result of either a year-over-year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Repair and Replacement Reserve account group were used during 2024 and 2023.

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

*General Purposes account group- unrestricted:* Pursuant to the requirements of the Airport's bond resolutions, the Board maintains a General Purposes account group, the balance of which is available for any Airport use. Amounts of revenues remaining in the Operations and Maintenance account group after satisfaction of operating expenses and other transfers required by the bond resolutions are transferred to the General Purposes account group. In 2024 and 2023, the amounts available to the General Purposes account group were \$66,189 and \$63,179, respectively. In 2024 and 2023, management elected to set aside \$31,300 and \$10,000, respectively, to be utilized for capital projects. As a result, in 2024 and 2023, residual net remaining revenues of \$34,889 and \$53,179 were transferred to the General Purpose account group.

#### *Net Investment in Capital Assets*

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

#### *Restricted Account Groups*

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

*Passenger Facility Charge account group- restricted:* In 1994, the Federal Aviation Administration (FAA) first granted approval to the Airport to impose a Passenger Facility Charge (PFC) and to use the PFCs to fund specific approved projects. PFCs, which are charged at rates per qualifying enplaned passenger, are considered earned upon collection by the airline and are credited to the restricted net position of the Passenger Facility Charge account group (PFC account group). Amounts collected by the airlines but not yet remitted to the Airport are classified as Passenger Facility Charges receivable. As of December 31, 2024, the Board has received approval on a total of eighteen PFC applications. The approvals authorize the Board to collect PFCs and associated investment income for approved projects up to the amount of allowable project costs, but not to exceed \$678,592. Through December 31, 2024, PFCs and associated investment income in the amount of \$664,734 have been recognized. The total amount of PFCs collected in 2024 and 2023 was \$18,290 and \$17,332, respectively.

*Police Forfeiture account group- restricted:* The Police Forfeiture account group is maintained to account for all activity of funds received by the Airport's police department through the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. The use of these funds is restricted to law enforcement expenditures considered allowable under the various sharing agreements.

*Customer Facility Charge account group- restricted:* Pursuant to an ordinance of the Airport, the collection of Customer Facility Charges (CFCs) began on April 1, 2006. The CFCs, which are charged at a rate per rental car transaction day, are being collected to provide for the operation and maintenance of facilities to accommodate the ground transportation needs at the Airport. The CFCs

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

are considered earned upon collection by the rental car companies and are recognized as nonoperating revenues in the Customer Facility Charge account group (CFC account group). The total amount of CFCs collected in 2024 and 2023 was \$12,011 and \$11,197, respectively.

Pursuant to the 2019 Master Trust Indenture (CFC Trust Indenture) entered into between the Airport and US Bank National Association (Trustee) upon issuance of the Series 2019 Customer Facility Charge Revenue Bonds (see Note 7), all CFCs collected are transferred to the custody of the Trustee to be held for debt service and to fund expenditures permissible under the CFC ordinance. All unexpended CFCs are recorded as assets of the CFC account group.

*Operations and Maintenance Reserve account group- restricted:* Pursuant to the requirements of the Airport's bond resolutions, the Board is required to maintain in the Operations and Maintenance Reserve an asset balance equal to twenty-five percent of the then current year budgeted operating expenses. Assets in the Operations and Maintenance Reserve account group may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. Upon use of funds from this reserve, the Board is required, commencing in the ensuing calendar year, to replenish the asset balance in twelve equal monthly installments from the Operations and Maintenance account group, provided the funds are not needed for other purposes. The asset balances required to be carried in the Operations and Maintenance Reserve as of December 31, 2024 and 2023, were \$36,087 and \$34,162, respectively. For the years ended December 31, 2024 and 2023 the asset balances in the Operations and Maintenance Reserve were \$36,687 and \$34,732, respectively. The bond resolutions do not require the Board to adjust the amount held in the Operations and Maintenance Reserve as a result of either a year-over-year decrease in the Airport's budgeted operating expenses or temporary market value fluctuations. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity. No funds from the Operations and Maintenance Reserve account group were used during 2024 and 2023.

*2019 Terminal Roadway Reconfiguration account group- restricted:* In 2019, the Board issued Series 2019 Revenue Bonds to fund the work required to reconfigure the main terminal roadway for the purposes of accommodating the construction of the Consolidated Ground Transportation Facility (GTF) and to provide more efficient access to the main terminal at the Airport (see Note 7). As of December 31, 2023, all proceeds of this account group were expended.

*Bond and Grant Proceeds - restricted:* The Bond and Grant Proceeds account group is maintained to account for activity of funds received by the Airport for the purpose of funding and financing capital projects. In August 2024, the Board issued the Series 2024 A&B Revenue Bonds to fund a baggage handling system, associated enabling projects, and to fund certain airfield projects. As of December 31, 2024, the balance of the unspent bond proceeds, inclusive of capitalized interest, totaled \$232,061.

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

*Bond Interest and Redemption account group- restricted:* Pursuant to the requirements of the Airport's bond resolutions and CFC Trust Indenture, the Bond Interest and Redemption account group is maintained to hold and account for contributions from the Operations and Maintenance account group for the debt service requirements of any outstanding bonds which are payable from the Airport's operating revenues and contributions from collected CFCs for the debt service requirements of the Series 2019 CFC Bonds. From the Operations and Maintenance account group and the CFC account group, debt service contributions in the amount of 1/6th of the next required interest payment and 1/12th of the next maturing principal are made to the Bond Interest and Redemption account group on a monthly basis. During 2024 and 2023, all required debt service contributions to the Bond Interest and Redemption Account were made in full. Assets included in the Bond Interest and Redemption account group are restricted for the payment of bond principal and interest.

The FAA's approvals of four of the Airport's PFC applications authorized the use of PFCs for the debt service requirements and related costs of revenue bonds issued to finance the projects included in those applications. The currently outstanding revenue bonds fully or substantially funded with PFCs consist of the Series 2016 Refunding Revenue Bonds and the Series 2019 Revenue Bonds (see Note 7). The revenue bond resolutions which authorized the utilization of PFCs for debt service created the PFC Revenue Account (within the Operations and Maintenance account group), the PFC Interest and Redemption Account (within the Bond Interest and Redemption account group) and the Bond Reserve Account. The 2016 Series Bond Resolution provides through an action adopted by the Board, renewable on an annual basis from the PFC account group to the PFC Revenue Account PFCs equal to 125% of the principal and interest requirements on the 2016 Series bonds. The bond resolution under which the Series 2019 Revenue Bonds were issued provides that the Board may, but is not required to, transfer PFCs to the PFC Revenue Account for debt service. Upon transfer to the PFC Revenue Account within the Operations and Maintenance account group, these amounts are restricted for the payment of the principal and interest requirements of the 2019 Series Bonds and any required transfers to the Bond Reserve account group. Any debt service requirements of revenue bonds for which the Board elects to not use PFCs will be paid from operating revenues of the Airport, which are pledged as security for the revenue bonds or from sources permitted by applicable restrictions. During 2024, the amounts of \$3,068, \$2,795, and \$1,466 were transferred from the PFC account group for the principal, interest, and debt service coverage requirements, respectively. During 2023, the amounts of \$3,140, \$2,952, and \$1,523 were transferred from the PFC account group for the principal, interest and debt service coverage requirements, respectively. Pursuant to the bond resolutions, at December 31, 2024 and 2023, the amounts of \$1,466 and \$1,523 of debt service coverage were returned to the PFC account group, respectively.

The CFC Trust Indenture which authorized the issuance of the Series 2019 CFC Bonds created the CFC Revenue Fund (within the Customer Facility Charge account group), the Senior CFC Debt Service Fund (within the Bond Interest and Redemption account group), the CFC Senior Debt Service Reserve Fund (within the Bond Reserve account group), and the CFC Coverage Fund (within the Bond Reserve account group). All CFCs collected are deposited in the CFC Revenue Fund. The Trust Indenture provides that the Board's Trustee must, from the Customer Facility Charge Revenue Fund, transfer to the Senior CFC Debt Service Fund CFCs equal to 100% of the principal and interest requirements of the Series 2019 CFC Bonds. Upon transfer, these amounts are restricted for the payment of the principal and interest requirements of the Series 2019 CFC Bonds. During 2024 and

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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(in thousands of dollars)

2023, the amounts of \$6,567 and \$6,563 were transferred from the CFC Revenue Fund for the debt service requirements of the Series 2019 CFC Bonds.

*Bond Reserve account group- restricted:* For bonds paid from the operating revenues of the Airport, the bond resolutions require the Board to hold in the Bond Reserve account group cash, investments, and accrued interest on investments, the combination of which is equal to the least of 1) 10% of the original par amounts of any bond issues where bonds are still outstanding, 2) an amount at least equal to the maximum principal and interest due on outstanding revenue bonds in any succeeding year or 3) 125% of the average annual principal and interest requirements on the outstanding bonds. The CFC Trust Indenture requires that the Board hold in the CFC Senior Debt Service Reserve and the CFC Coverage Fund (both within the Bond Reserve account group) cash and investments, the combination of which is equal to 100% and 25%, respectively, of the maximum principal and interest due on outstanding Series 2019 CFC bonds in any succeeding year. Upon use of funds that results in a deficiency in the bond reserve balances on hand, the Board is required to replenish the applicable asset balance in twelve equal monthly installments from the Operations and Maintenance account group for outstanding bonds payable from the Airport's operating revenues or from the CFC Revenue Fund for the Series 2019 CFC bonds, provided the funds are not needed to fund operations and maintenance expenses or debt service. However, if the series of bonds for which the associated reserve is deficient is payable from PFCs, the deficiency may also be cured using funds from the PFC account group.

At December 31, 2024 and 2023, the required and actual balances in the Bond Reserve account group were as follows:

	2024		2023	
	Required	Actual	Required	Actual
General Airport Revenue Bond Reserve Account	\$ 24,901	\$ 25,059	\$ 4,552	\$ 5,095
2019 CFC Senior Debt Service Reserve Fund	6,567	6,604	6,567	6,662
CFC Coverage Fund	1,642	1,766	1,642	1,694
Total	\$ 33,110	\$ 33,429	\$ 12,761	\$ 13,451

The bond resolutions and the CFC Trust Indenture require that the investments in the Bond Reserve account group be market valued on January 15<sup>th</sup> of each year. At that time, any deficiencies in the reserve balances due to market value fluctuations must be cured by the transfer of appropriate funds. Whereas sufficient assets were available to fund the CFC Senior Debt Service Reserve Fund, the CFC Trust Indenture requires testing of valuation utilizing cash and investment securities only. Actual losses due to market value fluctuations are not expected to occur due to the fixed rate nature of the investments and the Board's practice of holding its investments to maturity.

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

#### **Cash and Investments**

As more fully discussed in Note 2, the Airport's cash and investments are governed by Kentucky Revised Statutes (KRS) 66.480 and the Airport's Investment Policy, which was adopted on January 17, 2005 and last amended on May 24, 2024. Investments are stated at their fair values based on market values quoted at December 31, 2024 and 2023.

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

#### **Accounts Receivable**

The Airport has defined cash to include cash on hand and demand deposits. The Airport's receivables are reported at their gross value when earned and are reduced by the estimated portion that is expected to be uncollectible. The allowance for uncollectible accounts is based on an analysis of past due amounts that are not covered by security deposits or letters of credit. When continued collection activity results in receipts of amounts previously reserved, revenue is recognized in the period collected. At December 31, 2024 and 2023, the allowance for uncollectible accounts was \$520 and \$673, respectively.

#### **Leases**

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

For the years ended December 31, 2024 and 2023, the Airport was not party to any leases as a lessee significant enough to require disclosure.

##### *Non-regulated leases*

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

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

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

---

*(in thousands of dollars)*

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

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

#### *Regulated leases*

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

#### **Capital Contributions**

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

#### **Deferred Outflows/Inflows of Resources**

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

#### **Compensated Absences**

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

Sick leave is earned by employees at the rate of one day per month of service, with the maximum accumulation for each employee being 60 days of sick leave. Employees are paid for all accumulated sick time upon retirement from the Airport or, if eligible for retirement from the Airport, upon death or other employment separation. Accumulated sick leave is accrued 1) when an employee's age and/or years of service are within five years of the minimum age or years of service required for retirement under the provisions of the pension plans in which the Airport's employees participate or 2) the sick leave is more likely than not to be used for time off based on the Airport's previous experience (see Note 10). Accumulated sick leave is accrued and included in the current and noncurrent portion of the liabilities as accrued expenses (see Note 7).

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

---

*(in thousands of dollars)*

#### **Bond Issuance Costs and Bond Discounts and Premiums**

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

#### **Grants and Federal Awards**

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

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

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), approved by the United States Congress and signed into law, is one of the legislative actions to address the crisis created by the COVID-19 pandemic and includes among its relief measures \$10.0 billion in direct aid in the form of grants for airports. The Board applied \$0 and \$699 in CARES Act funds for the year ended December 31, 2024, and 2023, respectively, to reimburse operations & maintenance expense.

The Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) included nearly \$2.0 billion in funds to be awarded as economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to the COVID-19 pandemic. For the years ended December 31, 2024 and 2023, the Board applied \$0 and \$5,374 in CRRSAA grant funds to reimburse operations & maintenance expenses and offset shortfalls in operating revenue.

The American Rescue Plan Act of 2021 (ARPA) was signed into law on March 11, 2021, includes \$8.0 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. The Board was awarded an ARPA Grant of \$38,294 which can be used to pay for the Airport's operational and maintenance expenses or debt service payments in accordance with the limitations prescribed in the Act. For the years ended December 31, 2024 and 2023, the Board applied \$18,365 and \$18,427 in ARPA grant funds to reimburse operations & maintenance expense and offset shortfalls in operating revenue.

