

Financial Statements

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

Year Ended June 30, 2024

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

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**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
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, 2024, 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, 2024, 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, 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, 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. The financial statements of the Greater Louisville Sports Commission were not audited in accordance with *Government Auditing Standards*. 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.

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 auditing standards generally accepted in the United States of America 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.

Other 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. Such 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 November 19, 2024, 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
November 19, 2024

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 \$59.0 million at June 30, 2024.
- Total net position increased by \$18.3 million for the fiscal year ending June 30, 2024.

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 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 (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, 2024, 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 38.

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 \$59.0 million at June 30, 2024 compared to \$77.3 million at June 30, 2023. 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 \$123.5 million at June 30, 2024. The condensed information below was derived from the Commission's Statement of Net Position (Deficit) at June 30, 2024 and June 30, 2023.

Louisville and Jefferson County Visitors and Convention Commission

Assets, Liabilities, and Net Position (Deficit)

	June 30		Variance	
	2024	2023	\$	%
Assets				
Other assets, net	\$ 84,803,199	\$ 78,754,873	\$ 6,048,326	8%
Capital assets, net	1,501,007	877,490	623,517	71%
Total Assets	86,304,206	79,632,363	\$ 6,671,843	8%
Deferred outflows of resources	6,460,105	5,405,258	1,054,847	20%
Total Assets and Deferred Outflows of Resources	\$ 92,764,311	\$ 85,037,621	\$ 7,726,690	9%
Liabilities				
Long-term liabilities, net	\$ 131,179,697	\$ 138,173,054	\$ (6,993,357)	-5%
Other liabilities, net	13,294,677	19,514,611	(6,219,934)	-32%
Total Liabilities	144,474,374	157,687,665	\$ (13,213,291)	-8%
Deferred inflows of resources	7,266,419	4,659,056	2,607,363	56%
Total Liabilities and Deferred Inflows of Resources	\$ 151,740,793	\$ 162,346,721	\$ (10,605,928)	-7%
Net Position (Deficit)				
Invested in capital assets, net	\$ 1,254,752	\$ 442,986	\$ 811,766	183%
Restricted	53,265,436	41,408,467	11,856,969	29%
Unrestricted	(113,496,670)	(119,160,553)	5,663,883	-5%
Total Net Position (Deficit)	\$ (58,976,482)	\$ (77,309,100)	\$ 18,332,618	-24%

FINANCIAL ANALYSIS OF THE COMMISSION – CONTINUED

Total assets and deferred outflows of resources increased by \$7.7 million, or 9%. Key elements of this change were:

- Other assets increased by \$6.0 million, or 8%, due to a variety of factors. The Debt Service Fund experienced a \$10.0 million increase in cash and investments due primarily to stronger transient room tax receipts that exceeded annual debt service requirements for the year. This increase was partially offset by a \$7.1 million decrease in cash and investments from the General Fund as American Rescue Plan Act ("ARPA") and Economic Development Administration ("EDA") grant funds were utilized to support strategic initiatives. Amounts due from other governmental units and from trustee increased \$2.1 million due to strong transient room tax during the final two months of the year.
- Capital assets increased \$0.6 million, or 71%, following investments in a new welcome center at the airport and remodel of the downtown visitor center.
- Deferred outflows of resources increased by \$1.1 million, or 20%, with the deferred outflow for pension increasing by \$1.2 million and the deferred outflow for postemployment benefits other than pensions ("OPEB") decreasing by \$0.1 million.

Total liabilities and deferred inflows of resources decreased by \$10.6 million, or -7%. Key elements of this change were:

- Long-term liabilities, net decreased by \$7.0 million, or -5%, primarily due to a couple of factors including changes in the net OPEB liabilities and a reduction in net bonds payable. Net bonds payable decreased by \$4.2 million following a \$3.6 million bond principal payment during the year and \$0.6 million amortization of the net bond issuance premium. Net OPEB liability decreased by \$3.3 million to a net asset position based on the Commission's share of this actuarially determined liability for the period.
- Other liabilities, net decreased by \$6.2 million, or -32%, due to a \$5.0 million decrease in unearned revenue as ARPA and EDA grant funds were utilized during the year and a \$1.2 million decrease in accounts payable and accrued expenses in the normal course of business.
- Deferred inflows of resources increased by \$2.6 million, or 56%, as the deferred inflow for OPEB rose by \$2.6 million.

Total net position (deficit) increased by \$18.3 million, or 24%. Key elements of this change were:

- Restricted net position increased by \$11.9 million primarily due to a rise in investments and restricted cash and cash equivalents in the Debt Service Fund, which resulted from stronger transient room tax receipts during the year.
- Unrestricted net position (deficit) increased by \$5.7 million primarily due to a \$4.2 million reduction in net bonds payable following the annual principal payment and amortization of the net bond issuance premium coupled with an increase in cash and cash equivalents from stronger transient room tax receipts and expense savings in the General Fund.

