

Financial Statements

**LOUISVILLE AND JEFFERSON
COUNTY VISITORS AND
CONVENTION COMMISSION**

Year Ended June 30, 2025

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

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CONVENTION COMMISSION**

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Report of Independent Auditor

To the Board of Commissioners
Louisville and Jefferson County Visitors and
Convention Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Louisville and Jefferson County Visitors and Convention Commission (the "Commission"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission'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 respective financial position of the governmental activities, the discretely presented component unit, and each major fund of the Commission as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Greater Louisville Sports Commission, Inc., the discretely presented component unit. Those financial statements were audited by other auditors whose report hereon has been furnished to us and our opinion, insofar as it relates to the amounts included for the Greater Louisville Sports Commission, Inc., is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit 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 Commission and to meet our other ethical responsibilities, in accordance with the 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 audit opinions. The financials statements of the Greater Louisville Sports Commission, Inc. were not audited in accordance with *Government Auditing Standards*.

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 Commission'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.

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 opinions. 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 Commission'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 Commission'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 opinions on the financial statements that collectively comprise the Commission's basic financial statements. 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* ("Uniform Guidance") is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Collection of Transient Room Tax – Historical Transient Room Tax Collections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2025, on our consideration of the Commission'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 Commission'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 Commission's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Louisville, Kentucky
December 18, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s discussion and analysis is provided as a supplement to the accompanying financial statements and footnotes to help provide an understanding of the financial position, changes in financial position, and results of operations of the Louisville and Jefferson County Visitors and Convention Commission (the “Commission”), doing business as Louisville Tourism. Management’s discussion and analysis should be read in conjunction with the accompanying financial statements and footnotes.

The Commission was established pursuant to KRS 91A.350. The mission of the Commission is to support the local economy’s growth by driving tourism to the city and region. The agency serves as the leading voice for Louisville’s hospitality industry to unite other sectors of the community, both private and public, in partnership to make the destination attractive to visitors and investment. In pursuit of its mission, the Commission generates increased visitor spending, local tax receipts and job development.

FINANCIAL HIGHLIGHTS

To provide context to these financial highlights, it should be noted that the Commission’s net position was impacted by the issuance on August 31, 2016 of Dedicated Tax Revenue Bonds with a par amount of \$148.8 million (the “Series 2016 Bonds”) to finance a portion of the renovation and expansion of the Kentucky International Convention Center (“KICC”). KICC is owned by the Commonwealth of Kentucky and, therefore, not recorded as an asset by the Commission. The deficit net position results from the net bonds payable being reflected as a liability with no recognition of a corresponding asset.

- Total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$40.7 million at June 30, 2025.
- Total net position increased by \$18.3 million for the fiscal year ending June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This overview and analysis is intended to serve as an introduction to the Commission’s basic financial statements, which include two components: (1) the financial statements and (2) notes to the financial statements. This report also contains supplementary information, which is comprised of a budgetary comparison schedule, net pension liability and related ratios, net OPEB liability/asset and related ratios, and a schedule of historical collection of transient room tax as other information. These components are described below.

The financial statements provide both short-term and long-term information about the Commission’s financial position and consist of (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Commission’s government-wide financial statements are prepared on an accrual basis. The fund financial statements are prepared on a modified accrual basis, in accordance with generally accepted accounting principles for governmental units.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position (Deficit) (page 11) presents the Commission’s assets and liabilities, with the difference between the two reported as “Total Net Position (Deficit).” Over time, increases or decreases in the Commission’s net position serve as an indicator of whether the financial position of the Commission is improving or deteriorating. The Statement of Activities (page 12) reports information on all Commission revenues and expenses in a manner similar to that used by most private-sector companies and presents information regarding how net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs, regardless of the timing of the related cash flow.

GOVERNMENT-WIDE FINANCIAL STATEMENTS - CONTINUED

The Greater Louisville Sports Commission, Inc. (the "GLSC") is included as a discretely presented component unit of the Commission as it is fiscally dependent upon the Commission. In the fiscal year ended June 30, 2025, the Commission provided \$530,000 of operating funds to the GLSC without which the GLSC would have been unable to continue operations. It is the Commission's intention to continue to fund GLSC in future years. However, because the GLSC is a separate organization with a separate board that is not controlled by the Commission, the GLSC financial information has been intentionally omitted from this discussion.

FUND FINANCIAL STATEMENTS

The Balance Sheet – Governmental Funds (page 13) consists of two fund types, the General Fund and the Debt Service Fund. The General Fund is used to record the general operations of the Commission and the Debt Service Fund is used to account for the accumulation of resources for payment of general long-term debt principal and interest.

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position (Deficit) (page 14) provides a summary and explanation of differences between the fund financial statements and the government-wide financial statements.

The Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (page 15) reports actual operations of both the General and Debt Service funds.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Statement of Activities (page 16) provides a summary and explanation of differences between the fund financial statements and the government-wide financial statements.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements may be found immediately following the financial statements and preceding the supplementary information, on pages 17 through 37.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also contains certain supplementary information. Required supplementary information includes a budget to actual comparison schedule, certain net pension liability information, and certain net OPEB liability information. Other supplementary information and other information includes the schedule of federal awards and a schedule of historical transient room tax collections.

FINANCIAL ANALYSIS OF THE COMMISSION

The Commission's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$40.7 million at June 30, 2025 compared to \$59.0 million at June 30, 2024. The net position was impacted by the Commission's issuance on August 31, 2016 of the Series 2016 Bonds with a par amount of \$148.8 million to finance a portion of the renovation and expansion of KICC. KICC is owned by the Commonwealth of Kentucky and, therefore, the facility, including any funds provided to support its renovation and expansion, is not recorded as an asset by the Commission. The deficit net position results from the net bonds payable being reflected as a liability with no recognition of a corresponding asset. Net bonds payable was \$119.7 million at June 30, 2025. The condensed information below was derived from the Commission's Statement of Net Position (Deficit) at June 30, 2025 and June 30, 2024.

Louisville and Jefferson County Visitors and Convention Commission

Assets, Liabilities, and Net Position (Deficit)

	June 30		Variance	
	2025	2024	\$	%
Assets				
Other assets, net	\$ 95,011,994	\$ 84,803,199	\$ 10,208,795	12%
Capital assets, net	4,257,125	1,501,007	2,756,118	184%
Total Assets	99,269,119	86,304,206	\$ 12,964,913	15%
Deferred outflows of resources	4,899,237	6,460,105	(1,560,868)	-24%
Total Assets and Deferred Outflows of Resources	\$ 104,168,356	\$ 92,764,311	\$ 11,404,045	12%
Liabilities				
Long-term liabilities, net	\$ 128,768,487	\$ 131,179,697	\$ (2,411,210)	-2%
Other liabilities, net	10,506,001	13,294,677	(2,788,676)	-21%
Total Liabilities	139,274,488	144,474,374	\$ (5,199,886)	-4%
Deferred inflows of resources	5,548,388	7,266,419	(1,718,031)	-24%
Total Liabilities and Deferred Inflows of Resources	\$ 144,822,876	\$ 151,740,793	\$ (6,917,917)	-5%
Net Position (Deficit)				
Invested in capital assets, net	\$ 1,810,174	\$ 1,284,521	\$ 525,653	41%
Restricted	66,207,302	53,265,436	12,941,866	24%
Unrestricted	(108,671,996)	(113,526,439)	4,854,443	-4%
Total Net Position (Deficit)	\$ (40,654,520)	\$ (58,976,482)	\$ 18,321,962	-31%

FINANCIAL ANALYSIS OF THE COMMISSION – CONTINUED

Total assets and deferred outflows of resources increased by \$11.4 million, or 12%. Key elements of this change were:

- Other assets increased by \$10.2 million, or 12%, due to a variety of factors. The Debt Service Fund experienced a \$12.0 million increase in cash and investments due primarily to transient room tax receipts that exceeded annual debt service requirements for the year. This increase was partially offset by a \$0.9 million decrease in cash and investments from the General Fund as American Rescue Plan Act (“ARPA”) grant funds were utilized to support strategic initiatives. Amounts due from other governmental units and from trustee decreased \$0.7 million due to changes in the transient room tax receivable for May and June.
- Capital assets increased \$2.8 million, or 184%, following investments in furniture, fixtures, and equipment related to the renewed office space lease along with a new mobile visitor center. The right-of-use asset increased by \$2.0 million upon commencement of a renewed office space lease.
- Deferred outflows of resources decreased by \$1.6 million, or -24%, with the deferred outflow for pension decreasing by \$1.2 million and the deferred outflow for postemployment benefits other than pensions (“OPEB”) decreasing by \$0.4 million.

Total liabilities and deferred inflows of resources decreased by \$6.9 million, or -5%. Key elements of this change were:

- Long-term liabilities, net decreased by \$2.4 million, or -2%, primarily due to a couple of factors including changes in the long-term lease liability and a reduction in net bonds payable. Net bonds payable decreased by \$4.3 million following a \$3.8 million bond principal payment during the year and \$0.5 million amortization of the net bond issuance premium. This decrease was partially offset by a \$2.1 million increase in the long-term lease liability upon renewal of the office space lease.
- Other liabilities, net decreased by \$2.8 million, or -21%, due primarily to a \$2.9 million decrease in unearned revenue as ARPA grant funds were utilized during the year.
- Deferred inflows of resources decreased by \$1.7 million, or -24%, as the deferred inflow for OPEB fell by \$1.2 million and the deferred inflow for pension decreased by \$0.5 million..

Total net position (deficit) increased by \$18.3 million, or 31%. Key elements of this change were:

- Restricted net position increased by \$12.9 million primarily due to a rise in investments and restricted cash and cash equivalents in the Debt Service Fund, which resulted from transient room tax receipts that exceeded debt service requirements during the year.
- Unrestricted net position (deficit) increased by \$4.9 million primarily due to a \$4.3 million reduction in net bonds payable following the annual principal payment and amortization of the net bond issuance premium.
- Invested in capital assets, net increased by \$0.5 million due to investments in office furniture, fixtures, and equipment along with a new mobile visitor center.

FINANCIAL ANALYSIS OF THE COMMISSION – CONTINUED

A summary of the Commission's changes in net position (deficit) is shown below.