For the years ended December 31, 2024 and December 31, 2023, the Board was compliant with the employment provisions of the Cares Act, CRRSAA, and ARPA grant programs. As of December 31, 2024, all COVID relief funds awarded to the Board under the three acts had been allocated and grants administratively closed with the FAA.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

**Net Pension and Net Other Postemployment Benefits Liabilities**

All full-time employees of the Airport as of December 31, 2024 and 2023 are members of the Kentucky Public Pensions Authority (KPPA) County Employees Retirement System (CERS), a cost-sharing multiple-employer defined benefit pension system (more fully described in Note 10). For purposes of measuring the net pension liabilities, the deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CERS and additions to/deductions from the CERS' fiduciary net position have all been determined on the same basis as they are reported by the CERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized by the CERS when due and payable in accordance with the benefit terms and investments are reported at fair value.

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

**Related Party**

An individual appointed to the Airport Board disclosed employment as an executive officer of a property management company which owns and operates a subsidiary off-airport parking lot company that maintains a direct business relationship with the Board. The company provides off-airport parking lot services to passengers who choose to utilize their parking facilities and includes transportation from their facility to the Airport employing the company's fleet of shuttle buses. In January 2014, the Board entered into an agreement granting the company the non-exclusive right to use the assigned premises and the roadways accessing the same for the purpose of operating its off-airport parking lot business, with the company agreeing to pay the access fee charged to all off-airport operators, an amount equal to 10% of their gross receipts generated by their operations. For the years ended December 31, 2024 and 2023, the amount of revenues remitted by the company to the Board under this agreement were \$793 and \$774, respectively. The company was current on all receivable balances at December 31, 2024 and 2023.

**Use of Estimates**

The preparation of financial statements in conformity with the basis of accounting described in these notes requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Reclassifications**

Certain balances in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

#### **Management's Review of Subsequent Events**

The Airport has evaluated and considered the need to recognize or disclose subsequent events, through July 21, 2025, which represents these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended December 31, 2024, have not been evaluated by the Airport.

#### **2. Cash and Investments**

The investing of Airport funds is done in compliance with the Airport's Investment Policy (Policy), such Policy being in accordance with the KRS and the applicable provisions of the bond resolutions in effect. The Policy expressly establishes the preservation of capital through the minimization of credit risk and the maintaining of sufficient liquidity to be the primary and secondary objectives, respectively. The Policy was designed specifically to address those risks inherent in an investment program. Those risks, as outlined in GASB Statement No. 40, consist of:

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

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

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

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

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

#### **Provisions of the Policy**

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

*Types of investments and credit quality of issuers:* In addition to collateralized/insured deposits in interest-bearing accounts and certificates of deposit, the Policy permits investment in U.S. Treasury obligations and other obligations backed by the full faith and credit of the United States (collectively, U.S. Treasury securities). Investments in securities issued by certain associations and corporations established by the government of the United States (U.S. government sponsored enterprises) are also allowed. Such investments are permitted provided that, at the time of purchase, the corporation is

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

---

*(in thousands of dollars)*

rated by at least one certified rating agency at the greater of “AA” (or its equivalent) or the highest current rating on U.S. Treasury obligations. Subject to restrictions on maturities and requirements for minimum ratings by the rating agency in the range of “A-” to “AAA” (or their equivalents) on long-term instruments and “A-1” on short-term instruments, the Policy also permits investment in certain repurchase agreements, uncollateralized certificates of deposit, banker acceptances, commercial paper, state and municipal obligations, corporate bonds, money market mutual funds and supranational bonds.

*Portfolio diversification:* To counteract the risk of a significant loss from an over concentration of assets in a specific class of security, a specific maturity, and/or a specific issuer, the Policy establishes maximum percentages of the Airport’s portfolio which may be invested in each type of permitted investment and in securities by any individual issuer, counterparty, or depository.

The limits related to portfolio diversification are as follows:

<u>Investment Types</u>	<u>Maximum Allowable % of Portfolio</u>	
	<u>Investment Type</u>	<u>Individual Issuer, Counterparty or Depository</u>
U.S. Treasury obligations	100%	100%
Federal agency obligations	100%	35%
Repurchase agreements	50%	25%
Supranational bonds	10%	5%
Collateralized/insured certificates of deposit	25%	40%
Collateralized/insured deposit accounts	100%	40%
Commercial paper	20%	5%
Bankers' acceptances	20%	5%
Uncollateralized certificates of deposit	20%	5%
State and municipal obligations	20%	5%
Corporate bonds	20%	5%
Mutual funds and exchange traded funds	100%	50%

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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(in thousands of dollars)

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

*Collateralization:* For the purpose of protecting balances deposited in financial institutions, as outlined in the table above, the Policy establishes a limit for the amount which may be deposited in any single institution. In addition, the Policy requires all cash and other deposits maintained in any financial institution in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) to be collateralized. The instruments permitted to be used as collateral for deposits consist of U.S. Treasury securities, securities issued by U.S. government sponsored enterprises, and direct obligations of the Commonwealth of Kentucky, as well as those of certain of its agencies and instrumentalities. Except for deposits collateralized with a Federal Home Loan Bank Letter of Credit, deposits must be collateralized at a minimum of 102% of the market value of principal plus accrued interest. As provided by KRS Section 41.240(4), amounts collateralized with a Federal Home Loan Bank Letter of Credit may be collateralized at 100%. All securities pledged as collateral are required to be held by an independent third-party custodian.

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

**Cash and Investments Held**

Cash deposits are maintained by the Treasury Department of the Airport's depository bank in Demand Deposit Accounts (DDA). The cash balances of the Airport's DDAs, whether held in cash or in transit between the DDAs and the money market fund, are insured by the FDIC up to the applicable FDIC limit. For all accounts other than the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by a letter of credit which is issued and held in the Airport's name by the Federal Home Loan Bank of Cincinnati. For the Bond Reserve and Bond Interest and Redemption Accounts, any balances greater than the amount insured by the FDIC are collateralized by U.S. Treasury securities and securities issued by certain U.S. government sponsored enterprises, with these securities being pledged by the Airport's depository bank and held in safekeeping by the Federal Reserve Bank in the Airport's name. At December 31, 2024 and 2023, the combined values of the letter of credit and collateral securities were \$7,383 and \$7,727, respectively.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

At December 31, 2024 and 2023, the Airport's cash and investments were comprised of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Cash	\$ 2,269	\$ 2,269	\$ 2,560	\$ 2,560
Investments				
Investment in money market mutual funds				
First American Government				
Obligation Fund	\$ 191,677	\$ 191,677	\$ 88,076	\$ 88,076
Securities				
U.S Treasury	101,995	103,058	87,155	88,533
U.S. government sponsored				
enterprises	150,360	151,901	99,718	100,550
Commercial paper	136,976	139,280	67,916	69,330
Corporate bonds	131,792	132,405	26,354	25,609
Total investments	\$ 712,800	\$ 718,321	\$ 369,219	\$ 372,098

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

The First American Government Obligation Fund is a money market fund which invests primarily in direct obligations of the U.S. Treasury and U.S. government sponsored enterprises and in other securities collateralized by such obligations.

The U.S. Treasury securities in which the Airport invests are direct obligations of the U.S. Treasury and are unconditionally backed by the full faith and credit of the United States government. The Airport's investment in U.S. government sponsored enterprise securities at December 31, 2024 and 2023, as permitted by the Policy, consisted of instruments issued by the Federal National Mortgage Association.

The commercial paper instruments in which the Airport was invested at December 31, 2024 and 2023 were unsecured short-term financing obligations issued by corporations or banks. In accordance with the requirements of the Policy, these instruments had maturities of no greater than 270 days, the amount invested in any single issuing corporation did not exceed five percent (5%) of the total amount of funds invested by the Board (based on book value on the date of acquisition), and the instruments were issued by corporations with individual net worth of at least \$50,000 and short-term debt ratings of no less than "A-1" (or its equivalent) by at least two certified rating agencies. The commercial paper held at December 31, 2024 and/or December 31, 2023 consisted of instruments issued by Bank of America Corporation, BNP Paribas, BNY Mellon, Canadian Imperial Holdings, Cisco Systems, Cooperative Centrale, Credit Agricole Corporate and Investment Bank, ING US Funding, LVMH Moet Hennessy Louis Vuitton Inc, MUFG Bank, Natixis NY, Praxair Inc, Prudential FDG, Standard Chartered Bank, and Toyota Credit Union.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

KRS 66.480 allows state and local governments to invest money subject to its control and jurisdiction in corporate bonds. The corporate bonds held at December 31, 2024 and 2023 consisted of instruments issued by BBT Corporation, BMW US Capital, Caterpillar Financial Services Corporation, Charles Schwab Corporation, Citigroup Inc., Exxon Mobil Corporation, Goldman Sachs Investment Banking Company, Home Depot Inc., HSBC Inc., John Deere Capital Corporation, JP Morgan Chase Company, Morgan Stanley, National Securities Clearing Corporation, Paccar Financial Corporation, PepsiCo Inc., Pfizer Inc., PNC Financial Services, Toyota Motor Credit Corporation, Walmart Inc., and Wells Fargo Company.

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

The maturities of investments held at December 31, 2024 and 2023 were as follows:

Investment Type	2024 Investment Maturities (at fair value)					Total
	1-3 months	4-6 months	7-9 months	10-12 months	13-36 months	
Investment in money market mutual funds						
First American Government Obligation Fund	\$ 191,677	\$ -	\$ -	\$ -	\$ -	\$ 191,677
Securities						
U.S. Treasury	77,809	11,858	4,376	-	9,015	103,058
U.S. government sponsored enterprises	70,223	66,954	8,750	5,974	-	151,901
Commercial paper	39,651	80,428	19,201	-	-	139,280
Corporate bonds	40,382	17,796	12,954	4,022	57,251	132,405
Total investments	<u>\$ 419,742</u>	<u>\$ 177,036</u>	<u>\$ 45,281</u>	<u>\$ 9,996</u>	<u>\$ 66,266</u>	<u>\$ 718,321</u>

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

All securities held by the Airport at December 31, 2024 and 2023 carried ratings in the range of AAA to A- or their equivalents.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

**Fair Value Measurement**

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

The following tables show the fair value and the fair value measurements for the Airport's investments, subject to the provisions of GASB No. 72, at December 31, 2024 and 2023:

<b>2024 Investments Measured at Fair Value</b>						
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Investment in money market mutual funds						
First American Government						
Obligation Fund	\$ 191,677	\$ -	\$ 191,677	\$ -		
Securities						
U.S Treasury	103,058	103,058	-	-		
U.S. government sponsored						
enterprises	151,901	-	151,901	-		
Commercial paper	139,280	-	139,280	-		
Corporate bonds	132,405	-	132,405	-		
Total investments	<u>\$ 718,321</u>	<u>\$ 103,058</u>	<u>\$ 615,263</u>	<u>\$ -</u>		
<b>2023 Investments Measured at Fair Value</b>						
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Investment in money market mutual funds						
First American Government						
Obligation Fund	\$ 88,076	\$ -	\$ 88,076	\$ -		
Securities						
U.S Treasury	88,533	88,533	-	-		
U.S. government sponsored						
enterprises	100,550	-	100,550	-		
Commercial paper	69,330	-	69,330	-		
Corporate bonds	25,609	-	25,609	-		
Total investments	<u>\$ 372,098</u>	<u>\$ 88,533</u>	<u>\$ 283,565</u>	<u>\$ -</u>		

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

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

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

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

**3. Restricted Assets**

The assets of the following account groups at December 31, 2024 and 2023 are subject to restrictions which limit the purposes for which they may be used:

	<b>2024</b>	<b>2023</b>
Operations and Maintenance	\$ 1,545	\$ 1,532
Passenger Facility Charge	93,297	92,833
Police Forfeiture	5,065	4,496
Customer Facility Charge	40,134	32,600
Operations and Maintenance Reserve	36,687	34,732
Bond & Grant Construction Proceeds	260,289	-
Bond Interest and Redemption	4,519	4,457
Bond Reserve	33,429	13,451
Other Third Party Funding	7,883	11,461
Less: restricted interfund receivable balances	<u>(2,737)</u>	<u>(2,621)</u>
	<u><u>\$ 480,111</u></u>	<u><u>\$ 192,941</u></u>

The restricted amounts in the Operations and Maintenance account group represent amounts which, as discussed in Note 1, have been transferred from the PFC account group to satisfy the debt service requirements of the revenue bonds funded by PFCs. As also discussed in Note 1, assets included in the PFC account group are federally restricted for use on specific FAA approved projects. As applicable, assets in the Police Forfeiture account group are restricted by the federal government or the Commonwealth of Kentucky for expenditures allowable under the Equitable Sharing Programs of the U.S. Department of Justice, the U.S. Department of Treasury, and the Commonwealth of Kentucky. CFC assets are restricted for permissible expenditures under the CFC ordinance and debt service on the Series 2019 CFC Revenue Bonds. In accordance with the Airport's bond resolutions, assets in the Operations and Maintenance Reserve may only be used to finance operating expenditures, when sufficient funds are not otherwise available in the Operations and Maintenance account group or from other available funding sources. In accordance with the bond resolutions and bond agreements, the assets in the Bond & Grant Construction Proceeds account group are restricted to pay costs of certain project costs and associated capitalized interest. Also, pursuant to the requirements of the Airport's bond resolutions and Trust Indenture, assets included in the Bond Reserve and the Bond Interest and Redemption account groups are restricted for the payment of bond principal and interest. Assets held in the Other Third-Party Funding account group are restricted for use on expenditures as contractually obligated by the outside parties from which the funding was received.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

**4. Capital Assets**

Capital assets are comprised of the following:

	Balance 12/31/2022	Additions/ transfers	Retirements/ transfers	Balance 12/31/2023	Additions/ transfers	Retirements/ transfers	Balance 12/31/2024
Land (non-depreciable)	\$ 184,344	\$ 237	\$ (1,613)	\$ 182,968	\$ 1,023	\$ (1,135)	\$ 182,856
Runways, taxiways and other land improvements	800,124	71,616	(13,888)	857,852	2,112	(141)	859,823
Buildings and building renovations	525,401	1,199	-	526,600	3,172	(1,938)	527,834
Utility systems	82,080	1,232	-	83,312	1,568	(84)	84,796
Equipment	155,144	3,960	(1,802)	157,302	61,625	(8,176)	210,751
Easements (non-depreciable)	46,619	862	-	47,481	586	-	48,067
Construction-in-progress	30,908	76,937	(78,350)	29,495	102,049	(57,227)	74,317
Subscription assets	<u>2,012</u>	<u>-</u>	<u>-</u>	<u>2,012</u>	<u>420</u>	<u>-</u>	<u>2,432</u>
Total capital assets	<u>1,826,632</u>	<u>156,043</u>	<u>(95,653)</u>	<u>1,887,022</u>	<u>172,555</u>	<u>(68,701)</u>	<u>1,990,876</u>
Less accumulated depreciation							
Runways, taxiways and other land improvements	586,727	22,144	(13,603)	595,268	26,689	(141)	621,816
Buildings and building renovations	181,196	17,731	-	198,927	18,228	(1,305)	215,850
Utility systems	72,963	2,051	-	75,014	1,337	(81)	76,270
Equipment	103,026	5,999	(1,755)	107,270	11,430	(8,139)	110,561
Subscription assets	<u>629</u>	<u>369</u>	<u>-</u>	<u>998</u>	<u>279</u>	<u>-</u>	<u>1,277</u>
Total accumulated depreciation	<u>944,541</u>	<u>48,294</u>	<u>(15,358)</u>	<u>977,477</u>	<u>57,963</u>	<u>(9,666)</u>	<u>1,025,774</u>
Total capital assets, net of accumulated depreciation	<u>\$ 882,091</u>	<u>\$ 107,749</u>	<u>\$ (80,295)</u>	<u>\$ 909,545</u>	<u>\$ 114,592</u>	<u>\$ (59,035)</u>	<u>\$ 965,102</u>
Total non-depreciable capital assets	\$ 230,962	\$ 1,099	\$ (1,613)	\$ 230,448	\$ 1,609	\$ (1,135)	\$ 230,922
Total depreciable capital assets, net of accumulated depreciation	<u>651,129</u>	<u>106,650</u>	<u>(78,682)</u>	<u>679,097</u>	<u>112,983</u>	<u>(57,900)</u>	<u>734,180</u>
Total capital assets, net of accumulated depreciation	<u>\$ 882,091</u>	<u>\$ 107,749</u>	<u>\$ (80,295)</u>	<u>\$ 909,545</u>	<u>\$ 114,592</u>	<u>\$ (59,035)</u>	<u>\$ 965,102</u>

Capital assets purchased are reported at cost. Easements are acquired and attached in perpetuity to the deeds of certain parcels purchased and/or sound insulated in the Airport's land and noise mitigation programs. Accordingly, the costs of obtaining these easements are recorded as land until such time as the easement documents are executed. Thereafter, the costs are transferred and recorded as easements. Those assets acquired through donation or contractual reversion of ownership are reported at the fair value determined at the time of ownership transfer. The costs of construction projects are recorded as construction-in-process until such time as the projects are substantially complete. Upon substantial completion, the costs are transferred to the appropriate fixed asset classification as shown in the above table. Related to construction-in-process and capital assets, the Airport had contract retainage and accounts payable of \$28,005 and \$10,567 at December 31, 2024 and 2023, respectively.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

**Useful Lives**

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

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

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

**5. Lease of Airport Facilities**

*Non-regulated leases*

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

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

During the year ended December 31, 2024 and 2023, the Airport recognized the following related to its lessor agreements:

	<b>2024</b>	<b>2023</b>
Lease revenue	\$ 10,491	\$ 9,799
Interest income related to leases	4,159	4,241
Revenue from payments not previously included in the measurement of the lease receivable	634	157

Future principal and interest payment requirements related to the Airport's lease receivable at December 31, 2024 are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 10,907	\$ 3,867	\$ 14,774
2026	10,694	3,543	14,237
2027	10,687	3,215	13,902
2028	10,662	2,865	13,527
2029	10,254	2,534	12,788
2030 - 2032	20,177	5,671	25,848
2033 - 2037	6,257	7,696	13,953
2038 - 2042	7,212	6,627	13,839
2043 - 2047	8,383	5,345	13,728
2048 - 2052	9,467	3,790	13,257
2053 - 2057	8,069	2,530	10,599
2058 - 2062	7,592	1,437	9,029
2063 - 2067	6,809	499	7,308
2068 - 2069	536	8	544
<b>Total</b>	<b>\$ 127,706</b>	<b>49,627</b>	<b>\$ 177,333</b>

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

*Regulated leases*

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

During the year ended December 31, 2024 and 2023, the Airport recognized the following from regulated leases:

	<b>2024</b>	<b>2023</b>
Lease revenue	\$ 20,020	\$ 20,548
Revenue from variable payments excluded from the schedule of expected future minimum payments	255	111

Future expected minimum payments related to the Airport's regulated leases at December 31, 2024 are as follows:

<b>Year</b>	
2025	\$ 20,017
2026	18,279
2027	18,474
2028	15,523
2029	4,114
2030 - 2032	13,231
2033 - 2037	22,291
2038 - 2042	23,323
2043 - 2047	24,877
2048 - 2052	27,098
2053 - 2057	27,148
2058 - 2062	22,516
2063 - 2067	22,334
2068 - 2069	11,020
Total	<u>\$ 270,245</u>

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

**6. Subscription-based Information Technology Arrangements**

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

Key estimates and judgments related to SBITAs include how the Airport determines the discount rate used to discount the projected SBITA payments to present value, the term of the SBITA, and the SBITA payments. As interest rates charged by SBITA providers were not provided, the Airport elected to utilize its estimated incremental borrowing rates as the SBITA discount rate. The SBITA term includes all noncancellable periods and extensions to arrangements that are solely invocable by the Airport or the SBITA provider and all payments included in the measurement of the subscription liability are comprised of fixed payments. The Airport monitors changes in circumstances that would require its SBITA to be subject to remeasurement and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. As of December 31, 2024, the Airport is not aware of any additional commitments not yet recognized as SBITA.

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

A subscription asset and related accumulated amortization are included in capital assets on the Statement of Net Position. Balances at December 31, 2024 are as follows:

Subscription asset	\$ 2,432
Accumulated amortization	\$ 1,277
Term	12 to 120 months

Future principal and interest payment requirements related to the Board's subscription liability at December 31, 2024 are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 247	\$ 43	\$ 290
2026	251	34	285
2027	225	25	250
2028	239	16	255
2029	130	7	137
2030-2032	63	2	65
	<u>\$ 1,155</u>	<u>\$ 127</u>	<u>\$ 1,282</u>

**7. Long-Term Liabilities**

During 2024 and 2023, the Airport's long-term liabilities and related activity consisted of the following:

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

**Revenue Bonds**

The following revenue bonds were outstanding at December 31, 2024 and 2023. The maturities occur on January 1 of each year.

	<b>2024</b>	<b>2023</b>
Series 2016 Refunding Revenue Bonds, 5.000%, due 2020-2033	\$ 27,740	\$ 30,505
Series 2019 Revenue Bonds, 5.000%, due 2022-2049	\$ 30,505	\$ 31,160
Series 2019 CFC Revenue Bonds, 3.080% to 4.689%, due 2023-2049	\$ 96,695	\$ 98,905
Series 2024A Revenue Bonds, 5.000% to 5.250%, due 2025-2054	\$ 245,340	\$ -
Series 2024B Revenue Bonds, 4.125% to 5.000%, due 2025-2054	\$ 15,040	\$ -
	<hr/>	<hr/>
	\$ 415,320	\$ 160,570

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

The Series 2019 Revenue Bonds, which bear fixed interest rates, are General Airport Revenue Bonds issued at a premium to fund the reconfiguration of the main terminal roadway. The Series 2019 Revenue Bonds were issued under the terms of the Airport's general bond resolution and a resolution specific to the Series 2019 Revenue Bonds that establish new funds and accounts to provide for the deposit and flow of net revenues (operating revenues less operating and maintenance expenses as defined in the resolution) which are pledged for payment of the Series 2019 Revenue Bonds. Among other projects, the approval included authorization to, at the Airport's discretion, use PFC's to fund the majority of the debt service requirements of the Series 2019 Revenue Bonds, with the non-PFC eligible portion of debt service to be paid from general Airport revenues.

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

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

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

The Series 2016 Refunding Bonds, Series 2019 Revenue Bonds, and Series 2024A and Series 2024B Revenue Bonds were issued at premiums of \$9,566, \$5,075, \$18,963, and \$328, respectively. The premiums are being amortized over the lives of the bonds, based on the effective interest method, as a reduction of bond interest expense. The amortization of the bond premiums subsequent to December 31, 2024 is as follows:

**General Airport Revenue Bond Premiums**

	<b>Series 2016 Refunding Revenue Bond Premiums</b>	<b>Series 2019 Revenue Bond Premiums</b>	<b>Series 2024A Revenue Bond Premiums</b>	<b>Series 2024B Revenue Bond Premiums</b>	<b>Total</b>
2025	534	264	921	61	1,780
2026	462	252	960	57	1,731
2027	394	239	1,001	53	1,687
2028	328	226	1,043	49	1,646
2029	263	213	1,012	44	1,532
2030-2039	401	1,588	8,335	135	10,459
2040-2049	-	601	4,750	(81)	5,270
2050-2054	-	-	635	(10)	625
	<b>\$ 2,382</b>	<b>\$ 3,383</b>	<b>\$ 18,657</b>	<b>\$ 308</b>	<b>\$ 24,730</b>

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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(in thousands of dollars)

The required funding of bond principal and interest subsequent to December 31, 2024 is as follows:

**General Airport Revenue Bonds**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b> <b>Debt Service</b>
2025	3,845	16,341	20,186
2026	4,040	16,149	20,189
2027	4,240	15,947	20,187
2028	9,160	15,735	24,895
2029	9,620	15,277	24,897
2030-2039	92,195	126,715	218,910
2040-2049	130,600	73,212	203,812
2050-2054	64,925	8,653	73,578
	<b>\$ 318,625</b>	<b>\$ 288,029</b>	<b>\$ 606,654</b>

**2019 CFC Bonds**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b> <b>Debt Service</b>
2025	4,645	4,206	8,851
2026	2,440	4,124	6,564
2027	2,530	4,036	6,566
2028	2,625	3,942	6,567
2029	2,725	3,842	6,567
2030-2039	34,420	31,230	65,650
2040-2049	47,310	11,768	59,078
2050-2054	-	-	-
	<b>\$ 96,695</b>	<b>\$ 63,148</b>	<b>\$ 159,843</b>

**Total**

	<b>Principal</b>	<b>Interest</b>	<b>Total</b> <b>Debt Service</b>
2025	8,490	20,547	29,037
2026	6,480	20,273	26,753
2027	6,770	19,983	26,753
2028	11,785	19,677	31,462
2029	12,345	19,119	31,464
2030-2039	126,615	157,945	284,560
2040-2049	177,910	84,980	262,890
2050-2054	64,925	8,653	73,578
	<b>\$ 415,320</b>	<b>\$ 351,177</b>	<b>\$ 766,497</b>

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

At December 31, 2024 and 2023, the current and non-current portions of revenue bonds payable as shown above have been combined with the current and non-current portions of the unamortized bond premiums for presentation on the Statement of Net Position. The current amounts of revenue bonds payable, inclusive of unamortized bond premium, at December 31, 2024 and 2023 were \$10,270 and \$8,796, respectively. The non-current portions at December 31, 2024 and 2023 were \$429,780 and \$158,421, respectively.

For the years ended December 31, 2024 and 2023, interest expense on outstanding revenue bonds was \$11,953 and \$7,599 respectively, and the amortization of bond premium was \$1,207 and \$960, respectively. On the Statement of Revenues, Expenses and Changes in Net Position these amounts have been combined and presented as \$10,746 and \$6,639 of revenue bond interest expense, net of premium amortization, at December 31, 2024 and 2023, respectively.

**Other Long-Term Liabilities**

At December 31, 2024, the Airport's other liabilities which have portions due after one year consisted of rental and other deposits, compensated absences, estimated amounts potentially due for incidents not covered by commercial insurance, estimated amounts due under a frequent parking rewards program, subordinate debt obligations for equipment procured under capital leases and the Airport's assigned proportionate shares of net pension and OPEB liabilities from its participation in the pension and OPEB plans discussed in Notes 1, 10 and 11. Amounts related to these liabilities are shown below.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

**Long-Term Liability Activity**

For the years ended December 31, 2024 and 2023, components of the Airport's liabilities which had non-current activity or balances were as follows:

	Balance			Balance			Amounts due	
	12/31/2023	Additions	Reductions	12/31/2024	within one year	after one year		
<b>Accounts payable and accrued expenses</b>								
Deposits	\$ 268	\$ 30	\$ (25)	\$ 273	\$ 52	\$ 221		
Compensated absences	4,949	2,158	(1,806)	5,301	4,295	1,006		
Uninsured losses	515	762	(1,101)	176	176	-		
Parking rewards	1,310	(56)	231	1,485	1,082	403		
Revenue bonds payable	160,570	272,790	(18,040)	415,320	8,490	406,830		
Revenue bond premium	6,647	19,291	(1,208)	24,730	1,780	22,950		
Subordinate debt - equipment lease	2,555	1,798	(1,776)	2,577	941	1,636		
Subscription liability	1,014	629	(488)	1,155	144	1,011		
Net pension liability	99,751	-	(9,041)	90,710	-	90,710		
Net other postemployment benefits liability	601		(531)	70	-	70		
	<b>\$ 278,180</b>	<b>\$ 297,402</b>	<b>\$ (33,785)</b>	<b>\$ 541,797</b>	<b>\$ 16,960</b>	<b>\$ 524,837</b>		

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

**8. Special Facility Revenue Bonds**

Special Facility Revenue Bonds (SFRBs) Series 2001A totaling \$22,500 were issued in July 2001 to finance the construction of a pilot training facility for FlightSafety International, Inc. (FlightSafety). Although taking the legal form of a financing lease between the Board and FlightSafety, the substance of the arrangement is that the SFRBs constitute special and limited obligations and do not constitute a debt, liability or general obligation of the Board or a pledge of Airport revenues. As such, no liability relating to the SFRBs is included in the accompanying financial statements. Information related to the amounts outstanding on the SFRBs is not readily available to management of the Airport. As of December 31, 2024 and 2023, \$4,400 was outstanding on the SFRBs. For additional information regarding the SFRBs, readers should contact FlightSafety.