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

	2024	2023	Variance	
			\$	%
Expenses				
Operating	\$ 29,382,062	\$ 22,606,469	\$ 6,775,593	30%
Interest	3,826,756	3,914,823	(88,067)	-2%
Other	<u>493,288</u>	<u>178,922</u>	<u>314,366</u>	<u>176%</u>
Total Expenses	\$ 33,702,106	\$ 26,700,214	\$ 7,001,892	26%
Revenues				
Transient room tax	\$ 41,817,981	\$ 39,530,328	\$ 2,287,653	6%
Matching funds	553,810	528,697	25,113	5%
Partnership dues	342,804	343,784	(980)	0%
Advertising	142,738	208,443	(65,705)	-32%
Investment income	3,559,765	1,119,819	2,439,946	218%
Grant revenue	4,965,781	3,600,787	1,364,994	38%
Other income	<u>651,845</u>	<u>326,453</u>	<u>325,392</u>	<u>100%</u>
Total Revenues	\$ 52,034,724	\$ 45,658,311	\$ 6,376,413	14%
Changes in Net Position (Deficit)	<u>\$ 18,332,618</u>	<u>\$ 18,958,097</u>	<u>\$ (625,479)</u>	<u>-3%</u>

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, 2024 compared to a \$19.0 million increase for the year ended June 30, 2023.

Expenses of the Commission consist primarily of operating and interest expenses. Total expenses increased by \$7.0 million, or 26%. Key elements of this change were:

- Operating expenses rose \$7.0 million, or 31%, as ARPA and Economic Development Administration ("EDA") 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 increases included a \$2.5 million increase in sponsorships and events, a \$2.0 million increase in advertising, a \$0.7 million increase in personnel costs, a \$0.5 million increase in travel and trade shows.

Revenues of the Commission consist primarily of transient room tax. Total revenues increased by \$6.4 million, or 14%. Key elements of this change were:

- Transient room tax experienced continued growth during the year as tourism continued to show strength locally and nationally, though at a moderating pace. Transient room tax increased by \$2.3 million, or 6%, as travel demand remained solid. The growth occurred primarily in average daily rate. 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 increased \$1.4 million, or 37%, as additional ARPA and EDA grant funds were utilized for tourism initiatives during the year.
- Investment income increased by \$2.4 million, or 218%, following a continued rise in market interest rates during the year. Investments are targeted primarily in short-term fixed-income securities and the rise in interest rates 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 below budget by \$1.0 million due primarily to the timing of grant projects being shifted to a future fiscal year, which impacted the related revenue recognition. Stronger than projected transient room tax and higher investment income from higher market interest rates partially offset the unfavorable revenue variance from grants. Expenditures were below budget by \$2.6 million resulting from additional savings that were realized over various line items as business operations continued to normalize and as the timing of grant funds and other projects shifted during the year. The largest favorable variances in expenditures were seen in advertising, sponsorships and events, and capital expenditures with much of the variance being due to the shifts in the timing of related projects.

ECONOMIC CONDITION AND OUTLOOK

The Commission prepared a budget for the fiscal year ending June 30, 2025 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 2025 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, 2024

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
ASSETS		
Cash and cash equivalents	\$ 12,650,602	\$ 354,221
Cash and cash equivalents restricted	6,455,776	-
Investments	47,993,872	-
Investments restricted	3,981,146	-
Due from other governmental units	9,069,466	-
Due from trustee	2,267,366	-
Other receivables, net	664,490	170,710
Inventory	61,943	1,720
Prepaid expenses	994,559	13,344
Prepaid insurance debt issuance costs, net	418,691	-
Net OPEB asset	245,288	-
Capital assets, net of depreciation	1,501,007	-
Total Assets	86,304,206	539,995
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflow - pension	4,679,793	-
Deferred outflow - OPEB	1,780,312	-
Total Deferred Outflows of Resources	6,460,105	-
Total Assets and Deferred Outflow of Resources	92,764,311	539,995
LIABILITIES		
Accounts payable and accrued expenses	2,925,334	50,659
Unearned revenue	5,420,105	106,332
Interest payable	352,555	-
Due to other governmental units	253,064	-
Current note payable, net	-	3,551
Current bonds payable, net	4,247,288	-
Current lease liability	96,331	-
Compensated absences	390,257	-
Long-term lease liability	149,924	-
Net pension liability	11,399,954	-
Long-term note payable, net	-	151,321
Long-term bonds payable, net	119,239,562	-
Total Liabilities	144,474,374	311,863
DEFERRED INFLOWS OF RESOURCES		
Deferred inflow - pension	2,539,468	-
Deferred inflow - OPEB	4,726,951	-
Total Deferred Inflows of Resources	7,266,419	-
Total Liabilities and Deferred Inflow of Resources	151,740,793	311,863
NET POSITION (DEFICIT)		
Net investment in capital assets	1,254,752	-
Restricted	53,265,436	65,862
Unrestricted	(113,496,670)	162,270
Total Net Position (Deficit)	\$ (58,976,482)	\$ 228,132