Louisville and Jefferson County Visitors and Convention Commission

Changes in Net Position (Deficit)

For the Year Ended June 30

			Variance	
	2025	2024	\$	%
Expenses				
Operating	\$ 27,912,670	\$ 29,382,062	\$ (1,469,392)	-5%
Interest	3,867,676	3,826,756	40,920	1%
Other	599,769	493,288	106,481	22%
Total Expenses	\$ 32,380,115	\$ 33,702,106	\$ (1,321,991)	-4%
Revenues				
Transient room tax	\$ 42,072,047	\$ 41,817,981	\$ 254,066	1%
Matching funds	427,909	553,810	(125,901)	-23%
Partnership dues	353,400	342,804	10,596	3%
Advertising	147,872	142,738	5,134	4%
Investment income	4,037,183	3,559,765	477,418	13%
Grant revenue	2,924,243	4,965,781	(2,041,538)	100%
Other income	739,423	651,845	87,578	13%
Total Revenues	\$ 50,702,077	\$ 52,034,724	\$ (1,332,647)	-3%
Changes in Net Position (Deficit)	\$ 18,321,962	\$ 18,332,618	\$ (10,656)	0%

FINANCIAL ANALYSIS OF THE COMMISSION – CONTINUED

The Commission's change in net position (deficit) was an increase of \$18.3 million for the year ended June 30, 2025 compared to a \$18.3 million increase for the year ended June 30, 2024.

Expenses of the Commission consist primarily of operating and interest expenses. Total expenses decreased by \$1.3 million, or -3%. Key elements of this change were:

- Operating expenses fell \$1.2 million, or -4%, as ARPA grant funds were utilized and strategic initiatives were executed. Operating expenses include personnel, occupancy, sales and marketing, and general and administrative expenses. Areas experiencing the largest variances included a \$0.9 million decrease in sponsorships and events, and a \$1.5 million decrease in advertising. These decreases were partially offset by a \$1.0 million increase in net pension and OPEB expenses.

Revenues of the Commission consist primarily of transient room tax. Total revenues decreased by \$1.3 million, or -3%. Key elements of this change were:

- Transient room tax growth moderated during the year, rising \$0.3 million, or 1%. The components of total transient room tax, including the 4.5% that supports the Commission's operations, are further described in Note R of the notes to the financial statements.
- Grant revenue decreased \$2.0 million, or -41%, as two of the three ARPA grant programs expired during the year.
- Investment income increased by \$0.5 million, or 13%, as market interest rates stayed higher for longer than expected. Investments are targeted primarily in short-term fixed-income securities and the rise in assets restricted for debt service resulted in higher investment income during the year.

BUDGETARY CONTROLS

The Commission adopts a budget, which is approved by its Board of Commissioners and Louisville/Jefferson County Metro Government prior to the start of each new fiscal year. Budgets are a measure of the Commission's financial performance and accountability and are compared with actual revenues and expenses by the Board of Commissioners on a bi-monthly basis.

The Commission reviews unbudgeted expenditures that may arise due to unforeseen opportunities and that may also result in significant variations from the original budget amounts. The budgetary comparison schedule presented in the required supplementary information section of this report highlights the original and final budgets as compared to the actual revenues and expenditures. The budget was amended during the fiscal year across the grant revenue and several expense categories to recognize the impact of grant funds and to utilize additional revenues from the prior year.

Revenues were above budget by \$0.4 million due primarily to the transient room tax and strong investment income from higher-than-expected market interest rates, though this was partially offset by the timing of grant projects which impacted the related revenue recognition. Expenditures were above budget by \$0.7 million results from the capital expenditure related to the lease not being a budget expenditure. This is offset in full by the unbudgeted other financing source of the lease incurred of \$2.2 million. The largest favorable variances in expenditures were seen in travel and tradeshow, sponsorships and events, research, and mass marketing.

ECONOMIC CONDITION AND OUTLOOK

The Commission prepared a budget for the fiscal year ending June 30, 2026 based on current and forecasted economic conditions. Management is actively monitoring the Commission's financial performance and will adjust to continued changes in the economic landscape as necessary throughout fiscal year 2026 and beyond.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Commission to interested persons. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Chief Financial Officer
Louisville Tourism
One Riverfront Plaza
401 W. Main Street - Suite 2300
Louisville, KY 40202

The GLSC prepares separately issued annual financial statements. Requests for a copy of the GLSC audit report or other questions concerning the GLSC should be addressed to:

Executive Director
Greater Louisville Sports Commission
One Riverfront Plaza
401 W. Main Street - Suite 2200
Louisville, KY 40202

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

STATEMENT OF NET POSITION (DEFICIT)

June 30, 2025

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
ASSETS		
Cash and cash equivalents	\$ 14,381,698	\$ 359,956
Cash and cash equivalents restricted	17,223,883	-
Investments	6,323,626	-
Investments restricted	44,241,104	-
Due from other governmental units	8,157,466	-
Due from trustee	2,039,364	-
Other receivables, net	731,130	195,709
Inventory	126,408	-
Prepaid expenses	1,062,293	25,578
Prepaid insurance debt issuance costs, net	399,802	-
Net OPEB asset	325,220	-
Capital assets, net of depreciation	4,257,125	6,334
Total Assets	99,269,119	587,577
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension	3,520,915	-
Deferred outflow - OPEB	1,378,322	-
Total Assets and Deferred Outflow of Resources	104,168,356	587,577
LIABILITIES		
Accounts payable and accrued expenses	2,830,465	99,065
Unearned revenue	2,495,862	133,295
Interest payable	340,022	-
Due to other governmental units	263,186	-
Current note payable, net	-	3,650
Current bonds payable, net	4,337,006	-
Current lease liability	239,460	-
Compensated absences	425,708	-
Long-term lease liability	2,207,491	-
Net pension liability	11,232,731	-
Long-term note payable, net	-	147,705
Long-term bonds payable, net	114,902,557	-
Total Liabilities	139,274,488	383,715
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension	2,001,139	-
Deferred inflow - OPEB	3,547,249	-
Total Liabilities and Deferred Inflow of Resources	144,822,876	383,715
NET POSITION (DEFICIT)		
Net investment in capital assets	1,810,174	-
Restricted	66,207,302	49,599
Unrestricted	(108,671,996)	154,263
Total Net Position (Deficit)	\$ (40,654,520)	\$ 203,862

See accompanying Report of Independent Auditor
and notes to the financial statements.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

STATEMENT OF ACTIVITIES

Year ended June 30, 2025

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
EXPENSES		
Operating	\$ 27,912,670	\$ 2,306,411
Interest	3,867,676	4,125
Depreciation and amortization	536,136	-
Other bond fees	63,633	-
	<hr/>	<hr/>
Total Expenses	32,380,115	2,310,536
	<hr/>	<hr/>
GENERAL REVENUES		
Transient room tax	42,072,047	-
Partnership dues	353,400	-
Advertising	147,872	-
Merchandise, net	70,455	-
Services and fees	176,492	-
Matching funds	427,909	-
Investment income	4,037,183	2,841
Agency funding	-	530,000
Program service revenue	-	1,753,425
Grant revenue	2,924,243	-
Other income	492,476	-
	<hr/>	<hr/>
Total General Revenues	50,702,077	2,286,266
	<hr/>	<hr/>
Change In Net Position	18,321,962	(24,270)
Net Position (Deficit), Beginning of Year	(58,976,482)	228,132
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Net Position (Deficit), End of Year	\$ (40,654,520)	\$ 203,862
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See accompanying Report of Independent Auditor
and notes to the financial statements.

FUND FINANCIAL STATEMENTS

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 14,381,698	\$ -	\$ 14,381,698
Cash and cash equivalents restricted	7,100,557	10,123,326	17,223,883
Investments	6,323,626	-	6,323,626
Investments restricted	-	44,241,104	44,241,104
Due from other governmental units	4,078,733	4,078,733	8,157,466
Due from trustee	2,039,364	-	2,039,364
Other receivables	379,174	351,956	731,130
Inventory	126,408	-	126,408
Prepaid expenses	1,062,293	-	1,062,293
Total Assets	\$ 35,491,853	\$ 58,795,119	\$ 94,286,972
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,816,871	\$ 13,594	\$ 2,830,465
Due to other governmental units	263,186	-	263,186
Unearned revenue	2,495,862	-	2,495,862
Total Liabilities	5,575,919	13,594	5,589,513
FUND BALANCE			
Nonspendable:			
Inventory	126,408	-	126,408
Prepaid expenses	1,062,296	-	1,062,296
Restricted	7,100,557	58,781,525	65,882,082
Committed	9,000,000	-	9,000,000
Unassigned	12,626,673	-	12,626,673
Total Fund Balance	29,915,934	58,781,525	88,697,459
Total Liabilities and Fund Balance	\$ 35,491,853	\$ 58,795,119	\$ 94,286,972

See accompanying Report of Independent Auditor
and notes to the financial statements.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION (DEFICIT)

June 30, 2025

Total fund balance for governmental funds \$ 88,697,459

Total net assets reported for governmental activities in the statement of net
assets is different because:

Capital assets, net of depreciation, used in governmental activities are
not financial resources and, therefore, not reported in the
governmental funds financial statements. 2,043,780

Right-of-use assets, net of amortization, used in governmental
activities are not financial resources and, therefore, not reported in the
governmental funds financial statements. 2,213,345

Governmental funds financial statements report debt issuance costs
as expenditures. However, debt issuance costs related to prepaid
insurance are reported as an asset in the Statement of Net Position
and amortized over the term of the debt. 399,802

Long-term assets and liabilities, and deferred inflows and outflows,
are not due in the current period and, therefore, not reported in
governmental funds.