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

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*(in thousands of dollars)*

#### **9. Major Lessees and Revenue Concentrations**

In 2024, the operating revenues received from DHL, Delta, and American, represented approximately 10.94%, 10.07%, and 7.98%, respectively, of total operating revenues. The comparable amounts for 2023 for DHL, Delta, and Amazon were 10.60%, 11.41%, and 7.41% respectively.

Landing fees received from DHL, Amazon, and Delta in 2024 represented 40.72%, 20.40%, and 11.81%, respectively, of total billed landing fees. The comparable amounts for 2023 for DHL, Amazon, and Delta were 39.86%, 25.61%, and 10.40%, respectively.

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

#### **10. Retirement Plans**

##### **Defined Benefit Pension Plans**

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

##### **General Information about the Pension Plan**

###### *Plan Description*

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

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

---

(in thousands of dollars)

*CERS benefits provided: Non-Hazardous*

	<b>Tier 1 Non-Hazardous Participation Beginning prior to 9/1/2008</b>	<b>Tier 2 Non-Hazardous Participation Beginning 9/1/2008 through 12/31/2013</b>	<b>Tier 3 Non-Hazardous Participation Beginning on or after 01/01/2014</b>
<b>Covered Employees:</b>	All full-time employees	All full-time employees	All full-time employees
<b>Benefit Formula:</b>	Final compensation x Benefit factor x Years of service	Final compensation x Benefit factor x Years of service	Cash balance plan
<b>Final Compensation:</b>	Average of the highest 5 fiscal years (must contain at least 48 months and a minimum of 5 fiscal years)	5 complete fiscal years immediately preceding retirement; Each year must contain 12 months.	No final compensation factor
<b>Benefit Factor:</b>	2.00% - If member began participating after 8/1/2004 and before 9/1/2008. 2.20% - If member began participating prior to 8/1/2004	10 years or less = 1.10%. Greater than 10 years, but no more than 20 years = 1.30%. Greater than 20 years, but no more than 26 years = 1.50%. Greater than 26 years, but no more than 30 years = 1.75%. Additional years above 30 = 2.00% (2.00% benefit factor only applies to service earned in excess of 30 years)	No benefit factor. A life annuity can be calculated in accordance with actuarial assumptions and a method adopted by the KPPA Board based on member's accumulated account balance.
<b>Cost of Living Adjustment (COLA):</b>	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly	No COLA unless authorized by the Kentucky General Assembly
<b>Unreduced Retirement Benefit:</b>	Any age with 27 years of service; Age 65 with 1 month of service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision; Age 65 with 5 years of earned service	Rule of 87: Member must be at least age 57 and age plus earned service must equal 87 years at retirement to retire under this provision; Age 65 with 5 years of earned service
<b>Reduced Retirement Benefit:</b>	Any age with 25 years of service; Age 55 with 5 years of service	Age 60 with 10 years of service. Excludes purchased service (exception: refunds, omitted, free military).	No reduced retirement benefit

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

---

(in thousands of dollars)

#### *CERS benefits provided: Hazardous*

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

#### *Contributions*

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

(in thousands of dollars)

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

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2024 and June 30, 2023.

The contribution rates in effect and contributions remitted relating to the CERS for the fiscal year ended December 31, 2024 were as follows:

	<b>Contributions to CERS</b>	
	<b>Non Hazardous</b>	<b>Hazardous</b>
Employee contribution rates:		
Tier 1 : Participation prior to 9/1/2008	5.00%	8.00%
Tier 2 : Participation 9/1/2008 through 12/31/2013	5.00%	8.00%
Tier 3 : Participation after 1/1/2014	5.00%	8.00%
Airport contribution rates:		
July 1, 2024 - December 31, 2024	19.71%	36.49%
July 1, 2023 - June 30, 2024	23.34%	41.11%
July 1, 2022 - June 30, 2023	23.40%	42.81%
July 1, 2021 - June 30, 2022	22.78%	35.60%
Employee contributions:		
2024	\$ 1,717	\$ 908
2023	\$ 1,641	\$ 866
2022	\$ 1,407	\$ 776
Airport contributions:		
2024	\$ 6,437	\$ 4,518
2023	\$ 6,737	\$ 4,547
2022	\$ 5,751	\$ 3,838
Amount of payroll on which employee and employer contributions were based:		
2024	\$ 29,980	\$ 11,651
2023	\$ 28,828	\$ 10,837
2022	\$ 24,868	\$ 9,733
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2024, 2023 and 2022	100%	100%

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

At December 31, 2024 and December 31, 2023, the Airport reported a liability of \$90,710 and \$99,751, respectively, for its assigned proportionate share of the CERS net pension liability. The net pension liability was measured as of June 30, 2024 and June 30, 2023; and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of those dates. The Airport's proportion of the net pension liability was based on a projection of the Airport's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities actuarially determined. At June 30, 2024, and June 30, 2023, the Airport's proportionate shares of the CERS non-hazardous plan were 0.924568% and 0.961754%, respectively. At June 30, 2024 and June 30, 2023, the Airport's proportionate shares of the CERS hazardous plan were 1.377020% and 1.410988%, respectively.

Based on its proportionate shares of pension expense as assigned by the CERS, for the Airport's fiscal years ended December 31, 2024 and December 31, 2023, the Airport recognized pension expense of \$8,507 and \$10,125, respectively. The 2024 and 2023 amounts include \$10,955 and \$11,284, respectively, of contributions made to the plan.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

At December 31, 2024 and 2023, the balances of deferred inflows and outflows reflected the following activity:

<b>Non-Hazardous</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net</b>
Deferred Outflows and Inflows at December 31, 2022	\$ 11,068	\$ (8,129)	\$ 2,939
Prior year contributions subsequent to			
measurement date	(3,135)	-	(3,135)
Difference between expected and actual experience	3,134	341	3,475
Changes in assumptions	-	(5,656)	(5,656)
Net differences between projected and actual			
earnings on pension plan investments	(1,099)	(1,206)	(2,305)
Changes in proportion and differences between			
contributions and proportionate share of contributions	7,719	844	8,563
Contributions subsequent to measurement date	3,411	-	3,411
Deferred Outflows and Inflows at December 31, 2023	<u>\$ 21,098</u>	<u>\$ (13,806)</u>	<u>\$ 7,292</u>
Prior year contributions subsequent to			
measurement date	\$ (3,411)	\$ -	\$ (3,411)
Difference between expected and actual experience	(519)	168	(351)
Changes in assumptions	-	3,158	3,158
Net differences between projected and actual			
earnings on pension plan investments	(2,869)	156	(2,713)
Changes in proportion and differences between			
contributions and proportionate share of contributions	(4,231)	(1,270)	(5,501)
Contributions subsequent to measurement date	3,042	-	3,042
Deferred Outflows and Inflows at December 31, 2024	<u>\$ 13,110</u>	<u>\$ (11,594)</u>	<u>\$ 1,516</u>
<b>Hazardous</b>			
Deferred Outflows and Inflows at December 31, 2022	\$ 7,567	\$ (6,249)	\$ 1,318
Prior year contributions subsequent to			
measurement date	(2,113)	-	(2,113)
Difference between expected and actual experience	624	-	624
Changes in assumptions	-	(2,971)	(2,971)
Net differences between projected and actual			
earnings on pension plan investments	(949)	(330)	(1,279)
Changes in proportion and differences between			
contributions and proportionate share of contributions	2,935	1,177	4,112
Contributions subsequent to measurement date	2,233	-	2,233
Deferred Outflows and Inflows at December 31, 2023	<u>\$ 10,297</u>	<u>\$ (8,373)</u>	<u>\$ 1,924</u>
Prior year contributions subsequent to			
measurement date	\$ (2,233)	\$ -	\$ (2,233)
Difference between expected and actual experience	562	-	562
Changes in assumptions	-	972	972
Net differences between projected and actual			
earnings on pension plan investments	(1,429)	(80)	(1,509)
Changes in proportion and differences between			
contributions and proportionate share of contributions	(911)	155	(756)
Contributions subsequent to measurement date	2,147	-	2,147
Deferred Outflows and Inflows at December 31, 2024	<u>\$ 8,433</u>	<u>\$ (7,326)</u>	<u>\$ 1,107</u>

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

At December 31, 2024 and 2023, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

**Non-Hazardous**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 3,194	\$ 168
Changes in assumptions	-	5,655
Net differences between projected and actual earnings on pension plan investments	6,666	7,508
Changes in proportion and differences between contributions and proportionate share of contributions	7,827	475
Contributions subsequent to measurement date	3,411	-
<b>Total at December 31, 2023</b>	<b>\$ 21,098</b>	<b>\$ 13,806</b>

Difference between expected and actual experience	\$ 2,674	\$ -
Changes in assumptions	-	2,497
Net differences between projected and actual earnings on pension plan investments	3,798	7,352
Changes in proportion and differences between contributions and proportionate share of contributions	3,596	1,745
Contributions subsequent to measurement date	3,042	-
<b>Total at December 31, 2024</b>	<b>\$ 13,110</b>	<b>\$ 11,594</b>

**Hazardous**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,740	\$ -
Changes in assumptions	-	2,972
Net differences between projected and actual earnings on pension plan investments	3,388	3,769
Changes in proportion and differences between contributions and proportionate share of contributions	2,936	1,632
Contributions subsequent to measurement date	2,233	-
<b>Total at December 31, 2023</b>	<b>\$ 10,297</b>	<b>\$ 8,373</b>

Difference between expected and actual experience	\$ 2,302	\$ -
Changes in assumptions	-	2,000
Net differences between projected and actual earnings on pension plan investments	1,959	3,849
Changes in proportion and differences between contributions and proportionate share of contributions	2,025	1,477
Contributions subsequent to measurement date	2,147	-
<b>Total at December 31, 2024</b>	<b>\$ 8,433</b>	<b>\$ 7,326</b>

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

The \$5,189 reported as a deferred outflow of resources related to the Airport's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources as of December 31, 2024, will be recognized in pension expense as follows:

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

<u>December 31</u>		
2025	\$	(533)
2026		1,045
2027		(1,873)
2028		(1,206)
<b>Total</b>	<b>\$</b>	<b>(2,567)</b>

*Actuarial Assumptions*

The total pension liability, net pension liability, and sensitivity information as of June 30, 2024 were based on actuarial valuation date of June 30, 2023. The total pension liability was rolled-forward from the valuation date of June 30, 2023 to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles. The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

(in thousands of dollars)

Item	CERS Non-Hazardous and Hazardous
Actuarial Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%, varies by service
Investment Rate of Return	6.50%
Mortality:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 morality improvement scale using base year of 2019

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

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

---

(in thousands of dollars)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Equity</b>		
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
<b>Fixed Income</b>		
Core Fixed Income	10.00%	2.85%
Specialty credit	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation Protected</b>		
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>4.69%</b>
<b>Long-Term Inflation Assumption</b>		
		<b>2.50%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>7.19%</b>

*Discount rate:* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that local employers would contribute the actuarially determined contribution rate of projected compensation over the remaining closed 27-year amortization period of the unfunded actuarial accrued liability. The actuarial determined contribution rate is adjusted to reflect the phase in of anticipated gains on actuarial value of assets over the first four years of the projection period. The discount rate determination does not use a municipal bond rate.

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

Asset Class	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Airport's proportionate share of the net pension liability - non hazardous	\$ 71,282	\$ 55,293	\$ 42,027
Airport's proportionate share of the net pension liability - hazardous	45,596	35,417	27,107
<b>Total</b>	<b>\$ 116,878</b>	<b>\$ 90,710</b>	<b>\$ 69,134</b>

#### Pension Plan Fiduciary Net Position

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Financial Statements**

### **December 31, 2024 and 2023**

---

*(in thousands of dollars)*

#### **Deferred Compensation Plans**

The Airport's employees are also eligible to participate in two deferred compensation plans which are authorized under KRS Sections 18A.230 – 18A.275 and administered by the Kentucky Public Employees' Deferred Compensation Authority. These plans are organized as a Section 457 plan and as a Section 401(k) plan under the Internal Revenue Code. Both plans permit employees to defer a portion of their compensation until future years. Deferred compensation is not available to employees until termination, retirement, or death, or in certain circumstances of financial hardship. There were no employer contributions to the 457 or 401(k) plans for the years ended December 31, 2024, and 2023. Employee contributions in total were approximately \$1,671 and \$1,616, respectively, for the years ended December 31, 2024, and 2023.

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

## **11. Other Postemployment Benefits**

### **General Information about the OPEB Plan**

#### *Plan Description*

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

#### *Benefits Provided*

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

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

---

(in thousands of dollars)

#### *Insurance Fund benefits provided: Non-Hazardous*

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

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

---

(in thousands of dollars)

#### *Insurance Fund benefits provided: Hazardous*

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

*Contributions*

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

Employee insurance contributions are governed by KRS Section 61.702, deducted from active employees' salaries, and remitted to the CERS by the Airport along with the employer's portion of the contribution.

The Airport has met 100% of its contribution funding requirements for the plan fiscal years ended June 30, 2024 and June 30, 2023. GASB Statement No. 75 requires participating employers to include an adjustment related to an implicit subsidy, which is calculated as the difference between the underlying retiree claims costs and the overall health care premiums paid on behalf of retirees.

This adjustment is needed for the purpose of the deferred outflows related to contributions made after the measurement date. The Airport's OPEB contributions amount, outlined in the schedule below, does not include the implicit subsidy reported in the amount of \$206 and \$208 for the years ended December 31, 2024 and 2023, respectively.