Bonds payable, net	\$ (119,239,563)	
Net pension liability	(11,232,731)	
Net OPEB asset	325,220	
Deferred outflow - pension	3,520,915	
Deferred outflow - OPEB	1,378,322	
Interest payable	(340,022)	
Deferred inflow - pension	(2,001,139)	
Deferred inflow - OPEB	(3,547,249)	
Lease liability	(2,446,951)	
Compensated absences	(425,708)	(134,008,906)

Total Net Position (Deficit) of Governmental Activities \$ (40,654,520)

See accompanying Report of Independent Auditor
and notes to the financial statements.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year ended June 30, 2025

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Transient room tax	\$ 25,036,727	\$ 17,035,320	\$ 42,072,047
Partnership dues	353,400	-	353,400
Advertising	147,872	-	147,872
Merchandise, net	70,455	-	70,455
Services and fees	176,492	-	176,492
Matching funds	427,909	-	427,909
Investment income	1,382,688	2,654,495	4,037,183
Grant revenue	2,924,243	-	2,924,243
Other income	492,476	-	492,476
Total Revenues	31,012,262	19,689,815	50,702,077
EXPENDITURES			
Rent	267,570	-	267,570
Parking	65,652	-	65,652
Maintenance	64,159	-	64,159
Utilities	3,742	-	3,742
Telephone	87,748	-	87,748
Office expense	192,396	-	192,396
Postage	74,485	-	74,485
Data processing	201,417	-	201,417
Payroll, full-time	5,886,144	-	5,886,144
Payroll, part-time	344,670	-	344,670
Payroll taxes	510,177	-	510,177
Commissions and incentive pay	1,031,887	-	1,031,887
Pension plan	1,317,601	-	1,317,601
Employee relations	186,207	-	186,207
Employee benefits	618,993	-	618,993
Professional fees	370,401	-	370,401
Insurance	66,384	-	66,384
Dues and subscriptions	112,412	-	112,412
Printing	456,900	-	456,900
Advertising	6,233,373	-	6,233,373
Promotions	651,001	-	651,001
Photography and video	342,122	-	342,122
Website marketing	351,239	-	351,239
Mass marketing	721,676	-	721,676
Client events	356,686	-	356,686
Site visits	144,622	-	144,622
Travel and trade shows	2,032,214	-	2,032,214
Client development	139,678	-	139,678
Sponsorships and events	5,084,398	-	5,084,398
Capital expenditures	3,292,255	-	3,292,255
Research	545,437	-	545,437
Bond principal	-	3,760,000	3,760,000
Interest expense	-	4,230,663	4,230,663
Other bond fees	-	44,745	44,745
Total Expenditures	31,753,646	8,035,408	39,789,054
Excess (Deficiency) of Revenues Over Expenditures	(741,384)	11,654,407	10,913,023
OTHER FINANCING SOURCES (USES)			
Lease obligation incurred	2,243,719	-	2,243,719
Total Other Financing Sources and Uses	2,243,719	-	2,243,719
Net Change in Fund Balances	1,502,335	11,654,407	13,156,742
Fund Balance, Beginning of Year	28,413,599	47,127,118	75,540,717
Fund Balance, End of Year	\$ 29,915,934	\$ 58,781,525	\$ 88,697,459

See accompanying Report of Independent Auditor
and notes to the financial statements.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2025

Net change in fund balances - total governmental funds \$ 13,156,742

The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds financial statements report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the Statement of Activities. This is the amount by which capital outlays (\$3,292,255) exceeded depreciation (\$536,136) and lease liability incurred (\$2,243,719) in the current period. 759,260

Governmental funds financial statements report rent payments as expenditures. However, the cost of right-of-use assets is allocated over their estimated useful lives and reported as amortization expense in the Statement of Activities. This is the amount by which amortization of the right-of-use asset (\$246,860) exceeded reduction of the lease liability (\$43,023) in the current period. (203,837)

Governmental funds financial statements report payments of bond principal as expenditures. However, bond principal payments are reflected as a reduction in the related liability in the Statement of Net Position. 3,760,000

Governmental funds financial statements report debt issuance costs as expenditures. However, debt issuance costs related to prepaid insurance are reported as an asset in the Statement of Net Position and amortized over the term of the debt. Debt issuance costs were amortized and increased other bond fees. (18,888)

Governmental funds financial statements report bond issuance premium as an other financing source. However, bond issuance premium is amortized in the Statement of Activities. Bond issuance premium was amortized and reduced interest expense. 531,098

Governmental funds financial statements report bond issuance discount as an other financing use. However, bond issuance discount is amortized in the Statement of Activities. Bond issuance discount was amortized and increased interest expense. (43,811)

Pension income (expense) related to long-term Net Pension Liability that is not included in the Governmental Funds. (453,328)

Pension income (expense) related to long-term Net OPEB Asset/Liability that is not included in the Governmental Funds. 857,644

Various expenses in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences \$ (35,451)
Change in interest payable 12,533 (22,918)

Change in Net Position (Deficit) of Governmental Activities \$ 18,321,962

See accompanying Report of Independent Auditor
and notes to the financial statements.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity: In 1968, the Commonwealth of Kentucky's General Assembly enacted legislation which authorized the establishment of tourist and convention commissions. This legislation is now codified at KRS 91A.350 et seq. The Louisville and Jefferson County Visitors and Convention Commission (the "Commission"), doing business as Louisville Tourism, was established pursuant to this legislation and operates to support the local economy's growth by driving tourism to the city and region. The agency serves as the leading voice for Louisville's hospitality industry to unite other sectors of the community, both private and public, in partnership to make the destination attractive to visitors and investment. In pursuit of its mission, the Commission generates increased visitor spending, local tax receipts, and job development.

As required by generally accepted accounting principles, these financial statements present the Commission (the primary government) and its component unit. The component unit, as discussed below, is included in the Commission's reporting entity because of the significance of its operational and financial relationship with the Commission.

The Greater Louisville Sports Commission, Inc. (the "GLSC") is a legally separate, tax-exempt 501(c)(3), component unit of the Commission. The GLSC acts primarily to foster national and international amateur sports competition, and for other charitable purposes to make the Greater Louisville area a hub of amateur sports and promote the general welfare and common good of amateur sports in the Greater Louisville area. Although it is legally separate from the Commission, the GLSC is fiscally dependent upon the Commission due to the committed annual funding from the Commission and shares a financial benefit/burden with the Commission. This causes the relationship between the Commission and the GLSC to be that of related entities resulting in the need for inclusion as a discretely presented component unit in the financial statements of the Commission.

The Commission does not own the Kentucky International Convention Center ("KICC"), although it is authorized to issue bonds and pledge tax revenue used to finance its construction and renovation. As a result, the net book value of KICC is not reflected in these financial statements.

Government-Wide Financial Statements: In accordance with Governmental Accounting Standards Board ("GASB"), the Commission has presented a Statement of Net Position (Deficit) and Statement of Activities for the Commission as a whole. These statements include the primary government and its discretely presented component unit (see above). Government-wide accounting is designed to provide a more comprehensive view of the Commission's operations and financial position as a single economic entity.

Government-wide statements distinguish between governmental-type and business-type activities. Governmental-type activities are those financed through taxes, intergovernmental revenues, and other non-exchange revenues and are usually reported in governmental and internal service funds. The Commission has no business-type activities.

Fund Financial Statements: The Commission uses funds to report on its financial position and the result of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A Fund is a separate entity with a self-balancing set of accounts. Funds of the Commission are classified as governmental. This category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds - Governmental funds account for all or most of the Commission's general activities, including the collection of legally restricted monies, administrative expenses, and the acquisition or construction of capital assets. Governmental funds include:

General Fund - The general operating fund accounts for all financial resources, except those required to be accounted for in other funds.

Debt Service Fund - The debt service fund accounts for the resources accumulated and payments made for principal and interest on general long-term debt.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus and Basis of Accounting: The accounting and financial treatment applied to a fund is determined by the type of financial statement presentation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of related cash flows in the statement of activities. In these financial statements, capital assets are reported and depreciated/amortized.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when they are both measurable and available. Revenues are considered measurable when the dollar amount is known or reasonably estimable. Revenues are considered available when they are collectible within the current period or within 90 days following the end of the period, which is deemed to be soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when incurred, as under accrual accounting. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

Cash and Cash Equivalents: Cash and cash equivalents include cash on-hand and highly liquid investments with an original maturity of three months or less.

Investments: Investments consist of United States Treasury securities and are stated at fair value.

Allowance for Doubtful Accounts: The Commission evaluates the collectability of receivables by considering several factors including historical loss rates, the age of the accounts receivable, changes in collection patterns, the status of ongoing disputes with third party payers, and general industry conditions. An allowance for doubtful accounts is recorded, if necessary, based on management's evaluation based on these criteria. Accounts receivable reflects the net realizable value of the receivables.

Inventory: Inventory is presented at the lower of cost or market value. Cost is determined using the first-in, first-out (FIFO) method.

Capital Assets: Capital assets owned by the Commission, including leaseholds improvements, furniture and fixtures, office equipment, trademarks, right to use assets, and other intangibles are reported in the governmental activities column in the government-wide financial statements. Capital assets greater than \$1,000 that are used in operations and have an initial useful life that extends beyond one year are capitalized. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are expensed as incurred.

All capital assets are depreciated/amortized using the straight-line depreciation/amortization method over the following estimated useful lives:

Leasehold improvements	2 - 10 years
Furniture and fixtures	10 - 15 years
Office equipment	3 - 10 years
Trademarks	Indefinite
Intangibles	5 years
Right-of-use assets	Lease term

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pension and Other Post-Employment Benefits ("OPEB"): For purposes of measuring the net pension liability, the net OPEB liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the Commission's participation in the County Employees Retirement System ("CERS") of the Kentucky Retirement Systems ("KRS") have been determined on the same basis as they are reported by the KRS for the CERS plan. For this purpose, benefits including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms of the CERS plan of Kentucky Retirement Systems. The liabilities were measured at June 30, 2024.

Net Position/Fund Balance: In the Statement of Net Position, the difference between the Commission's assets and deferred outflows of resources and the Commission's liabilities and deferred inflows of resources is recorded as net position. The components of net position are as follows:

Unrestricted - This category represents net assets not appropriated for expenditures or legally segregated for a specific future use.

Net Investment in Capital Assets - This category records capital assets net of accumulated depreciation/amortization and reduced by any outstanding balances of bonds, mortgages, notes, leases, or other borrowing attributable to the acquisition, construction, or improvement of capital assets.

Restricted - This category represents net position that is restricted by external sources such as banks or by law are reported separately as restricted net position. The Commission's restricted net position consist of cash equivalents held by a trustee for future debt service.

In the Balance Sheet - Governmental Funds, the difference between the Commission's assets and liabilities is reported as fund balance. The classifications of fund balance are as follows:

Nonspendable - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This classification includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned - This classification includes amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned - This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

The highest level of decision-making authority is the Board of Commissioners, which is comprised of nine (9) commissioners who function as the Board of Directors. In order to establish (and modify or rescind) amounts of fund balance as committed, a formal vote by the Commission outlining the specific purposes for which the amounts can only be used is required.

The Board of Commissioners is authorized to assign amounts to a specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Commission considers restricted amounts to have been spent.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the Commission first considers committed amounts to have been spent followed by assigned and then unassigned.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements: In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this pronouncement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The adoption of this Statement did not have an impact on the Commission's financial position, results of operations, or cash flows.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this pronouncement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB Statement No. 102 is effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The adoption of this Statement did not have an impact on the Commission's financial position, results of operations, or cash flows.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this pronouncement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. GASB Statement No. 103 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The impact of these requirements on the financial statements has not yet been determined.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. GASB Statement No. 104 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The impact of these requirements on the financial statements has not yet been determined.

Subsequent Events: Subsequent events for the Commission have been considered through December 18, 2025, which represents the date the financial statements were available to be issued. No recognized or non-recognized subsequent events occurred through that date.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2025, restricted cash equivalents in the amount of \$10,123,326 were held by financial institutions in accordance with bonded and other indebtedness trust agreements which do not require that the trustee provide collateral for the cash equivalents. These cash equivalents were held in money market funds that invest only in securities issued by the United States Treasury. These cash equivalents were held by the trustee for the benefit of the Commission and can be used only for debt service.

At June 30, 2025, unrestricted cash equivalents in the amount of \$8,273,288 and restricted cash equivalents in the amount of \$5,587,818 were held by financial institutions in money market funds that invest only in securities issued by the United States Treasury.

At June 30, 2025, restricted cash deposits in the amount of \$1,512,911 and unrestricted cash deposits in the amount of \$7,376,819 were held by financial institutions, of which \$586,578 was collectively insured by the Federal Deposit Insurance Corporation ("FDIC") and the remainder was collateralized by securities held by the pledging financial institution.

Custodial Credit Risk - For a deposit, custodial credit risk is the risk that the deposit may not be returned to the Commission in the event of a bank failure. Consistent with the Commission's deposit policy, all unrestricted cash deposits were covered by FDIC insurance or a collateral security agreement at June 30, 2025.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE C - INVESTMENTS

At June 30, 2025, the fair market values of the Commission's investment balances were as follows:

	<u>Debt Service Fund</u>	<u>General Fund</u>	<u>Total</u>
US Treasuries	\$ 44,241,104	\$ 6,323,626	\$ 50,564,730

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a financial instrument. The Commission's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from a change in interest rates.

Credit Risk - Credit risk is the risk of a loss of principal stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. KRS 66.480 of Commonwealth of Kentucky law limits the investment of public funds to obligations of the United States Government, obligations backed by the full faith and credit of the United States Government, obligations of any corporation or agency of the United States Government, certificates of deposits, bankers' acceptances, commercial paper, bonds and securities issued by a state or local government, shares of mutual funds, individual equity securities, and/or individual corporate bonds. The Commission's written investment policy does not further limit its investment choices beyond those defined in KRS 66.480.

Concentration Risk - Concentration risk is the risk of loss arising from lopsided exposure to a particular group of counterparties. The Commission places no limit on the amount it may invest in any one issuer or type of investment except for those limitations outlined in KRS 66.480.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that in the event of failure of the counterparty or bank, the Commission will not be able to recover the value of its investments held in the possession of an outside party. Investments are held for the benefit of the Commission by a bank organized and existing under the laws of the United States of America.

NOTE D - FAIR VALUE MEASUREMENTS

The Commission measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1-Quoted prices in active markets for identical assets or liabilities.
- Level 2-Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active, or unobservable inputs that are derived principally from or corroborated by observable market data.
- Level 3-Unobservable inputs that are based on the Commission's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

Fair values of assets/liabilities measured on a recurring basis at June 30, 2025:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasuries	\$50,564,730	\$ 50,564,730	\$ -	\$ -

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

The amount due from other governmental units consists of transient room taxes due from the Louisville Metro Revenue Commission ("Revenue Commission").

NOTE F - DUE FROM TRUSTEE

The amount due from trustee consists of transient room taxes due from the trustee related to the Pledged 1.5% Operations Tax, as further described in Note J.

NOTE G - OTHER RECEIVABLES

Other receivables are stated at the amount the Commission expects to collect from balances outstanding at year-end. Other receivables reflect the net realizable value of the receivables.

NOTE H - INVENTORY

Inventory consists of merchandise and expendable advertising supplies such as visitor brochures.

In the fund financial statements, inventory is recorded as an asset upon transfer of title and risk of loss. Recorded inventories are equally offset by a nonexpendable fund balance since they do not constitute "available spendable resources", even though they are a component of fund balance.

NOTE I - CAPITAL ASSETS

	Beginning Balance	Additions	Disposals	Ending Balance
Louisville and Jefferson County Visitors and Convention Commission:				
Cost				
Leasehold improvements	\$ 1,497,249	\$ 95,367	\$ (477,228)	\$ 1,115,388
Furniture and fixtures	460,098	670,894	(454,123)	676,869
Office equipment	796,572	282,274	(71,442)	1,007,404
Right-of-use assets, buildings	1,238,516	2,243,719	(762,248)	2,719,987
Intangible assets	128,113	-	-	128,113
Total cost	<u>4,120,548</u>	<u>3,292,254</u>	<u>(1,765,041)</u>	<u>5,647,761</u>
Less Accumulated Depreciation				
Leasehold improvements	577,568	165,628	(477,228)	\$ 265,968
Furniture and fixtures	450,553	30,717	(454,123)	27,147
Office equipment	569,390	92,931	(71,442)	590,879
Right-of-use assets, buildings	1,022,030	246,860	(762,248)	506,642
Total accumulated depreciation	<u>2,619,541</u>	<u>536,136</u>	<u>(1,765,041)</u>	<u>1,390,636</u>
Net Book Value	<u>\$ 1,501,007</u>	<u>\$ 2,756,118</u>	<u>\$ -</u>	<u>\$ 4,257,125</u>

The GLSC's capital assets at June 30, 2025, are composed of \$6,334 of property and equipment, not yet placed in service and, therefore, not yet subject to depreciation as of June 30, 2025.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE J - DEDICATED TAX REVENUE BONDS

Dedicated Tax Revenue Bonds Series 2016: On August 31, 2016, the Commission issued Dedicated Tax Revenue Bonds with a par amount of \$148,765,000 (the "Series 2016 Bonds") to finance a portion of the renovation and expansion of the Kentucky International Convention Center. The Series 2016 Bonds are a special revenue obligation of the Commission secured solely by a pledge to and security interest in, (i) the 2% Dedicated Tax, (ii) the 1% Additional Dedicated Tax, and (iii) one-half of the receipts from the 3% Operations Tax (the "Pledged 1.5% Operations Tax"). See Note R for a further description of these taxes. The 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the Pledged 1.5% Operations Tax are referred to collectively herein as the "Dedicated Taxes."

The Series 2016 Bonds are fully registered bonds in denominations of \$5,000 or integral multiples thereof. The Series 2016 Bonds have a final maturity on June 1, 2046. Interest is payable on June 1, 2017 and semiannually thereafter on June 1 and December 1 of each year. The Series 2016 Bonds maturing on or after June 1, 2027, are subject to redemption prior to maturity at the option of the Commission, from time to time in whole or in part on any date, on or after June 1, 2026, at the redemption price of 100% of the principal amount of the Series 2016 Bonds to be redeemed plus accrued interest to the redemption date. Following issuance of the Series 2016 Bonds, the Commission transferred \$144,000,000 of net bond proceeds to the Commonwealth of Kentucky to support the renovation and expansion of KICC.

The Series 2016 Bonds outstanding at June 30, 2025 consist of the following:

Description	Due to be Redeemed or Repaid During Year Ending June 30	Interest Rate	Outstanding Balance
Serial and Term Bonds	2026 - 2046	2.75% - 4.00%	\$119,715,000

Debt service for the next five years and to maturity on all outstanding bonds at June 30, 2025 is as follows:

Payable During Year Ending June 30	Principal	Interest	Total
2026	\$ 3,910,000	4,080,263	\$ 7,990,263
2027	4,065,000	3,923,863	7,988,863
2028	4,225,000	3,761,263	7,986,263
2029	4,395,000	3,592,263	7,987,263
2030	4,570,000	3,416,463	7,986,463
2031-2035	25,195,000	14,747,538	39,942,538
2036-2040	30,260,000	9,681,113	39,941,113
2041-2045	35,350,000	4,592,188	39,942,188
2046	7,745,000	242,031	7,987,031
Total	\$ 119,715,000	\$ 48,036,985	\$ 167,751,985

Security and Guarantee: The Series 2016 Bonds are payable from and secured solely by a pledge to and security interest of the Trustee in, (i) the 2% Dedicated Tax, (ii) the 1% Additional Dedicated Tax, and (iii) one-half of the receipts from the 3% Operations Tax (the "Pledged 1.5% Operations Tax"). The Revenue Commission will remit directly to the Trustee monthly as collected the 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the Pledged 1.5% Operations Tax. The 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the 3% Operations Tax are further described in Note R.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE J - DEDICATED TAX REVENUE BONDS - CONTINUED

A municipal bond insurance company has issued a municipal bond insurance policy for only the portion of the Series 2016 Bonds maturing on June 1, 2046 that guarantees the scheduled payment of principal and interest on the insured bonds when due.

Each of the following events is declared an “event of default”: (a) payment of the principal or any installment of interest of any of the Series 2016 Bonds is not made on the date specified for payment, or (b) default shall be made in the due and punctual observance or performance of any of the covenants, conditions, and agreements on the part of the Commission, and such default shall continue for a period of forty-five (45) days after written notice thereof. Upon the happening of any event of default, the Trustee may, and if requested by the holder(s) of fifty-one percent (51%) in principal amount or more of the Series 2016 Bonds then outstanding, declare all Series 2016 Bonds due and payable.