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

The contribution rates in effect and contributions remitted relating to the Insurance Fund for the fiscal year ended December 31, 2024 were as follows:

		<b>Contributions to the Insurance Fund</b>	
		<b>Non Hazardous</b>	<b>Hazardous</b>
Employee contribution rates:			
	Tier 1 : Participation prior to 7/1/2003	0%	0%
	Tier 2 : Participation 7/1/2003 through 8/31/2008	1.00%	1.00%
	Tier 3 : Participation on or after 9/1/2008	1.00%	1.00%
Airport contribution rates:			
	July 1, 2024 - December 31, 2024	0.00%	2.12%
	July 1, 2023 - June 30, 2024	0.00%	2.58%
	July 1, 2022 - June 30, 2023	3.39%	6.78%
	July 1, 2021 - June 30, 2022	4.17%	8.73%
Employee contributions:			
	2024	\$ 224	\$ 64
	2023	\$ 208	\$ 58
	2022	\$ 170	\$ 49
Airport contributions:			
	2024	\$ -	\$ 274
	2023	\$ 481	\$ 507
	2022	\$ 929	\$ 749
Amount of payroll on which employee and employer contributions were based:			
	2024	\$ 29,980	\$ 11,651
	2023	\$ 28,828	\$ 10,837
	2022	\$ 24,868	\$ 9,733
Contributions made by Airport and employees as a percentage of contributions required of Airport and employees 2024, 2023, and 2022			
		100%	100%

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At December 31, 2024 and December 31, 2023, the Airport reported liabilities of \$70 and \$601, respectively, for its assigned proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024 and June 30, 2023; and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuations as of those dates. The Airport's proportion of the net OPEB liability was based on a projection of the Airport's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities. At June 30, 2024, and June 30, 2023, the Airport's proportionate shares of the CERS non-hazardous plan were 0.925472% and 0.961717%, respectively. At June 30, 2024, and June 30, 2023, the Airport's proportionate shares of the CERS hazardous plan were 1.377370% and 1.410061%, respectively.

Based on its proportionate shares of OPEB expense as assigned by the Insurance Fund, for the Airport's fiscal years ended December 31, 2024 and December 31, 2023, the Airport recognized OPEB expense of (\$5,107) and (\$2,741), respectively. The 2024 and 2023 amounts include \$274 and \$988, respectively, of contributions made to the plan.

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

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(in thousands of dollars)

At December 31, 2024 and 2023, the balances of deferred inflows and outflows reflected the following activity:

#### Non-Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2022	\$ 8,254	\$ (8,522)	\$ (268)
Prior year contributions subsequent to measurement date	(578)	-	(578)
Prior year implicit subsidies subsequent to measurement date	(281)	-	(281)
Difference between expected and actual experience	(642)	(15,282)	(15,924)
Changes in assumptions	149	209	358
Net differences between projected and actual earnings on pension plan investments	(416)	(525)	(941)
Changes in proportion and differences between contributions and proportionate share of contributions	2,539	191	2,730
Implicit subsidies subsequent to measurement date	-	-	-
Contributions subsequent to measurement date	238	-	238
Deferred Outflows and Inflows at December 31, 2023	<u>\$ 9,263</u>	<u>\$ (23,929)</u>	<u>\$ (14,666)</u>
Prior year contributions subsequent to measurement date	\$ -	\$ -	\$ -
Prior year implicit subsidies subsequent to measurement date	(238)	-	(238)
Difference between expected and actual experience	(37)	6,258	6,221
Changes in assumptions	(1,162)	691	(471)
Net differences between projected and actual earnings on pension plan investments	(1,078)	(75)	(1,153)
Changes in proportion and differences between contributions and proportionate share of contributions	(914)	(360)	(1,274)
Implicit subsidies subsequent to measurement date	-	-	-
Contributions subsequent to measurement date	217	-	217
Deferred Outflows and Inflows at December 31, 2024	<u>\$ 6,051</u>	<u>\$ (17,415)</u>	<u>\$ (11,364)</u>

#### Hazardous

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Deferred Outflows and Inflows at December 31, 2022	\$ 4,827	\$ (5,528)	\$ (701)
Prior year contributions subsequent to measurement date	(451)	-	(451)
Prior year implicit subsidies subsequent to measurement date	(59)	-	(59)
Difference between expected and actual experience	(65)	(7,311)	(7,376)
Changes in assumptions	(494)	(145)	(639)
Net differences between projected and actual earnings on pension plan investments	(512)	(150)	(662)
Changes in proportion and differences between contributions and proportionate share of contributions	937	310	1,247
Implicit subsidies subsequent to measurement date	(30)	-	(30)
Contributions subsequent to measurement date	140	-	140
Deferred Outflows and Inflows at December 31, 2023	<u>\$ 4,293</u>	<u>\$ (12,824)</u>	<u>\$ (8,531)</u>
Prior year contributions subsequent to measurement date	\$ (140)	\$ -	\$ (140)
Prior year implicit subsidies subsequent to measurement date	30	-	30
Difference between expected and actual experience	278	1,839	2,117
Changes in assumptions	(184)	541	357
Net differences between projected and actual earnings on pension plan investments	(761)	(23)	(784)
Changes in proportion and differences between contributions and proportionate share of contributions	(194)	46	(148)
Implicit subsidies subsequent to measurement date	(11)	-	(11)
Contributions subsequent to measurement date	125	-	125
Deferred Outflows and Inflows at December 31, 2024	<u>\$ 3,436</u>	<u>\$ (10,421)</u>	<u>\$ (6,985)</u>

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

At December 31, 2024 and 2023, the Airport reported deferred inflows of resources and deferred outflows of resources from the following sources:

**Non-Hazardous**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 925	\$ 18,854
Changes in assumptions	2,613	1,822
Net differences between projected and actual earnings on pension plan investments	2,485	2,794
Changes in proportion and differences between contributions and proportionate share of contributions	3,002	459
Implicit subsidies subsequent to measurement date	-	-
Contributions subsequent to measurement date	238	-
<b>Total at December 31, 2023</b>	<b>\$ 9,263</b>	<b>\$ 23,929</b>

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 888	\$ 12,596
Changes in assumptions	1,451	1,131
Net differences between projected and actual earnings on pension plan investments	1,407	2,869
Changes in proportion and differences between contributions and proportionate share of contributions	2,088	819
Implicit subsidies subsequent to measurement date	-	-
Contributions subsequent to measurement date	217	-
<b>Total at December 31, 2024</b>	<b>\$ 6,051</b>	<b>\$ 17,415</b>

**Hazardous**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 174	\$ 7,954
Changes in assumptions	1,317	2,011
Net differences between projected and actual earnings on pension plan investments	1,756	2,021
Changes in proportion and differences between contributions and proportionate share of contributions	936	838
Implicit subsidies subsequent to measurement date	(30)	-
Contributions subsequent to measurement date	140	-
<b>Total at December 31, 2023</b>	<b>\$ 4,293</b>	<b>\$ 12,824</b>

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 452	\$ 6,115
Changes in assumptions	1,133	1,470
Net differences between projected and actual earnings on pension plan investments	995	2,044
Changes in proportion and differences between contributions and proportionate share of contributions	742	792
Implicit subsidies subsequent to measurement date	(11)	-
Contributions subsequent to measurement date	125	-
<b>Total at December 31, 2024</b>	<b>\$ 3,436</b>	<b>\$ 10,421</b>

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

---

*(in thousands of dollars)*

The \$125 reported as a deferred outflow of resources related to OPEB resulting from contributions subsequent to the measurement date and the \$206 reported as a deferred outflow of resources resulting from the calculation of the implicit subsidy will be recognized as reductions of the net OPEB liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Following the Reporting Date

June 30		
2025	\$	(6,921)
2026		(5,119)
2027		(5,162)
2028		(1,543)
2029		68
Total	<hr/>	<hr/>
	\$	(18,677)

*Actuarial Assumptions*

The total OPEB liability, net OPEB liability, and sensitivity information as of June 30, 2024, were based on an actuarial valuation date of June 30, 2023. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year ending June 30, 2024, using generally accepted actuarial principles, in order to reflect future economic expectations. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

<b>Item</b>	<b>CERS Non-Hazardous and Hazardous</b>
Actuarial Valuation Date:	June 30, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains or losses incurring after 2019 are amortized over separate closed 20-year amortization bases
Inflation:	2.30%
Payroll Growth Rate:	2.00%
Salary Increases	Non-Hazardous 3.30% to 10.30% Hazardous 3.55% to 19.05%
Investment Rate of Return	6.25%
Mortality:	Kentucky Public Pensions Authority-specific mortality table based on mortality experience from 2013-2018 projected with the ultimate rates from the MP-2014 mortality improvement scale using base year of 2019
Healthcare Trend Rates (Pre-65)	Initial trend starting at 6.20% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years
Healthcare Trend Rates (post-65)	Initial trend starting at 9.00% at January 1, 2024, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 12 years

The long-term expected rate of return was determined by using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each asset class. The ranges are combined by weighting the expected future real rate of return by the target asset allocation percentage. The current long-term inflation assumption is 2.50% per annum for both the non-hazardous and hazardous plan.

# Cincinnati/Northern Kentucky International Airport

## Notes to Financial Statements

### December 31, 2024 and 2023

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(in thousands of dollars)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<b>Equity</b>		
Public equity	50.00%	4.15%
Private equity	10.00%	9.10%
<b>Fixed Income</b>		
Core Fixed Income	10.00%	2.85%
Specialty credit	10.00%	3.82%
Cash	0.00%	1.70%
<b>Inflation Protected</b>		
Real estate	7.00%	4.90%
Real return	13.00%	5.35%
<b>Expected Real Return</b>	<b>100.00%</b>	<b>4.69%</b>
<b>Long-Term Inflation Assumption</b>		<b>2.50%</b>
<b>Expected Nominal Return for Portfolio</b>		<b>7.19%</b>

*Discount rate:* Single discount rates of 5.99% for the non-hazardous system and 6.02% for the hazardous system were used to measure the total OPEB liability as of June 30, 2024. The single discount rates are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.97%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2024. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the System's actuarial determined contributions, with the understanding that any cost associated with the implicit subsidy will not be paid out of the System's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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(in thousands of dollars)

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

Asset Class	1% Decrease 4.99%	Current Discount Rate 5.99%	1% Increase 6.99%
Airport's net OPEB liability - non-hazardous	\$ 2,165	\$ (1,601)	\$ (4,767)
	<b>5.02%</b>	<b>6.02%</b>	<b>7.02%</b>
Airport's net OPEB liability - hazardous	\$ 4,617	\$ 1,671	\$ (792)

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

Asset Class	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Airport's net OPEB liability - non-hazardous	\$ (3,852)	\$ (1,601)	\$ 1,021
Airport's net OPEB liability - hazardous	\$ (259)	\$ 1,671	\$ 3,926

*OPEB Plan Fiduciary Net Position*

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

**12. Self-funded Group Health Coverage**

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

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

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

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

	Claims Liability
Liability at December 31, 2022	\$ 526
Claims and changes in estimates for 2023	5,683
Claims paid in 2023	(5,722)
Changes in receivables related to claims	(51)
Liability at December 31, 2023	<u>\$ 436</u>
Claims and changes in estimates for 2024	7,062
Claims paid in 2024	(6,638)
Changes in receivables related to claims	(73)
Liability at December 31, 2024	<u>\$ 787</u>
	Reserve
Reserves at December 31, 2022	\$ 4,503
Contributions from Operations and Maintenance	7,316
Investment income	307
Claims, premiums and fees incurred	(7,623)
Reserves at December 31, 2023	<u>\$ 4,503</u>
Contributions from Operations and Maintenance	8,036
Investment income	320
Claims, premiums and fees incurred	(8,356)
Reserves at December 31, 2024	<u>\$ 4,503</u>

The Airport purchases both aggregate and specific stop loss coverage for the health insurance coverage. The specific stop loss insurance assumes the risk for claims on any individual covered by the plan. During 2024 and 2023, the individual stop loss coverage to which the Airport's claims liability was limited was \$150. The aggregate insurance during 2024 and 2023 provided full coverage for aggregate claims in excess of 125% of expected claims amounts actuarially calculated by a third

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Financial Statements**  
**December 31, 2024 and 2023**

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*(in thousands of dollars)*

party. These amounts, given enrollment levels, limited total medical coverage risk financing by the Airport during 2024 and 2023 to approximately \$6,263 and \$6,147 each year, respectively.

**13. Risk Management**

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

**14. Commitments and Contingencies**

At December 31, 2024, the Airport is committed through contracts to the eventual expenditure of approximately \$188,942, which consists primarily of construction of, Baggage Handling System, Snow Removal Equipment, Terminal Modernization Program and Runway 18/36C construction. Of the total estimated costs, approximately \$169,925 will be funded by federal grants, state grants, PFCs, Bonds and/or tenant funds, with the remainder to be funded by available capital funds.

*Environmental Mitigation and Remediation*

In 2017, the Airport discovered fuel leakage in the soil around the Aircraft Rescue and Fire Fighting (ARFF) training facility located on the Airport. The Airport reported this circumstance to its pollution legal liability insurer and contracted with an environmental investigation firm to determine the extent of the contamination and develop and recommend an action plan. The Airport's Corrective Action Plan (CAP) was approved by the Commonwealth of Kentucky Energy and Environmental Cabinet's Department for Environmental Protection Division of Waste Management in December 2019.

On August 5, 2022, the Airport entered into a Development Ground Lease Agreement (Ground Lease) with a third party (Developer) for a proposed hangar development on the site. The Ground Lease provides for the treatment, removal, and/or disposal of contaminated soils impacted by the hangar development. Pursuant to the terms of the Ground Lease, the Airport has agreed to reimburse the Developer for eligible remediation in a form of credits against future charges when incurred, thereby limiting the Airport's future financial impact. In 2023 the Airport recorded the settlement proceeds of \$450 as a liability payable to the Developer in case of such reimbursement. In 2024, the Developer determined \$343 of remediation costs qualified for reimbursement in the form of lease credits. The remaining \$107 of the \$450 settlement was recognized as miscellaneous revenue.