Continuing Disclosure: The Commission has entered into an agreement with a Disclosure Dissemination Agent, a Disclosure Dissemination Agent Agreement dated as of the date of original issuance of the Series 2016 Bonds (the “Continuing Disclosure Agreement”), for the benefit of the holders of the Series 2016 Bonds and in order to assist the underwriters of the Series 2016 Bonds in assuring continuing disclosure with respect to the Series 2016 Bonds in accordance with Rule 15c2-12 of the U.S. Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended. Under the Continuing Disclosure Agreement, the Commission has agreed to provide to the Disclosure Dissemination Agent, for posting on the Electronic Municipal Market Access (“EMMA”) website of the Municipal Securities Rulemaking Board at <https://emma.msrb.org> the following information:

- audited financial statements of the Commission for its fiscal year ending June 30, 2016, and each fiscal year thereafter;
- the respective amounts of the 2% Dedicated Tax, the 1% Additional Dedicated Tax, and the 3% Operations Tax collected during the fiscal year and the percentage change in the total of such collections compared to the immediately preceding fiscal year;
- notice of any of the following events with respect to the Series 2016 Bonds: principal and interest payment delinquencies; non-payment related defaults, if material; unscheduled draws on debt service reserves reflecting financial difficulties; substitution of credit or liquidity providers, or their failure to perform; adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds; modifications to rights of securities holders, if material; bond calls, if material; defeasances; release, substitution, or sale of property securing repayment of the securities, if material; rating changes; tender offers; bankruptcy, insolvency, receivership, or similar event of the Commission; merger, consolidation, or acquisition of the Commission, if material; and appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- notice of a failure to timely provide any of the information required to be provided.

NOTE K - BOND ISSUANCE PREMIUM

In connection with the issuance of the Series 2016 Bonds, the Commission recognized a net bond issuance premium of \$5,885,829, which consisted of bond issuance premium of \$7,173,954 and bond issuance discount of \$1,288,125. This net bond issuance premium is being amortized using the effective interest method over the term of the Series 2016 Bonds with the unamortized net balance reflected as an increase to net bonds payable. The unamortized balance of the net bond issuance discount at June 30, 2025 was \$475,437.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE L - PENSION PLAN

General Information

Plan Description: Employees of the Commission are provided a defined benefit pension plan through the County Employees Retirement System ("CERS"), a cost-sharing, multiple-employer defined pension plan administered by the Kentucky Retirement Systems ("KRS"). The Kentucky Retirement Systems was created by state statute under Kentucky Revised Statute ("KRS") 61.645. The Kentucky Retirement Systems Board of Trustees is responsible for the proper operation and administration of the Kentucky Retirement Systems. The Kentucky Retirement Systems issues a publicly available financial report that can be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits Provided: KRS 61.645 establishes the benefit terms and can be amended only by the Kentucky General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. There are currently three benefit tiers. Tier 1 members are those participating in the plan before September 1, 2008, Tier 2 are those that began participation September 1, 2008 through December 31, 2013, and Tier 3 are those members that began participation on or after January 1, 2014.

Tier 1 Non-Hazardous members are eligible to retire with an unreduced benefit at age 65 with four years of service credit or after 27 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must contain at least 48 months. Reduced benefits for early retirement are available at age 55 and vested or 25 years of service credit. Members vest with five years of service credit. Service-related disability benefits are provided after five years of service. Tier 2 Non-Hazardous members are eligible to retire based on the rule of 87: the member must be at least age 57, and age plus earned service must equal 87 years at retirement or at age 65 with five years of service credit. Benefits are determined by a formula using the member's highest five consecutive year average compensation, which must be 60 months. Reduced benefits for early retirement are available at age 60 with 10 years of service. Tier 3 Non-Hazardous members are also eligible to retire based on the rule of 87. Benefits are determined by a life annuity calculated in accordance with actuarial assumptions and methods adopted by the board based on a member's accumulated account balance. Tier 3 members are not eligible for reduced retirement benefits.

Prior to July 1, 2009, COLAs were provided annually equal to the percentage increase in the annual average of the consumer price index ("CPI") for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were limited to 1.50%. No COLA has been granted since July 1, 2011.

Contributions. Contributions for employees are established in the statutes governing the Kentucky Retirement Systems and may only be changed by the Kentucky General Assembly. Employees contribute 5% of salary if they were plan members prior to September 1, 2008. Employees that entered the plan after September 1, 2008 are required to contribute 6% of their annual creditable compensation. Five percent (5%) of the contribution was deposited to the member's account while the 1% was deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E). The Commission makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. The Commission's contractually required contribution rate for the year ended June 30, 2025 was 19.71% (19.71% pension and 0.00% insurance) of covered payroll. Contributions to the Pension Fund from the Commission were \$1,317,601 for the year ended June 30, 2025. By law, employer contributions are required to be paid. The KRS may intercept the Commission's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution ("ADC") and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE L - PENSION PLAN - CONTINUED

Net Pension Liability

At June 30, 2025, the Commission reported a liability of \$11,232,731 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the collective net pension liability and pension expense was determined using the employers' actual contributions for fiscal year 2024. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2024, the Commission's proportion was 0.18783%.

Actuarial Assumptions. The total pension liability, net pension liability (NPL), and sensitivity information are based on an actuarial valuation date of June 30, 2023. The total pension liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2024, using generally accepted actuarial principles. The actuarial assumptions were:

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by services
Payroll growth rate	2.00%
Investment rate of return	6.50%

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

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

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Target Allocation</u>
Equity		
Public Equity	4.15%	50.00%
Private Equity	9.10%	10.00%
Fixed Income		
Core Fixed Income	10.00%	10.00%
Specialty Credit/High Yield	10.00%	10.00%
Cash	0.00%	0.00%
Inflation Protected		
Real Estate	7.00%	7.00%
Real Return	13.00%	13.00%
Expected Real Return	4.69%	100.00%
Long Term Inflation Assumption	2.50%	
Expected Nominal Return	7.19%	100.00%

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE L - PENSION PLAN – CONTINUED

Discount Rate. The projection of cash flows used to determine the discount rate of 6.50% for CERS Nonhazardous and CERS Hazardous assumes that the funds receive the required employer contributions each future year, as determined by the current funding policy established in Statute, as amended by House Bill 362, (passed in 2018) over the remaining 27 years (closed) amortization period of the unfunded actuarial accrued liability. The provisions of House Bill 362 (passed in 2018) are still in effect and limit the increases to the employer contribution rates to 12% over the prior fiscal year through June 30, 2028. However, contribution rates are not currently projected to increase by more than 12% in any given future year. Therefore, for the purposes of this calculation, the provisions of House Bill 362 do not impact the projected employer contributions. The discount rate determination does not use a municipal bond rate.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of the Commission calculated using the discount rate of 6.50%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Current Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Net pension liability	\$ 14,480,826	\$ 11,232,731	\$ 8,537,668

Pension Expense. For the year ended June 30, 2025, the Commission recognized pension expense of \$1,770,927.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability experience	\$ 543,685	\$ -
Investment experience	771,436	1,493,640
Assumption changes	-	507,499
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	888,193	-
Contributions subsequent to the measurement date of June 30, 2024	1,317,601	-
Total	<u>\$3,520,915</u>	<u>\$2,001,139</u>

Deferred outflows of resources reported \$1,317,601 related to pensions resulting from the Commission's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE L - PENSION PLAN – CONTINUED

	Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Measurement Period Ending June 30	
	<hr/>	
2025	\$	282,796
2026		357,953
2027		(277,624)
2028		(160,950)
		<hr/>
	\$	<u>202,175</u>

In the table shown above, deferred inflows of resources amounts will decrease pension expense while deferred outflows of resources amounts will increase pension expense.

Payable to the Pension Plan. At June 30, 2025, the Commission reported a payable of \$116,541 (included in accounts payable and accrued expenses amount on the Statement of Net Position (Deficit) and on the Balance Sheet - Governmental Funds) for the outstanding amount of contributions to the pension plan required at June 30, 2025.

GLSC

The GLSC adopted a simple Individual Retirement Account on January 1, 2004 for the benefit of its full-time employees. The GLSC matches contributions up to 3% of each participant’s compensation. The GLSC expense related to the plan was \$7,488 for the year ended June 30, 2025.

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”)

General Information

Plan Description. Employees of the Commission are provided hospital and medical insurance through the Kentucky Public Pensions Authority’s County Employees’ Retirement System insurance fund (“Insurance Fund”), a cost-sharing, multiple-employer defined benefit OPEB plan. The CERS Board of Trustees is responsible for the proper operation and administration of the CERS. The KPPA issues a publicly available financial report that can be obtained by writing to Kentucky Public Pension Authority, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, or by telephone at (502) 564-4646.

Benefits Provided. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. As a result of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits are calculated differently for members who began participating on, or after, July 1, 2003. Once members reach a minimum vesting period of 10 years, non-hazardous employees whose participation began on, or after, July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes. The Kentucky General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”) - CONTINUED

Contributions. Contribution requirements of the participating employers are established and may be amended by the KRS Board of Trustees. The Commission’s contractually required contribution rate for the year ended June 30, 2025 was 19.71% (19.71% pension and 0.00% insurance) of covered payroll. Contributions to the Insurance Fund from the Commission were \$0 for the year ended June 30, 2025. Employees that entered the plan prior to September 1, 2008 are not required to contribute to the Insurance Fund. Employees that entered the plan after September 1, 2008 are required to contribute 1% of their annual creditable compensation which is deposited to an account created for the payment of health insurance benefits under 26 USC Section 401(h) in the Pension Fund (see Kentucky Administrative Regulation 105 KAR 1:420E).

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

At June 30, 2025, the Commission reported an asset of \$325,220 for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2024 and the total OPEB liability for the total amount before netting against trust assets used to calculate the collective net OPEB asset was determined by an actuarial valuation as of that date. The Commission’s proportion of the collective net OPEB asset and OPEB expense was determined using the employers’ actual contributions for fiscal year 2024. This method is expected to be reflective of the employers’ long-term contribution effort. At June 30, 2024, the Commission’s proportion was 0.18801%.

For the year ended June 30, 2025, the Commission recognized OPEB income of \$769,487. At June 30, 2025, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Liability experience	\$ 180,428	\$ 2,558,841
Investment experience	285,877	582,659
Assumption changes	294,689	229,477
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	529,170	176,272
Implicit subsidy and contributions subsequent to the measurement date of June 30, 2024	88,158	-
Total	<u>\$ 1,378,322</u>	<u>\$ 3,547,249</u>

Deferred outflows of resources, including the implicit subsidy, reported \$88,158 related to OPEB resulting from the Commission’s contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2026.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2025

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”) - CONTINUED

The long-term expected rate of return was determined by using a building-block method in which best estimate ranges of expected future real rate 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. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized below:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Equity		
Public Equity	4.15%	50.00%
Private Equity	9.10%	10.00%
Fixed Income		
Core Fixed Income	2.85%	10.00%
Specialty Credit	3.82%	10.00%
Cash	1.70%	0.00%
Inflation Protected		
Real Estate	4.90%	7.00%
Real Return	5.35%	13.00%
Expected Real Return	4.69%	100.00%
Long Term Inflation Assumption	2.50%	
Expected Nominal Return	7.19%	100.00%

Discount Rate. A single discount rate of 5.99% was 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, each plan’s fiduciary net position and future contributions were projected separately and were 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 plan. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan’s actuarially determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan’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 actual employer contributions made each future 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.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2025

NOTE M - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (“OPEB”) - CONTINUED

Sensitivity of the Commission’s Proportionate Share of the Collective Net OPEB (Asset)/Liability to Changes in the Discount Rate. The following presents the Commission’s proportionate share of the collective net OPEB (asset)/liability as well as what the Commission’s proportionate share of the collective net OPEB (asset)/liability would be if it were calculated using a discount rate that is one percentage point lower (4.99%) or one percentage point higher (6.99%) than the current discount rate:

	<u>1% Decrease</u> █ (4.99%)	<u>Current Discount Rate</u> █ (5.99%)	<u>1% Increase</u> █ (6.99%)
Net OPEB (asset)/liability	\$ 439,734	\$ (325,220)	\$ (968,395)

Sensitivity of the Commission’s Proportionate Share of the Collective Net OPEB (Asset)/Liability to Changes in the Healthcare Cost Trend Rates. The following presents the Commission’s proportionate share of the collective net OPEB (asset)/liability, as well as what the Commission’s proportionate share of the collective net OPEB (asset)/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 health care cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Trend Rate</u>	<u>1% Increase</u>
Net OPEB (asset)/liability	\$ (782,440)	\$ (325,220)	\$ 207,409

OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued KRS financial report.

Payables to the OPEB Plan. At June 30, 2025, the Commission reported a payable of \$0 (included in accounts payable and accrued expenses amount on the Statement of Net Position (Deficit) and on the Balance Sheet - Governmental Funds) for the outstanding amount of contributions to the OPEB plan required at the year ended June 30, 2025.

NOTE N - DUE TO OTHER GOVERNMENTAL UNITS

The amount due to other governmental units consists of incremental transient room taxes due to Louisville/Jefferson County Metro Government (“Metro Government”) under the “Signature Project Program” as further described in Note R.

NOTE O - LEASES

The Commission is obligated under a lease for office space that originally expired in September 2023. On February 2, 2021, the operating lease was amended to reduce the size of the space under lease by 927 square feet and extend the lease term by two (2) months to November 2023. On October 26, 2023, the Commission entered into a lease for office space that extends the existing lease term. The Commission continued to pay its existing annual rental rate of \$327,149 until the Landlord completed the related tenant improvements, which occurred on September 30, 2024. Upon completion of the tenant improvements, the lease term was extended for a period of ten (10) years and six (6) months from October 1, 2024 through March 31, 2035. The Commission did not pay any rent for the first six (6) months of the extension period, which began on October 1, 2024. Following expiration of this six (6) month free-rent period, the Commission shall pay an annual rental rate of \$310,227 that escalates over the lease term to \$366,633 by the end of the lease term. Upon expiration of the lease term, the Commission has the option to extend the term for two (2) five (5) year periods.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE O- LEASES- CONTINUED

The Commission is obligated under an operating lease for retail space that expires in December 2026. The lease includes a rent escalation beginning January 2023. The Commission has the option to extend the term for a period of five (5) years ending December 2031 and for a further period of five (5) years ending December 2036 these extensions are not included in the lease term as management has not determined it will plan to exercise these extensions.

The Commission, as a lessee, recognizes a lease liability and right-of-use asset at the commencement of the lease term. The lease liability is based on the present value of the lease payments expected to be paid during the lease term. The right-of-use asset should be valued at the lease liability in addition to accumulated amortization expense recognized throughout the life of the leases. The lease liability for the office space was discounted to the net present value by using a 7.61% implied interest rate. The lease liability for the retail space was discounted to the net present value by using a 2.95% implied interest rate.

The Commission has entered into operating leases for the rental of building space. The Commission recognizes right-of-use assets and liabilities for building leases. As of June 30, 2025, the lease liability was as follows:

<u>Governmental Activities</u>	<u>Beginning Lease Liability</u>	<u>Addition</u>	<u>Reduction</u>	<u>Ending Lease Liability</u>	<u>Implied Interest</u>	<u>Annual Lease Payments*</u>
Office Lease	\$ -	\$ 2,243,719	\$ (53,308)	\$ 2,297,027	\$ 130,864	\$ 77,556
VIC Lease	246,255	-	96,331	149,924	5,969	102,300
Governmental activities Lease liabilities	\$ 246,255	\$ 2,243,719	\$ 43,023	\$ 2,446,951	\$ 136,833	\$ 179,856

*Annual Lease Payment = Liability Reduction + Implied Interest

The future minimum lease payments for the above leases are as follows:

Fiscal Year Ended June 30	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 239,460	\$ 173,067	\$ 412,527
2027	202,014	159,363	361,377
2028	166,064	146,984	313,048
2029	190,835	133,494	324,329
2030	217,558	118,052	335,610
2031-2035	1,431,020	282,281	1,713,301
Total	\$ 2,446,951	\$ 1,013,241	\$ 3,460,192

NOTE P - VACATION AND PTO

All full-time employees are eligible for paid vacation based on the number of years of service. Vacation days may be carried over to the succeeding fiscal year, up to a maximum of five (5) days. No payment can be made in lieu of vacation, except in the event of separation, resignation, or retirement. Accrued vacation was \$91,140 at June 30, 2025. Accrued vacation is reported in the statement of net position (deficit) under accrued expenses.

All full-time employees are eligible for paid time off ("PTO") based on the number of months worked during the year. PTO is earned as service is performed and days may be accumulated and carried over year-to-year, up to a maximum of 60 days. PTO is not payable upon termination of employment with the only exception being an employee who retires from the Commission. The Commission will compensate a retiring employee any unused PTO time to a maximum of 60 days upon retirement from the Commission. Accrued PTO was \$425,708 at June 30, 2025. PTO is reported in the statement of net position (deficit) under compensated absences.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE Q - GRANTS

The Commission received funding from the American Rescue Plan Act ("ARPA") to support various tourism programs and projects.

The ARPA grants, awarded by the Commonwealth of Kentucky, are intended to provide financial assistance for marketing communities in Kentucky in direct support of the recovery due to the impact of the COVID-19 pandemic on the tourism industry. The Commission was awarded grant funding under three tranches of the ARPA grant program. The Commission was awarded \$7,118,199 under ARPA Tranche 2, which has a grant period that began on December 1, 2022 and ended on December 31, 2024. The Commission was awarded \$5,000,000 under ARPA Tranche 3, which has a grant period that began on December 28, 2022 and is expected to end on December 31, 2026. The Commission was awarded \$500,000 under ARPA Tranche 4, which has a grant period that began on February 6, 2023 and ended on December 31, 2024. The Commission has been recognized as a subrecipient of this grant and is subject to the terms and conditions specified by the Commonwealth of Kentucky.

Grant revenue under the above grants is recognized as qualifying expenses are incurred by the Commission and the conditions of the respective grants are considered met by the Commission. Unearned revenue related to these grants was \$2,495,862 at June 30, 2025.

NOTE R - TRANSIENT ROOM TAX

Sections 91A.350 through 91A.394 (the "Tourism and Conventions Commission Act") of the Kentucky Revised Statutes provides that a tourist and convention commission established thereunder shall submit annually to the local government which established the commission a request for funds for the operation of the commission and that the local government shall provide funds for the operation of the commission by imposing a transient room tax at a rate (in the case of a consolidated local government) of not more than three percent (3%) of the rent on every occupancy of a suite, room, or rooms charged by all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inn, or like or similar accommodations businesses (the "3% Operations Tax"). The Tourism and Conventions Commission Act further provides that, in addition to the 3% Operations Tax described above, a consolidated local government may impose a transient room tax at a rate of not more than 1.5% for the purpose of funding additional promotion of tourism and convention business (the "1.5% Operations Tax"). The primary source of the Commission's revenue is the 3% Operations Tax and the 1.5% Operations Tax. Monies collected from these transient room taxes support the operations of the Commission. A fee of 1.25% of tax collected is retained by the Revenue Commission for collection services. Net tax collected and interest are remitted on a monthly basis.