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - Pension

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(in thousands of dollars)

Schedule of the Proportionate Share of the Net Pension Liability of the  
Kentucky Public Pensions Authority's County Employees Retirement System Non-Hazardous  
Last 10 years  
Reporting Year End December 31, 2024  
(Measurement Date) June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan's total pension liability	\$ 15,576,667	\$ 15,089,106	\$ 15,192,599	\$ 14,941,437	\$ 14,697,244	\$ 14,192,966	\$ 13,109,268	\$ 12,540,545	\$ 11,065,014	\$ 10,740,325
Plan's fiduciary net position	9,596,244	8,672,597	7,963,586	8,565,652	7,027,327	7,159,921	7,018,963	6,687,237	6,141,393	6,440,800
Plan's net pension liability	\$ 5,980,423	\$ 6,416,509	\$ 7,229,013	\$ 6,375,785	\$ 7,669,917	\$ 7,033,045	\$ 6,090,305	\$ 5,853,308	\$ 4,923,621	\$ 4,299,525
Plan's fiduciary net position as a percentage of the total pension liability	61.61%	57.48%	52.42%	57.33%	47.81%	50.45%	53.54%	53.32%	55.50%	59.97%
Airport's proportionate share of the net pension liability	\$ 55,293	\$ 61,711	\$ 57,069	\$ 51,798	\$ 63,652	\$ 55,838	\$ 47,170	\$ 42,826	\$ 34,653	\$ 29,529
Airport's proportion of the net pension liability	0.9255%	0.9618%	0.7894%	0.8124%	0.8299%	0.7939%	0.7745%	0.7317%	0.7038%	0.6868%
Airport's covered payroll	\$ 29,176	\$ 28,087	\$ 21,945	\$ 21,024	\$ 21,503	\$ 20,297	\$ 19,375	\$ 17,881	\$ 16,775	\$ 16,080
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	189.52%	219.71%	260.05%	246.38%	296.01%	275.10%	243.46%	239.51%	206.58%	183.64%

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - Pension

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(in thousands of dollars)

Schedule of the Proportionate Share of the Net Pension Liability of the  
Kentucky Public Pensions Authority's County Employees Retirement System Hazardous  
Last 10 years  
Reporting Year End December 31, 2024  
(Measurement Date) June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Plan's total pension liability	\$ 5,988,903	\$ 5,731,148	\$ 5,769,691	\$ 5,576,567	\$ 5,394,732	\$ 5,176,003	\$ 4,766,794	\$ 4,455,275	\$ 3,726,114	\$ 3,613,308
Plan's fiduciary net position	3,416,897	3,035,192	2,718,234	2,914,408	2,379,704	2,413,708	2,348,337	2,217,996	2,010,176	2,078,202
Plan's net pension liability	\$ 2,572,006	\$ 2,695,956	\$ 3,051,457	\$ 2,662,159	\$ 3,015,028	\$ 2,762,295	\$ 2,418,457	\$ 2,237,279	\$ 1,715,938	\$ 1,535,106
Plan's fiduciary net position as a percentage of the total pension liability	57.05%	52.96%	47.11%	52.26%	44.11%	46.63%	49.26%	49.78%	53.95%	57.52%
Airport's proportionate share of the net pension liability	\$ 35,417	\$ 38,040	\$ 38,882	\$ 35,245	\$ 42,962	\$ 40,820	\$ 36,284	\$ 32,277	\$ 23,642	\$ 21,281
Airport's proportion of the net pension liability	1.3770%	1.4110%	1.2742%	1.3239%	1.4249%	1.4778%	1.5003%	1.4427%	1.3778%	1.3863%
Airport's covered payroll	\$ 11,200	\$ 10,575	\$ 8,878	\$ 8,485	\$ 8,755	\$ 8,781	\$ 8,548	\$ 7,945	\$ 7,164	\$ 7,064
Airport's proportionate share of the net pension liability as a percentage of its covered payroll	316.22%	359.72%	437.96%	415.38%	490.71%	464.87%	424.47%	406.26%	330.01%	301.26%

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - Pension

(in thousands of dollars)

Schedule of the Employer Pension Contributions of the  
Kentucky Public Pensions Authority's County Employees Retirement System Non-Hazardous  
Last 10 years  
Reporting Year End December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions for pension	\$ 6,437	\$ 6,737	\$ 5,751	\$ 4,342	\$ 4,182	\$ 3,734	\$ 3,019	\$ 2,591	\$ 2,263	\$ 2,140
Airport's contributions in relation to the statutorily required contributions	(6,437)	(6,737)	(5,751)	(4,342)	(4,182)	(3,734)	(3,019)	(2,591)	(2,263)	(2,140)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	\$ 29,980	\$ 28,828	\$ 24,868	\$ 21,433	\$ 21,669	\$ 20,990	\$ 19,687	\$ 18,215	\$ 17,101	\$ 17,014
Contributions as a percentage of the Airport's covered payroll	21.47%	23.37%	23.13%	20.26%	19.30%	17.79%	15.33%	14.22%	13.23%	12.58%

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - Pension

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(in thousands of dollars)

Schedule of the Employer Pension Contributions of the  
Kentucky Public Pensions Authority's County Employees Retirement System Hazardous  
Last 10 years  
Reporting Year End December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions for pension	\$ 4,518	\$ 4,547	\$ 3,838	\$ 2,780	\$ 2,598	\$ 2,408	\$ 2,023	\$ 1,770	\$ 1,546	\$ 1,518
Airport's contributions in relation to the statutorily required contributions	(4,518)	(4,547)	(3,838)	(2,780)	(2,598)	(2,408)	(2,023)	(1,770)	(1,546)	(1,518)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of statutorily required contributions for pension	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	\$ 11,651	\$ 10,837	\$ 9,733	\$ 8,703	\$ 8,643	\$ 8,804	\$ 8,609	\$ 8,056	\$ 7,346	\$ 7,409
Contributions as a percentage of the Airport's covered payroll	38.78%	41.96%	39.43%	31.94%	30.06%	27.35%	23.50%	21.97%	21.05%	20.49%

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Required Supplementary Information - Pension**

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*(in thousands of dollars)*

### **1. Defined Benefit Pension Plans**

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

#### **Changes of benefit terms**

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

2014

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

#### **Changes of assumptions**

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

2015

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

2017

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

2019

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

- Salary increase assumptions applicable to individual members including an increase to some of the step-rate and promotional component of the salary increase assumption for shorter service employees

# Cincinnati/Northern Kentucky International Airport

## Notes to Required Supplementary Information - Pension

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(in thousands of dollars)

as well as a recommended increase to the salary increase assumption for the County Employees Retirement System (CERS) hazardous for those members with more than 10 years of service.

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

### 2023

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

### 2024

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

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2023 Actuarial Experience Study for the Period Ending June 30, 2023* is as follows:

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

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - OPEB

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(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the  
Kentucky Public Pensions Authority's County Employees System Non-Hazardous Portion of the Insurance Fund  
Last 10 years \*  
Reporting Year End December 31, 2024  
(Measurement Date) June 30, 204

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

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

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - OPEB

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(in thousands of dollars)

Schedule of the Proportionate Share of the Net OPEB Liability of the  
Kentucky Public Pensions Authority's County Employees System Hazardous Portion of the Insurance Fund  
Last 10 years \*  
Reporting Year End December 31, 2024  
(Measurement Date) June 30, 204

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

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

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - OPEB

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(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the  
Kentucky Public Pensions Authority's Insurance Fund Non-Hazardous  
Last 10 years  
Reporting Year End December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions for OPEB	\$ -	\$ 481	\$ 929	\$ 1,132	\$ 1,031	\$ 1,053	\$ 980	\$ 859	\$ 802	\$ 813
Airport's contributions in relation to the statutorily required contributions	-	(481)	(929)	(1,132)	(1,031)	(1,053)	(980)	(859)	(802)	(813)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of statutorily required contributions for OPEB	0.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	\$ 29,980	\$ 28,828	\$ 24,868	\$ 21,433	\$ 21,669	\$ 20,990	\$ 19,687	\$ 18,215	\$ 17,101	\$ 17,014
Contributions as a percentage of the Airport's covered payroll	0.00%	1.67%	3.74%	5.28%	4.76%	5.02%	4.98%	4.72%	4.69%	4.78%

# Cincinnati/Northern Kentucky International Airport Required Supplementary Information - OPEB

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(in thousands of dollars)

Schedule of the Employer OPEB Contributions of the  
Kentucky Public Pensions Authority's Insurance Fund Hazardous  
Last 10 years  
Reporting Year End December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions for OPEB	\$ 274	\$ 507	\$ 749	\$ 869	\$ 823	\$ 883	\$ 852	\$ 755	\$ 798	\$ 972
Airport's contributions in relation to the statutorily required contributions	(274)	(507)	(749)	(869)	(823)	(883)	(852)	(755)	(798)	(972)
Annual contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of statutorily required contributions for OPEB	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Airport's covered payroll	\$ 11,651	\$ 10,837	\$ 9,733	\$ 8,703	\$ 8,643	\$ 8,804	\$ 8,609	\$ 8,056	\$ 7,346	\$ 7,409
Contributions as a percentage of the Airport's covered payroll	2.35%	4.68%	7.70%	9.99%	9.52%	10.03%	9.90%	9.37%	10.86%	13.12%

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Required Supplementary Information - OPEB**

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*(in thousands of dollars)*

### **1. Other Post Employment Benefit Plans**

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

#### **Changes of assumptions**

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

**2019**

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

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

**2020**

The discount rate used to calculate the total OPEB liability decreased from 5.68% to 5.34% for the Non-Hazardous fund and from 5.69% to 5.30% for the hazardous fund (see information regarding the calculation of the single discount rate in the discussion section of this report). The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2019 valuation process and was updated to better reflect more current expectations relating to anticipated future increases in the medical costs. Also, the June 30, 2020 GASB No. 75 actuarial information reflects the anticipated savings from the repeal of the “Cadillac Tax” and “Health Insurer Fee”, which occurred in December of 2019. The assumed load on pre-Medicare premiums to reflect the cost of the Cadillac Tax was removed and the Medicare premiums were reduced by 11% to reflect the repeal of the Health Insurer Fee. Senate Bill 249 passed during the 2020 legislative session and changed the funding period for the amortization of the unfunded liability to 30 years as of June 30, 2019. Gains and losses incurring in future years will be amortized over separate 20-year amortization bases. This change does not impact the calculation of the Total OPEB Liability and only impacts the calculation of the contribution rates that would be payable starting July 1, 2020.

# Cincinnati/Northern Kentucky International Airport

## Notes to Required Supplementary Information - OPEB

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(in thousands of dollars)

2021

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

2023

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

2024

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

A summary of the changes to economic and demographic assumptions and other methods recommended in *Kentucky Retirement Systems 2023 Actuarial Experience Study for the Period Ending June 30, 2023* is as follows:

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

# Cincinnati/Northern Kentucky International Airport

## Combining Schedule of Statement of Net Position

### December 31, 2024

(in thousands of dollars)

	Unrestricted Account Groups						
	Total	Eliminations	Operations & Maintenance	Designated for Capital Projects	Designated for Group Health Coverage		
					Repair & Replacement Reserve	General Purposes	
<b>Assets</b>							
Current assets							
Unrestricted							
Cash	\$ 1,779	\$ -	\$ 1,758	\$ -	\$ 21	\$ -	\$ -
Investments (at fair value)	243,244	-	78,559	36,061	6,121	10,085	112,418
Investment income receivable	902	-	35	91	40	108	628
Accounts receivable	7,720	-	7,451	-	269	-	-
Lease receivable	10,907	-	10,907	-	-	-	-
Interfund receivable	-	(80,805)	5,806	10,031	46	-	64,922
Grants and federal awards receivable	6,072	-	90	2,315	-	-	3,667
Prepaid expenses	2,794	-	2,409	133	112	-	140
Supplies inventory	5,961	-	5,961	-	-	-	-
Total unrestricted current assets	<u>279,379</u>	<u>(80,805)</u>	<u>112,976</u>	<u>48,631</u>	<u>6,609</u>	<u>10,193</u>	<u>181,775</u>
Restricted							
Cash	490	-	-	-	-	-	-
Investments (at fair value)	43,988	-	1,545	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Total restricted current assets	<u>44,478</u>	<u>-</u>	<u>1,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>323,857</u>	<u>(80,805)</u>	<u>114,521</u>	<u>48,631</u>	<u>6,609</u>	<u>10,193</u>	<u>181,775</u>
Non-current assets							
Unrestricted							
Investments (at fair value)	-	-	-	-	-	-	-
Lease receivable	116,799	-	116,799	-	-	-	-
Prepaid expenses	318	-	318	-	-	-	-
Capital assets, non-depreciable	230,922	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	734,180	-	-	-	-	-	-
Total unrestricted non-current assets	<u>1,082,219</u>	<u>-</u>	<u>117,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	431,089	-	-	-	-	-	-
Investment income receivable	2,055	-	-	-	-	-	-
Interfund receivable	-	(2,737)	-	-	-	-	-
Passenger facility charges receivable	1,600	-	-	-	-	-	-
Customer facility charges receivable	889	-	-	-	-	-	-
Total restricted non-current assets	<u>435,633</u>	<u>(2,737)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>1,517,852</u>	<u>(2,737)</u>	<u>117,117</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,841,709</u>	<u>(83,542)</u>	<u>231,638</u>	<u>48,631</u>	<u>6,609</u>	<u>10,193</u>	<u>181,775</u>
<b>Deferred Outflows of Resources</b>							
Pension	21,543	-	21,543	-	-	-	-
Other postemployment benefits	9,487	-	9,487	-	-	-	-
Total deferred outflows of resources	<u>31,030</u>	<u>-</u>	<u>31,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>							
Current Liabilities							
Accounts payable and accrued expenses	45,664	-	19,940	20,996	787	-	15
Rates and charges settlement payable to airlines	10,930	-	10,930	-	-	-	-
Interfund payable	-	(83,542)	67,482	313	1,319	176	2,516
Contract retainage payable	3,285	-	18	-	-	-	-
Bond interest payable	2,141	-	-	-	-	-	-
Assets held in trust	25,015	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	10,270	-	-	-	-	-	-
Subordinate debt - equipment lease	941	-	-	-	-	-	-
Subscription liability	144	-	-	-	-	-	-
Total current liabilities	<u>98,390</u>	<u>(83,542)</u>	<u>98,370</u>	<u>21,309</u>	<u>2,106</u>	<u>176</u>	<u>2,531</u>
Non-current liabilities							
Accounts payable and accrued expenses	1,630	-	1,630	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	429,780	-	-	-	-	-	-
Subordinate debt - equipment lease	1,636	-	-	-	-	-	-
Subscription liability	1,011	-	-	-	-	-	-
Net pension liability	90,710	-	90,710	-	-	-	-
Net other postemployment benefits liability	70	-	70	-	-	-	-
Total non-current liabilities	<u>524,837</u>	<u>-</u>	<u>92,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>623,227</u>	<u>(83,542)</u>	<u>190,780</u>	<u>21,309</u>	<u>2,106</u>	<u>176</u>	<u>2,531</u>
<b>Deferred Inflows of Resources</b>							
Pension	18,920	-	18,920	-	-	-	-
Other postemployment benefits	27,836	-	27,836	-	-	-	-
Leases	127,706	-	127,706	-	-	-	-
Total deferred inflows of resources	<u>174,462</u>	<u>-</u>	<u>174,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>							
Unrestricted	118,512	-	(102,574)	27,322	4,503	10,017	179,244
Net investment in capital assets	736,623	-	-	-	-	-	-
Restricted:							
For federally approved projects	107,258	-	-	-	-	-	-
For ground transportation expenditures	40,107	-	-	-	-	-	-
For operational cash flow shortages	36,268	-	-	-	-	-	-
For debt service	35,316	-	-	-	-	-	-
For uses legally required by contributing parties	966	-	-	-	-	-	-
Total net position	<u>\$ 1,075,050</u>	<u>\$ -</u>	<u>\$ (102,574)</u>	<u>\$ 27,322</u>	<u>\$ 4,503</u>	<u>\$ 10,017</u>	<u>\$ 179,244</u>