The Tourism and Conventions Commission Act further provides that a consolidated local government may levy an additional transient room tax at a rate of not more than 2% (the "2% Dedicated Tax") and that all amounts collected from such tax shall be applied toward the retirement of bonds issued under the Tourism and Conventions Commission Act to finance the expansion, construction, or operation of a governmental convention center useful to the promotion of tourism located in the central business district of the consolidated local government. In 1995, Metro Government levied the 2% Dedicated Tax on every occupancy of a suite, room, or rooms charged by all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses in Jefferson County, Kentucky. Monies collected from the 2% Dedicated Tax are applied toward the payment of the Commission's Series 2016 Bonds, which are described in Note J. A fee of 1.25% of tax collected is retained by the Revenue Commission for collection services. Net tax collected and interest are remitted on a monthly basis. The 2% Dedicated Tax is to remain in effect until June 23, 2046 or until the date on which all of the outstanding bonds of the Commission secured by the Dedicated Taxes are retired or no longer outstanding, whichever occurs first.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

NOTE R - TRANSIENT ROOM TAX - CONTINUED

The Tourism and Conventions Commission Act further provides that on or after August 1, 2014 a consolidated local government may impose a special transient room tax at a rate of not more than 1% (the "1% Additional Dedicated Tax") for the purpose of meeting the operating expenses of a convention center and financing the renovation or expansion of a convention center that is government-owned and located in the central business district of the consolidated local government, except that revenue derived from the 1% Additional Dedicated Tax shall not be used to meet the operating expenses of a convention center until any debt issued for financing such renovation or expansion is retired. In 2014, Metro Government levied the 1% Additional Dedicated Tax on every occupancy of a suite, room, or rooms charged by all persons, companies, corporations, or other like or similar persons, groups, or organizations doing business as motor courts, motels, hotels, inns, or like or similar accommodations businesses in Jefferson County, Kentucky. Monies collected from the 1% Additional Dedicated Tax must be used for the purposes of financing the renovation or expansion of the Kentucky International Convention Center and are applied toward the payment of the Commission's Series 2016 Bonds, which are described in Note J. A fee of 1.25% of tax collected is retained by the Revenue Commission for collection services. Net tax collected and interest are remitted monthly. The 1% Additional Dedicated Tax is to remain in effect until June 23, 2046 or until the date on which all of the outstanding bonds of the Commission secured by the Dedicated Taxes are retired or no longer outstanding, whichever occurs first. See Note J for the definition of the term "Dedicated Taxes."

KRS 154.30-050 established a "Signature Project Program" to encourage private investment in the development of major economic development projects that will have a significant impact on the Commonwealth and are determined to be of such a magnitude as to warrant extraordinary public support. The statute authorizes Metro Government to "release" and dedicate, to the payment of debt service on financing incurred to pay the costs of public infrastructure improvements for an eligible project, in addition to other state and local tax revenues, up to eighty percent (80%) of the incremental taxes generated within the project development area from the transient room taxes levied under KRS 91A.390, for a period of not more than thirty (30) years or, if earlier, the date when the cumulative sum of the released taxes equals the total cost of the public infrastructure improvements approved by Metro Government. Metro Government has agreed to such a release of incremental transient room taxes, in the amount of not more than \$400,000 in the first year and increased by 4% in each subsequent year (the "Annual Maximum"), generated within the defined geographic area of an economic development project in the Louisville central business district known as the "Center City Project", located one city block from the Convention Center and consisting of the development of a convention hotel opened in Spring 2018, rental apartment units, retail stores and restaurants, a public parking garage, and related public infrastructure improvements. The amount of incremental transient room taxes released to finance public infrastructure costs of the Center City Project, up to the Annual Maximum, will not be available to pay any obligations of the Commission, including the Series 2016 Bonds. The Center City Project is projected to generate annual incremental transient room taxes within the development area exceeding the Annual Maximum. The release of incremental transient room taxes for the benefit of the Center City Project was activated in December 2017 and is expected to continue for a maximum term of thirty (30) years thereafter or, if earlier, until the date when the cumulative sum of the released taxes equals the total cost of the public infrastructure improvements approved by Metro Government.

NOTE S - STATE MATCHING FUNDS

The Commission is eligible to receive funding under KRS 142.400, which imposes a tax ("1% Statewide Transient Room Tax") at the rate of 1% of the rent (exclusive of any other local or state taxes paid by the person or entity renting the accommodations) for every occupancy of any suite, room, rooms, or cabins charged by all persons, companies, corporations, groups, or organizations doing business as motor courts, motels, hotels, inns, tourist camps, or similar accommodations businesses. Receipts from the 1% Statewide Transient Room Tax are deposited into the Tourism, Meeting and Convention Marketing Fund administered by the Tourism Cabinet, with the approval of the Governor's Office for Policy and Management, and used for the sole purpose of marketing and promoting tourism in the Commonwealth, including expenditures (except expenditures for capital construction projects) to market and promote events and venues related to meetings, conventions, trade shows, cultural activities, historical sites, recreation, entertainment, natural phenomena, areas of scenic beauty, craft marketing, and any other economic activity that brings tourists and visitors to the Commonwealth. The Tourism Cabinet distributes a portion of the 1% Statewide Transient Room Tax to tourism and convention commissions established under the Tourism and Convention Commission Act, including the Commission, based on the amount of the commission's expenses each year for marketing and promoting tourism in the Commonwealth, subject to an annual maximum amount determined by the Tourism Cabinet. The revenues distributed to the Commission under the Tourism and Convention Commission Act totaled \$427,909 for the year ended June 30, 2025.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2025

Notes T - CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2025 were as follows:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025	Due within one year
Bonds payable	\$ 123,475,000	\$ -	\$ (3,760,000)	\$ 119,715,000	\$ 3,910,000
Bond issuance premium	1,003,310	-	(531,098)	472,212	472,211
Bond issuance discount	(991,460)	-	43,811	(947,649)	(45,205)
Bonds payable, net	123,486,850	-	(4,247,287)	119,239,563	4,337,006
Interest payable	352,555	-	(12,533)	340,022	340,022
Compensated absences	390,257	35,451 *	-	425,708	-
Lease liability	246,255	2,243,719	(43,023)	2,446,951	239,460
Net pension liability	11,399,954	-	(167,223)	11,232,731	-
	<u>\$ 135,875,871</u>	<u>\$ 2,279,170</u>	<u>\$ (4,470,066)</u>	<u>\$ 133,684,975</u>	<u>\$ 4,916,488</u>

* Compensated additions activity is presented net in additions

Interest payable is included in the above table due to its relationship to the long-term bonds payable. The interest payable is not a long-term liability and the amount due is payable within one year of June 30, 2025.

NOTE U - NET POSITION (DEFICIT)/FUND BALANCE

In the Statement of Net Position (Deficit), the difference between the Commission's assets and deferred outflows of resources and the Commission's liabilities and deferred inflows of resources is recorded as net position (deficit). Restricted net position includes \$58,781,525 restricted for debt service, \$6,837,370 restricted for capital improvements at KICC, \$263,187 restricted for future payments to other governmental units, and \$325,220 restricted for net OPEB assets.

In the Balance Sheet - Governmental Funds, the difference between the Commission's assets and liabilities is reported as fund balance. Restricted fund balance includes \$58,781,525 restricted for debt service, \$6,837,370 restricted for capital improvements at KICC, and \$263,187 restricted for future payments to other governmental units. Committed fund balance represents amounts committed for board-designated reserves to ensure the stability of the mission, programs, employment and ongoing operations of the organization and to provide a source of funds to cover the liabilities and/or commitments of the organization.

Restricted net position of the Greater Louisville Sports Commission, Inc. includes \$49,600 of donor restricted funds.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE FINANCIAL STATEMENTS
Year ended June 30, 2025

NOTE V - RELATED PARTY TRANSACTIONS

Operating expenses on the Statement of Activities include \$530,000 that was paid by the Commission to the GLSC to support its operations.

NOTE W - CONTINGENCIES

The Commission has entered into various contracts which require future payments to organizations for future conventions and meetings to be held in Louisville; however, if such conventions and meetings are cancelled by the respective organizations, no payments are due.

REQUIRED SUPPLEMENTARY INFORMATION

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL

Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Transient room tax	\$ 24,676,456	\$ 24,676,456	\$ 25,036,727	\$ 360,271
Partnership dues	326,250	326,250	353,400	27,150
Advertising	176,600	176,600	147,872	(28,728)
Merchandise, net	148,193	148,193	70,455	(77,738)
Services and fees	162,850	162,850	176,492	13,642
Matching funds	507,260	507,260	427,909	(79,351)
Investment income	880,000	880,000	1,382,688	502,688
Grant revenue	1,423,380	3,232,280	2,924,243	(308,037)
Other income	452,250	452,250	492,476	40,226
Total Revenues	<u>28,753,239</u>	<u>30,562,139</u>	<u>31,012,262</u>	<u>450,123</u>
EXPENDITURES				
Rent	295,272	295,272	267,570	(27,702)
Parking	60,000	60,000	65,652	5,652
Maintenance	88,215	88,215	64,159	(24,056)
Utilities	5,620	5,620	3,742	(1,878)
Telephone	114,425	114,425	87,748	(26,677)
Office expense	156,964	156,964	192,396	35,432
Postage	112,700	112,700	74,485	(38,215)
Data processing	193,500	193,500	201,417	7,917
Payroll, full-time	5,829,444	5,888,444	5,886,144	(2,300)
Payroll, part-time	431,578	431,578	344,670	(86,908)
Payroll taxes	510,774	515,774	510,177	(5,597)
Commissions and incentive pay	929,846	929,846	1,031,887	102,041
Pension plan	1,310,928	1,321,928	1,317,601	(4,327)
Employee relations	195,118	195,118	186,207	(8,911)
Employee benefits	663,250	678,250	618,993	(59,257)
Professional fees	361,600	440,600	370,401	(70,199)
Insurance	71,100	71,100	66,384	(4,716)
Dues and subscriptions	156,696	156,696	112,412	(44,284)
Printing	626,200	501,200	456,900	(44,300)
Advertising	5,107,000	6,262,000	6,233,373	(28,627)
Promotions	686,460	706,460	651,001	(55,459)
Photography and video	140,000	340,000	342,122	2,122
Website marketing	389,041	389,041	351,239	(37,802)
Mass marketing	879,000	879,000	721,676	(157,324)
Client events	439,750	439,750	356,686	(83,064)
Site visits	100,065	100,065	144,622	44,557
Travel and trade shows	2,350,471	2,350,471	2,032,214	(318,257)
Client development	180,700	180,700	139,678	(41,022)
Sponsorships and events	4,710,422	5,435,422	5,084,398	(351,024)
KICC capital improvements	-	-	-	-
Capital expenditures	136,500	1,094,500	3,292,255	2,197,755
Research	574,100	709,100	545,437	(163,663)
Total Expenditures	<u>27,806,739</u>	<u>31,043,739</u>	<u>31,753,646</u>	<u>709,907</u>
OTHER FINANCING SOURCES (USES)				
Lease obligation incurred	-	-	2,243,719	2,243,719
Total Other Financing Sources and Uses	<u>-</u>	<u>-</u>	<u>2,243,719</u>	<u>2,243,719</u>
Excess of Revenues Over Expenditures	946,500	(481,600)	1,502,335	(259,784)
Fund Balance, Beginning of Year	28,413,599	28,413,599	28,413,599	-
Fund Balance, End of Year	<u>\$ 29,360,099</u>	<u>\$ 27,931,999</u>	<u>\$ 29,915,934</u>	<u>\$ (259,784)</u>

See Report of Independent Auditor.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS

Year Ended June 30,	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
2015	0.18292%	\$ 7,864,668	\$ 4,758,394	165.28%	59.97%
2016	0.18608%	\$ 9,161,861	\$ 4,961,692	184.65%	55.50%
2017	0.18850%	\$ 11,033,485	\$ 4,915,007	224.49%	53.30%
2018	0.18562%	\$ 11,304,580	\$ 5,154,297	219.32%	53.54%
2019	0.19138%	\$ 13,459,700	\$ 4,648,098	289.57%	50.45%
2020	0.18589%	\$ 14,257,609	\$ 3,828,689	372.39%	47.81%
2021	0.13737%	\$ 8,758,160	\$ 4,939,079	177.32%	57.33%
2022	0.15365%	\$ 11,107,524	\$ 5,085,218	218.43%	52.42%
2023	0.17767%	\$ 11,399,954	\$ 6,003,672	189.88%	57.48%
2024	0.18783%	\$ 11,232,731	\$ 6,684,937	168.03%	61.61%

The data provided in the schedule is as of the measurement date of KRS's net pension liability, which is June 30, 2024.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2016	\$ 577,669	\$ 577,669	\$ -	\$ 4,758,394	12.14%
2017	\$ 692,156	\$ 692,156	\$ -	\$ 4,961,692	13.95%
2018	\$ 711,693	\$ 711,693	\$ -	\$ 4,915,007	14.48%
2019	\$ 836,027	\$ 836,027	\$ -	\$ 5,154,297	16.22%
2020	\$ 897,083	\$ 897,083	\$ -	\$ 4,648,098	19.30%
2021	\$ 738,937	\$ 738,937	\$ -	\$ 3,828,689	19.30%
2022	\$ 1,045,603	\$ 1,045,603	\$ -	\$ 4,939,079	21.17%
2023	\$ 1,189,941	\$ 1,189,941	\$ -	\$ 5,085,218	23.40%
2024	\$ 1,401,257	\$ 1,401,257	\$ -	\$ 6,003,672	23.34%
2025	\$ 1,317,601	\$ 1,317,601	\$ -	\$ 6,684,937	19.71%

See Report of Independent Auditor.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 RELATED TO THE NET PENSION LIABILITY
 Year ended June 30, 2025

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ended June 30, 2024:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.00%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized is recognized
Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.50%
Phase-In Provision	HB 362 enacted in 2018
Mortality	The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year ended June 30, 2025

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

Year Ended June 30,	Proportion of the Net OPEB Liability (Asset)	Proportionate Share of the Net OPEB Liability (Asset)	Actual Covered Member Payroll	Net OPEB Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	0.18850%	\$ 3,789,495	\$ 4,915,007	77.10%	52.40%
2018	0.18561%	\$ 3,295,433	\$ 5,154,297	63.94%	57.62%
2019	0.19133%	\$ 3,218,051	\$ 4,648,098	69.23%	60.44%
2020	0.18591%	\$ 4,489,089	\$ 3,828,689	117.25%	51.67%
2021	0.13733%	\$ 2,629,191	\$ 4,939,079	53.23%	62.91%
2022	0.15363%	\$ 3,031,810	\$ 5,085,218	59.62%	60.95%
2023	0.17766%	\$ (245,288)	\$ 6,003,672	-4.09%	104.23%
2024	0.18801%	\$ (325,220)	\$ 6,684,937	-4.86%	104.89%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

The data provided in the schedule is as of the measurement date of KRS's net OPEB liability (asset), which is June 30, 2024.

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30,	Statutorily Required Contribution	Actual Employer Contribution	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 231,005	\$ 231,005	\$ -	\$ 4,915,007	4.70%
2019	\$ 271,116	\$ 271,116	\$ -	\$ 5,154,297	5.26%
2020	\$ 221,250	\$ 221,250	\$ -	\$ 4,648,098	4.76%
2021	\$ 182,245	\$ 182,245	\$ -	\$ 3,828,689	4.76%
2022	\$ 285,479	\$ 285,479	\$ -	\$ 4,939,079	5.78%
2023	\$ 172,389	\$ 172,389	\$ -	\$ 5,085,218	3.39%
2024	\$ -	\$ -	\$ -	\$ 6,003,672	0.00%
2025	\$ -	\$ -	\$ -	\$ 6,684,937	0.00%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

See Report of Independent Auditor and notes related to the net OPEB liability (asset).

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
RELATED TO THE NET OPEB LIABILITY (ASSET)
Year ended June 30, 2025

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for fiscal year ending June 30, 2024:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay
Amortization Period	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth Rate	2.0%
Asset Valuation Method	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized is recognized
Inflation	2.30%
Salary increases	3.30% to 10.30%, varies by service
Investment Rate of Return	6.25%
Mortality	The retiree mortality is a System-specific mortality table based on mortality experience from 2013-2018, projected with the ultimate rates from MP-2014 mortality improvement scale using a base year of 2019.
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. The 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.
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 2023 premiums were known at the time of the valuation and were incorporated into the liability measurement.

See Report of Independent Auditor.

OTHER INFORMATION

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

SUPPLEMENTARY INFORMATION

SCHEDULE OF COLLECTION OF TRANSIENT ROOM TAX--Historical Transient Room
Tax Collections

Year ended June 30, 2025

Fiscal Year Ended June 30,	2% Dedicated Tax	1% Additional Dedicated Tax	3% Operations Tax*	% Change from Preceding Year
2016	\$ 7,832,045	\$ 3,916,023	\$ 11,748,068	14.8%
2017	\$ 7,342,136	\$ 3,671,068	\$ 11,013,204	-6.3%
2018	\$ 7,951,842	\$ 3,975,921	\$ 11,927,763	8.3%
2019	\$ 9,083,397	\$ 4,541,699	\$ 13,625,095	14.2%
2020	\$ 6,470,868	\$ 3,235,434	\$ 9,706,302	-28.8%
2021	\$ 3,844,137	\$ 1,922,069	\$ 5,766,205	-40.6%
2022	\$ 8,913,444	\$ 4,456,722	\$ 13,370,166	131.9%
2023	\$ 10,668,701	\$ 5,334,351	\$ 16,003,052	19.7%
2024	\$ 11,283,834	\$ 5,641,917	\$ 16,925,751	5.8%
2025	\$ 11,356,880	\$ 5,678,440	\$ 17,035,320	0.6%

* Only one-half of the 3% Operations Tax (the "1.5% Pledged Operations Tax") is pledged to the payment of the Series 2016 Bonds.

SUPPLEMENTARY INFORMATION

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity's Identifying Number	Federal Expenditures
<u>U. S. Department of the Treasury</u>			
<i>Passed through Commonwealth of Kentucky Department of Tourism</i>			
COVID-19 Fiscal Recovery Funds of the American Rescue Plan Ac	21.027	PON38602300000047	\$ 2,063,899
COVID-19 Fiscal Recovery Funds of the American Rescue Plan Ac	21.027	PON28602300001441	\$ 833,071
COVID-19 Fiscal Recovery Funds of the American Rescue Plan Ac	21.027	PON28602300001648	<u>\$ 27,273</u>
Total Coronavirus State and Local Fiscal Recover Funds - COVID-19			<u>\$ 2,924,243</u>
Total U.S. Department of the Treasury			<u>\$ 2,924,243</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,924,243</u></u>

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE SCHEDULE OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("SEFA") includes the Federal award activity of the Commission, under programs of the federal government for the year ended June 30, 2025 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"). Because the SEFA presents only a selected portion of the operations of the Commission, it is not intended to and does not present the net position or changes in net position of the Commission.

Note B - 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 allowed or are limited as to reimbursement.

Note C - Indirect Cost Rate

The Commission has elected not to use the 15-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Report of Independent Auditor 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 Board of Commissioners
Louisville and Jefferson County Visitors and
Convention Commission

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 the *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, and each major fund of the Louisville and Jefferson County Visitors and Convention Commission (the “Commission”) as of and for the year ended June 30, 2025 and the related notes to the financial statements which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated December 18, 2025. Our report includes a reference to the other auditors who audited the financial statements of the Greater Louisville Sports Commission, Inc., as described in our report on the Commission’s financial statements. The financial statements of the Greater Louisville Sports Commission, Inc. were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Greater Louisville Sports Commission, Inc., or that are reported on separately by those auditors who audited the financial statements of the Greater Louisville Sports Commission, Inc.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission’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 Commission'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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Louisville, Kentucky
December 18, 2025

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Commissioners
Louisville and Jefferson County Visitors and
Convention Commission

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Louisville and Jefferson County Visitors and Convention Commission's (the "Commission") 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 Commission's major federal programs for the year ended June 30, 2025. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal 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 Commission 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 on compliance for each major federal program. Our audit does not provide a legal determination of the Commission'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 Commission's federal programs.

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 Commission'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 auditing standards generally accepted in the United States of America, *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 Commission'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 Commission'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 Commission'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 Commission'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.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Louisville, Kentucky
December 18, 2025

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND CONVENTION COMMISSION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements are in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? __yes Xno
- Significant deficiencies identified that are not considered to be material weaknesses? __yes Xnone reported
- Noncompliance material to financial statements noted? __yes Xno

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? __yes Xno
- Significant deficiencies identified that are not considered to be material weaknesses? __yes Xnone reported

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

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of Uniform Guidance? __yes Xno

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds

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

Auditee qualified as low-risk auditee? __yes Xno

Section II - Financial Statement Findings

No matters were reported.

Section III - Major Federal Award Findings and Questioned Costs

No matters were reported.

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

None.