# Cincinnati/Northern Kentucky International Airport

## Combining Schedule of Statement of Net Position, continued

### December 31, 2024

(in thousands of dollars)

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

# Cincinnati/Northern Kentucky International Airport

## Combining Schedule of Statement of Net Position

### December 31, 2023

(in thousands of dollars)

	Unrestricted Account Groups						
	Total	Eliminations	Operations & Maintenance	Designated for Capital Projects		Repair & Replacement Reserve	General Purposes
				Designated for Group Health Coverage	Designated for Capital Projects		
<b>Assets</b>							
Current assets							
Unrestricted							
Cash	\$ 1,707	\$ -	\$ 1,682	\$ -	\$ 25	\$ -	\$ -
Investments (at fair value)	182,421	-	60,764	13,135	5,427	8,534	94,561
Investment income receivable	295	-	81	53	22	48	91
Accounts receivable	10,920	-	10,656	-	196	-	68
Lease receivable	9,913	-	9,913	-	-	-	-
Interfund receivable	-	(57,198)	3,543	1,664	37	-	51,954
Grants and federal awards receivable	14,321	-	2,035	12,286	-	-	-
Prepaid expenses	2,623	-	2,201	133	4	-	285
Supplies inventory	6,211	-	6,211	-	-	-	-
Total unrestricted current assets	228,411	(57,198)	97,086	27,271	5,711	8,582	146,959
Restricted							
Cash	853	-	-	-	-	-	-
Investments (at fair value)	15,806	-	1,529	-	-	-	-
Investment income receivable	47	-	3	-	-	-	-
Total restricted current assets	16,706	-	1,532	-	-	-	-
Total current assets	245,117	(57,198)	98,618	27,271	5,711	8,582	146,959
Non-current assets							
Unrestricted							
Investments (at fair value)	1,484	-	-	-	-	1,484	-
Lease receivable	125,585	-	125,585	-	-	-	-
Prepaid expenses	293	-	293	-	-	-	-
Capital assets, non-depreciable	230,448	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	679,097	-	-	-	-	-	-
Total unrestricted non-current assets	1,036,907	-	125,878	-	-	1,484	-
Restricted							
Cash	-	-	-	-	-	-	-
Investments (at fair value)	172,387	-	-	-	-	-	-
Investment income receivable	792	-	-	-	-	-	-
Interfund receivable	-	(2,621)	-	-	-	-	-
Passenger facility charges receivable	2,232	-	-	-	-	-	-
Customer facility charges receivable	824	-	-	-	-	-	-
Total restricted non-current assets	176,235	(2,621)	-	-	-	-	-
Total non-current assets	1,213,142	(2,621)	125,878	-	-	1,484	-
Total assets	1,458,259	(59,819)	224,496	27,271	5,711	10,066	146,959
<b>Deferred Outflows of Resources</b>							
Pension	31,395	-	31,395	-	-	-	-
Other postemployment benefits	13,556	-	13,556	-	-	-	-
Total deferred outflows of resources	44,951	-	44,951	-	-	-	-
<b>Liabilities</b>							
Current Liabilities							
Accounts payable and accrued expenses	29,537	-	18,426	10,310	436	-	130
Rates and charges settlement payable to airlines	9,895	-	9,895	-	-	-	-
Interfund payable	-	(59,819)	54,520	434	772	148	1,370
Contract retainage payable	147	-	20	-	-	-	-
Bond interest payable	2,177	-	-	-	-	-	-
Assets held in trust	10,002	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	8,796	-	-	-	-	-	-
Subordinate debt - equipment lease	764	-	-	-	-	-	-
Subscription liability	211	-	-	-	-	-	-
Total current liabilities	61,529	(59,819)	82,861	10,744	1,208	148	1,500
Non-current liabilities							
Accounts payable and accrued expenses	2,203	-	2,203	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	158,421	-	-	-	-	-	-
Subordinate debt - equipment lease	1,791	-	-	-	-	-	-
Subscription liability	803	-	-	-	-	-	-
Net pension liability	99,751	-	99,751	-	-	-	-
Net other postemployment benefits liability	601	-	601	-	-	-	-
Total non-current liabilities	263,570	-	102,555	-	-	-	-
Total liabilities	325,099	(59,819)	185,416	10,744	1,208	148	1,500
<b>Deferred Inflows of Resources</b>							
Pension	22,179	-	22,179	-	-	-	-
Other postemployment benefits	36,753	-	36,753	-	-	-	-
Leases	135,499	-	135,499	-	-	-	-
Total deferred inflows of resources	194,431	-	194,431	-	-	-	-
<b>Net Position</b>							
Unrestricted	66,007	-	(110,400)	16,527	4,503	9,918	145,459
Net investment in capital assets	739,182	-	-	-	-	-	-
Restricted:							
For federally approved projects	95,697	-	-	-	-	-	-
For ground transportation expenditures	32,507	-	-	-	-	-	-
For operational cash flow shortages	34,127	-	-	-	-	-	-
For debt service	15,524	-	-	-	-	-	-
For uses legally required by contributing parties	636	-	-	-	-	-	-
Total net position	\$ 983,680	\$ -	\$ (110,400)	\$ 16,527	\$ 4,503	\$ 9,918	\$ 145,459

# Cincinnati/Northern Kentucky International Airport

## Combining Schedule of Statement of Net Position, continued

### December 31, 2023

(in thousands of dollars)

	Net Investment in Capital Assets	Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
<b>Assets</b>									
Current assets									
Unrestricted									
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Investment income receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Grants and federal awards receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Supplies inventory	-	-	-	-	-	-	-	-	-
Total unrestricted current assets	-	-	-	-	-	-	-	-	-
Restricted									
Cash	-	7	-	-	-	-	-	-	846
Investments (at fair value)	-	1,518	105	93	605	-	2,247	137	9,572
Investment income receivable	-	-	-	-	-	-	-	-	44
Total restricted current assets	-	1,525	105	93	605	-	2,247	137	10,462
Total current assets	-	1,525	105	93	605	-	2,247	137	10,462
Non-current assets									
Unrestricted									
Investments (at fair value)	-	-	-	-	-	-	-	-	-
Lease receivable	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Capital assets, non-depreciable	230,448	-	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	679,097	-	-	-	-	-	-	-	-
Total unrestricted non-current assets	909,545	-	-	-	-	-	-	-	-
Restricted									
Cash	-	-	-	-	-	-	-	-	-
Investments (at fair value)	-	87,016	4,384	30,542	34,005	-	2,191	13,250	999
Investment income receivable	-	504	7	76	122	-	19	64	-
Interfund receivable	-	1,556	-	1,065	-	-	-	-	-
Passenger facility charges receivable	-	2,232	-	-	-	-	-	-	-
Customer facility charges receivable	-	-	-	824	-	-	-	-	-
Total restricted non-current assets	-	91,308	4,391	32,507	34,127	-	2,210	13,314	999
Total non-current assets	909,545	91,308	4,391	32,507	34,127	-	2,210	13,314	999
Total assets	909,545	92,833	4,496	32,600	34,732	-	4,457	13,451	11,461
<b>Deferred Outflows of Resources</b>									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-
<b>Liabilities</b>									
Current Liabilities									
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	235
Rates and charges settlement payable to airlines	-	-	-	-	-	-	-	-	-
Interfund payable	-	1,526	34	93	605	-	70	137	110
Contract retainage payable	127	-	-	-	-	-	-	-	-
Bond interest payable	-	-	-	-	-	-	2,177	-	-
Assets held in trust	-	-	72	-	-	-	-	-	9,930
Revenue bonds payable, inclusive of unamortized premium	8,796	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	621	-	-	-	-	-	-	-	143
Subscription liability	211	-	-	-	-	-	-	-	-
Total current liabilities	9,755	1,526	106	93	605	-	2,247	137	10,418
Non-current liabilities									
Accounts payable and accrued expenses	-	-	-	-	-	-	-	-	-
Revenue bonds payable, inclusive of unamortized premium	158,421	-	-	-	-	-	-	-	-
Subordinate debt - equipment lease	1,384	-	-	-	-	-	-	-	407
Subscription liability	803	-	-	-	-	-	-	-	-
Net pension liability	-	-	-	-	-	-	-	-	-
Net other postemployment benefits liability	-	-	-	-	-	-	-	-	-
Total non-current liabilities	160,608	-	-	-	-	-	-	-	407
Total liabilities	170,363	1,526	106	93	605	-	2,247	137	10,825
<b>Deferred Inflows of Resources</b>									
Pension	-	-	-	-	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-	-	-	-	-
Lease	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	-	-
<b>Net Position</b>									
Unrestricted	-	-	-	-	-	-	-	-	-
Net investment in capital assets	739,182	-	-	-	-	-	-	-	-
Restricted:									
For federally approved projects	-	91,307	4,390	-	-	-	-	-	-
For ground transportation expenditures	-	-	-	32,507	-	-	-	-	-
For operational cash flow shortages	-	-	-	-	34,127	-	-	-	-
For debt service	-	-	-	-	-	-	2,210	13,314	-
For uses legally required by contributing parties	-	-	-	-	-	-	-	-	636
Total net position	\$ 739,182	\$ 91,307	\$ 4,390	\$ 32,507	\$ 34,127	\$ -	\$ 2,210	\$ 13,314	\$ 636

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

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*(in thousands of dollars)*

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

# Cincinnati/Northern Kentucky International Airport

## Combining Schedule of Revenues, Expenses and Changes in Net Position

### December 31, 2024

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*(in thousands of dollars)*

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

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

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*(in thousands of dollars)*

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

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

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*(in thousands of dollars)*

	Net Investment in Capital Assets	Restricted Account Groups							
		Passenger Facility Charge	Police Forfeiture	Customer Facility Charge	Operations & Maintenance Reserve	2019 Terminal Roadway Reconfiguration	Bond Interest & Redemption	Bond Reserve	Other Third Party Funding
<b>Operating revenues</b>									
Landing fees, net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rentals:									
Terminal, net	-	-	-	-	-	-	-	-	-
Ground	-	-	-	-	-	-	-	-	-
Ramp	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Parking	-	-	-	-	-	-	-	-	-
Concessions	-	-	-	-	-	-	-	-	-
Rebilled services	-	-	-	-	-	-	-	-	-
Ground transportation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total operating revenues	-	-	-	-	-	-	-	-	-
<b>Operating expenses</b>									
Salaries, wages and benefits	-	-	-	-	-	-	-	-	-
Contracted services	-	-	94	134	-	-	-	-	-
Supplies and capital items expensed	-	-	59	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-
General administration	-	-	26	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-
Total operating expenses	-	-	179	134	-	-	-	-	-
Operating income (loss), before depreciation and amortization	-	-	(179)	(134)	-	-	-	-	-
Depreciation and amortization	(48,294)	-	-	-	-	-	-	-	-
Operating income (loss), after depreciation and amortization	(48,294)	-	(179)	(134)	-	-	-	-	-
<b>Nonoperating changes in net position: increase (decrease)</b>									
Revenue bonds:									
Revenue bond - transfer of principal	-	-	-	(2,210)	-	-	5,465	-	-
Revenue bond - transfer of interest	-	-	-	(4,353)	-	-	7,599	-	-
Revenue bond - payment of principal	5,400	-	-	-	-	-	(5,400)	-	-
Revenue bond interest, net of premium amortization	960	-	-	-	-	-	(7,599)	-	-
Transfer of subordinate debt principal	-	-	-	-	-	-	-	-	-
Transfer of bond payable matched to spent proceeds	18	-	-	-	-	-	-	-	(18)
Bond issuance costs	-	-	-	-	-	-	-	-	-
Subordinate debt:									
Transfer of subordinate debt service - principal	637	-	-	-	-	-	-	-	-
Transfer of subordinate debt service - interest	-	-	-	-	-	-	-	-	-
Passenger facility charge revenues	-	17,332	-	-	-	-	-	-	-
Customer facility charge revenues	-	-	-	11,197	-	-	-	-	-
Police forfeiture program revenues	-	-	555	-	-	-	-	-	-
Police forfeiture program revenues	-	-	-	(4)	-	-	-	-	-
passed through to other local government	-	-	-	-	-	-	-	-	-
Grants and federal awards for operating expenses	-	-	-	-	-	-	-	-	-
Investment income	-	4,109	198	1,807	181	12	-	229	496
Interest income - leases	-	-	-	-	-	-	-	-	-
Interest expense - subscription assets	-	-	-	-	-	-	-	-	-
Net gain on disposal of capital assets	(46)	-	-	-	-	-	-	-	-
Non-capitalized project costs	(3,257)	-	-	-	-	-	-	-	-
Capitalization of expenditures	78,484	-	(25)	(798)	-	(12)	-	-	(5)
Other	-	-	-	-	-	-	-	-	-
Transfers:									
Transfer of airport reserves for capital project funding	-	-	-	-	-	-	-	-	-
Transfer to fund operations reserve	-	-	-	-	4,550	-	-	-	-
Transfer to fund group health coverage	-	-	-	-	-	-	-	-	-
Transfer to cover debt service requirements	-	(6,092)	-	(104)	-	-	-	104	-
Transfer of PFC to reimburse for eligible expenditures	-	(2,872)	-	-	-	-	-	-	-
Transfer of remaining revenues	-	-	-	-	-	-	-	-	-
Total nonoperating changes in net position, before capital contributions	82,196	12,477	724	5,539	4,731	-	65	333	473
<b>Capital Contributions</b>									
Donated capital	-	-	-	-	-	-	-	-	-
Grants and federal awards for capital expenditures	-	-	-	-	-	-	-	-	-
Third party funding of project costs	-	-	-	-	-	-	-	-	-
Total capital contributions	-	-	-	-	-	-	-	-	-
Total changes in net position	33,902	12,477	545	5,405	4,731	-	65	333	473
Net position at the beginning of the year (deficit)	705,280	78,830	3,845	27,102	29,396	-	2,145	12,981	163
<b>Net position (deficit) at the end of the year</b>	<b>\$ 739,182</b>	<b>\$ 91,307</b>	<b>\$ 4,390</b>	<b>\$ 32,507</b>	<b>\$ 34,127</b>	<b>\$ -</b>	<b>\$ 2,210</b>	<b>\$ 13,314</b>	<b>\$ 636</b>



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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER  
 FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
 IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements (the financial statements), and have issued our report thereon dated July 21, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

**Blue & Co., LLC**

Cincinnati, Ohio  
July 21, 2025



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

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

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal program for the year ended December 31, 2024. The Airport's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

*Basis for Opinion on Each Major Program*

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

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

*Responsibilities of Management for Compliance*

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

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

*Auditor's Responsibilities for the Audit of Compliance*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

*Blue & Co., LLC*

Cincinnati, Ohio  
July 21, 2025

**Cincinnati/Northern Kentucky International Airport**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2024**

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*(in thousands of dollars)*

<b>Name of agency or department</b>	<b>Assistance Listing Number</b>	<b>Name of program</b>	<b>Federal awards with expenditure activity in 2024</b>		
			<b>Award amount</b>	<b>Total awards expended</b>	
US Dept of Transportation	20.106	Airport Improvement Program*	\$ 190,020	\$ 40,802	
US Dept of Transportation	20.106	COVID-19 Airport Improvement Program - American Rescue Plan Act (ARPA)*	38,294	18,365	
US Dept of Transportation	20.106	Airport Improvement Program Total	<u>240,089</u>	<u>59,167</u>	
US Dept of Transportation	20.112	Aviation Maintenance Technical Workers	450	164	
US Dept of Justice	16.922	Equitable sharing program	6,501	716	
		Total awards expended			<u>\$ 60,047</u>

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

# **Cincinnati/Northern Kentucky International Airport**

## **Notes to Schedule of Expenditures of Federal Awards**

### **Year Ended December 31, 2024**

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*(in thousands of dollars)*

#### **1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Cincinnati / Northern Kentucky International Airport (the “Airport”) under programs of the federal government for the year ended December 31, 2024. The Airport’s reporting entity is defined in Note 1 to the Airport’s financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance or UG). Because the Schedule presents only a selected portion of the operation of the Airport, it is not intended to be and does not present the financial position, changes in net assets or cash flows of the Airport.

#### **2. Summary of Significant Accounting Policies**

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

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

#### **3. Indirect Cost Rate and Subrecipients**

The Airport did not elect to use the 10% *de minimis* indirect cost rate allowed under the Uniform Guidance for the year ending December 31, 2024.

All federal financial assistance was received directly from federal agencies, unless otherwise indicated on the Schedule. The Airport did not provide any amount to subrecipients for the year ending December 31, 2024.

#### **4. Reconciliation to Financial Statements**

Following is a reconciliation of amounts per the Schedule to the 2024 financial statements (amounts rounded to nearest thousand):

Grants and federal awards, nonoperating changes in net position	\$ 18,668
Less: Federal receipts not subject to uniform guidance requirements	(139)
Less: Local government grants not funded by federal resources	(625)
Grants and federal awards, capital contributions	41,428
Police forfeiture revenues expended for operations, operating expenses	281
Police forfeiture revenues expended capital expenditures	442
Other	(8)
Expenditures of revenues from federal sources reported on the Schedule	\$ <u>60,047</u>

See report of independent auditors.

**Cincinnati/Northern Kentucky International Airport**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2024**

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**I. Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: unmodified

Internal Control over financial reporting:

Material weakness(es) identified?  yes  no

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

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal control over major programs:

Material weakness(es) identified?  yes  no

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

Type of auditor's report issued on compliance for major programs: qualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  yes  no

Identification of major program:

Assistance Listing Number  
20.106  
10.688

Name of Federal Program or Cluster  
Airport Improvement Program  
Equitable Sharing Program

Dollar threshold used to distinguish between type A and type B programs: \$1,801,415

Auditee qualified as a low-risk auditee?  yes  no

**Cincinnati/Northern Kentucky International Airport**  
**Schedule of Findings and Questioned Costs, continued**  
**Year Ended December 31, 2024**

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

None reported.

**III. Federal Awards Findings and Questioned Costs**

None reported.

**Cincinnati/Northern Kentucky International Airport**  
**Schedule of Prior Year Audit Findings and Their Resolutions**  
**Year Ended December 31, 2024**

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Federal Award Findings and Questioned Costs

No findings or questioned costs were reported for the year ended December 31, 2023.



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR THE PASSENGER  
FACILITY CHARGE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE FEDERAL AVIATION ADMINISTRATION**

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

Report on Compliance for Passenger Facility Charge Program

*Opinion on the Passenger Facility Charge Program*

We have audited the Cincinnati/Northern Kentucky International Airport's (the Airport) compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its Passenger Facility Charge Program (the Program) for the year ended December 31, 2024 (including quarterly reports under section 158.63(a)).

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Program for the year ended December 31, 2024.

*Basis for Opinion on the Passenger Facility Charge Program*

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

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

*Responsibilities of Management for Compliance*

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

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

*Auditor's Responsibilities for the Audit of Compliance*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Airport's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Airport's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

*Blue & Co., LLC*

Cincinnati, Ohio  
July 21, 2025

# Cincinnati/Northern Kentucky International Airport

## Schedule of Passenger Facility Charges Collected and Expended

### Year Ended December 31, 2024

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*(in thousands of dollars)*

Final agency decision	Impose authority *	PFCs collected in prior years	PFCs collected in current year	Total PFCs collected	Interest earned	Prior year applied expenditures	Current year applied expenditures	Total applied expenditures
<b>U.S. Department of Transportation</b>								
<b>Passenger facility charge program</b>								
<b>Open applications as of December 31, 2024:</b>								
02-08-C-00-CVG	\$ 194,100	\$ 176,893	\$ -	\$ 176,893	\$ 17,206	\$ 166,415	\$ 3,361	\$ 169,776
18-15-C-00-CVG	76,225	72,848	-	72,848	3,377	24,436	1,804	26,240
21-16-C-00-CVG	23,475	18,865	882	19,747	3,728	21,326	2,149	23,475
23-17-C-00-CVG	25,200	9,397	13,489	22,886	2,314	1,347	10,696	12,043
24-18-C-00-CVG	<u>19,892</u>	-	4,551	4,551	1,483	-	9,027	9,027
<b>Subtotal</b>	<b>\$ 338,892</b>	<b>\$ 278,003</b>	<b>\$ 18,922</b>	<b>\$ 296,925</b>	<b>\$ 28,109</b>	<b>\$ 213,524</b>	<b>\$ 27,037</b>	<b>\$ 240,561</b>
<b>Closed applications as of December 31, 2024:</b>								
94-01-C-00-CVG	\$ 26,533	\$ 25,513	\$ -	\$ 25,513	\$ 1,020	\$ 26,533	\$ -	\$ 26,533
95-02-C-00-CVG	68,280	60,228	-	60,228	8,051	68,280	-	68,280
98-03-C-00-CVG	24,843	23,087	-	23,087	1,756	24,843	-	24,843
98-04-C-00-CVG	33,057	26,842	-	26,842	6,215	33,057	-	33,057
99-05-C-00-CVG	18,221	13,609	-	13,609	4,612	18,221	-	18,221
01-06-C-00-CVG	10,987	9,870	-	9,870	1,117	10,987	-	10,987
01-07-C-00-CVG	31,378	30,685	-	30,685	693	31,378	-	31,378
05-09-C-00-CVG	34,932	31,064	-	31,064	3,868	34,932	-	34,932
06-10-C-00-CVG	19,675	18,819	-	18,819	856	19,675	-	19,675
07-11-C-00-CVG	2,423	2,423	-	2,423	-	2,423	-	2,423
09-12-C-00-CVG	9,657	9,583	-	9,583	74	9,657	-	9,657
11-13-C-00-CVG	14,797	14,450	-	14,450	348	14,797	-	14,797
13-14-C-00-CVG	<u>44,917</u>	<u>43,377</u>	-	<u>43,377</u>	<u>1,540</u>	<u>44,917</u>	-	<u>44,917</u>
<b>Subtotal</b>	<b>\$ 339,700</b>	<b>\$ 309,550</b>	<b>\$ -</b>	<b>\$ 309,550</b>	<b>\$ 30,150</b>	<b>\$ 339,700</b>	<b>\$ -</b>	<b>\$ 339,700</b>
<b>Total</b>	<b>\$ 678,592</b>	<b>\$ 587,553</b>	<b>\$ 18,922</b>	<b>\$ 606,475</b>	<b>\$ 58,259</b>	<b>\$ 553,224</b>	<b>\$ 27,037</b>	<b>\$ 580,261</b>
<b>Per PFC quarterly reports Fiscal Year 2024</b>								
	Quarter ended Mar 31, 2024	Quarter ended June 30, 2024	Quarter ended Sept 30, 2024	Quarter ended Dec 31, 2024	Reconciling amount	Interest from prior years	Total	
<b>Revenues:</b>								
Collections	\$ 4,059	\$ 4,979	\$ 4,779	\$ 5,105	\$ -	\$ -	\$ 18,922	
Interest	658	1,318	1,733	424	-	-	4,133	
<b>Total</b>	<b>\$ 4,717</b>	<b>\$ 6,297</b>	<b>\$ 6,512</b>	<b>\$ 5,529</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,055</b>	
<b>PFC Applications</b>								
<b>Debt Service:</b>								
02-08-C-00-CVG	\$ 373	\$ 842	\$ 1,073	\$ 1,073	\$ -	\$ -	\$ 3,361	
18-15-C-00-CVG	451	451	451	451	-	-	1,804	
<b>Expenditures:</b>								
21-16-C-00-CVG	\$ 2,149	\$ 0	\$ 0	\$ 0	\$ -	\$ -	\$ 2,149	
23-17-C-00-CVG	3,730	2,074	3,465	1,427	-	-	10,696	
24-18-C-00-CVG	-	-	5,449	3,578	-	-	9,027	
<b>Total</b>	<b>\$ 6,703</b>	<b>\$ 3,367</b>	<b>\$ 10,438</b>	<b>\$ 6,529</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 27,037</b>	

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Notes to Schedule of Passenger Facility Charges Collected and Expended**  
**Year Ended December 31, 2024**

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*(in thousands of dollars)*

**1. General**

The accompanying Schedule of Passenger Facility Charges Collected and Expended (PFC Schedule) presents all passenger facility charges (PFCs) activities of the Kenton County Airport Board (the Airport). The Airport's reporting entity is defined in Note 1 to the Airport's financial statements. The PFC Schedule includes all the PFCs and the interest earnings thereon collected by the Airport beginning June 1, 1994 through December 31, 2024. PFCs are collected pursuant to Federal Aviation Administration approved applications.

**2. Basis of Presentation**

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

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

**3. Reconciliation to Financial Statements**

Following is a reconciliation of amounts per the PFC Schedule to the 2024 financial statements (amounts rounded to nearest thousand):

Passenger Facility Charge revenues	\$ 18,290
PFC's receivable, December 31, 2024	(1,600)
PFC's receivable, December 31, 2023	2,232
PFCs collected in the current year	\$ <u>18,922</u>

See report of independent auditors.

**Cincinnati/Northern Kentucky International Airport**  
**Schedule of Passenger Facility Charge Findings and Questioned Costs**  
**Year Ended December 31, 2024**

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**I. Summary of Auditor's Results**

We have issued an unmodified opinion, dated July 21, 2025, on the financial statements of Cincinnati/Northern Kentucky International Airport (the Airport) as of and for the year ended December 31, 2024.

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

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

We have issued an unmodified opinion, dated July 21, 2025 on the Airport's compliance for the Program.

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

**II. Findings Relating to the Financial Statements**

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

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

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

**Cincinnati/Northern Kentucky International Airport**  
**Schedule of Prior Year Passenger Facility Charge Findings and Their Resolutions**  
**Year Ended December 31, 2024**

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No findings that are required to be reported in accordance with the provisions of the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration were reported for the year ended December 31, 2023.