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, 2024

	Louisville and Jefferson County Visitors and Convention Commission	Component Unit Greater Louisville Sports Commission, Inc.
EXPENSES		
Operating	\$ 29,382,062	\$ 1,945,539
Interest	3,826,756	4,125
Depreciation and amortization	429,860	-
Other bond fees	63,428	-
Total Expenses	33,702,106	1,949,664
GENERAL REVENUES		
Transient room tax	41,817,981	-
Partnership dues	342,804	-
Advertising	142,738	-
Merchandise, net	64,738	-
Services and fees	226,816	-
Matching funds	553,810	-
Investment income	3,559,765	4,752
Agency funding	-	530,000
Program service revenue	-	1,415,716
Grant revenue	4,965,781	-
Other income	360,291	-
Total General Revenues	52,034,724	1,950,468
Change In Net Position	18,332,618	804
Net Position (Deficit), Beginning of Year	(77,309,100)	227,328
Net Position (Deficit), End of Year	\$ (58,976,482)	\$ 228,132

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, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 12,650,602	\$ -	\$ 12,650,602
Cash and cash equivalents restricted	2,157,171	4,298,605	6,455,776
Investments	9,949,932	38,043,940	47,993,872
Investments restricted	3,981,146	-	3,981,146
Due from other governmental units	4,534,733	4,534,733	9,069,466
Due from trustee	2,267,366	-	2,267,366
Due from related party	-	-	-
Other receivables	403,761	260,729	664,490
Inventory	61,943	-	61,943
Prepaid expenses	994,559	-	994,559
Total Assets	<u>\$ 37,001,213</u>	<u>\$ 47,138,007</u>	<u>\$ 84,139,220</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 2,914,445	\$ 10,889	\$ 2,925,334
Due to other governmental units	253,064	-	253,064
Unearned revenue	5,420,105	-	5,420,105
Total Liabilities	<u>8,587,614</u>	<u>10,889</u>	<u>8,598,503</u>
FUND BALANCE			
Nonspendable:			
Inventory	61,943	-	61,943
Prepaid expenses	994,559	-	994,559
Restricted	6,138,318	47,127,118	53,265,436
Committed	9,000,000	-	9,000,000
Unassigned	12,218,779	-	12,218,779
Total Fund Balance	<u>28,413,599</u>	<u>47,127,118</u>	<u>75,540,717</u>
Total Liabilities and Fund Balance	<u><u>\$ 37,001,213</u></u>	<u><u>\$ 47,138,007</u></u>	<u><u>\$ 84,139,220</u></u>

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, 2024

Total fund balance for governmental funds \$ 75,540,717

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. 1,501,007
418,691

Governmental funds financial statements report prepaid insurance 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.

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	\$ (123,486,850)
Net pension liability	(11,399,954)
Net OPEB asset	245,288
Deferred outflow - pension	4,679,793
Deferred outflow - OPEB	1,780,312
Interest payable	(352,555)
Deferred inflow - pension	(2,539,468)
Deferred inflow - OPEB	(4,726,951)
Lease liability	(246,255)
Compensated absences	<u>(390,257)</u>
Total Net Position (Deficit) of Governmental Activities	<u><u>\$ (136,436,897)</u></u>
	<u><u>\$ (58,976,482)</u></u>

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, 2024	General Fund	Debt Service Fund	Total Governmental Funds
REVENUES			
Transient room tax	\$ 24,892,230	\$ 16,925,751	\$ 41,817,981
Partnership dues	342,804	-	342,804
Advertising	142,738	-	142,738
Merchandise, net	64,738	-	64,738
Services and fees	226,816	-	226,816
Matching funds	553,810	-	553,810
Investment income	1,449,175	2,110,590	3,559,765
Grant revenue	4,965,781		4,965,781
Other income	360,291	-	360,291
Total Revenues	32,998,383	19,036,341	52,034,724
EXPENDITURES			
Rent	435,343	-	435,343
Parking	55,350	-	55,350
Maintenance	45,686	-	45,686
Utilities	3,829	-	3,829
Telephone	125,256	-	125,256
Office expense	224,904	-	224,904
Postage	107,294	-	107,294
Data processing	159,531	-	159,531
Payroll, full-time	5,258,808	-	5,258,808
Payroll, part-time	271,491	-	271,491
Payroll taxes	466,499	-	466,499
Commissions and incentive pay	929,849	-	929,849
Pension plan	1,406,922	-	1,406,922
Employee relations	150,995	-	150,995
Employee benefits	594,165	-	594,165
Professional fees	453,454	-	453,454
Insurance	56,286	-	56,286
Dues and subscriptions	139,562	-	139,562
Printing	558,863	-	558,863
Advertising	7,756,370	-	7,756,370
Promotions	551,150	-	551,150
Photography and video	95,713	-	95,713
Website marketing	448,921	-	448,921
Mass marketing	977,490	-	977,490
Client events	413,091	-	413,091
Site visits	122,833	-	122,833
Travel and trade shows	2,040,456	-	2,040,456
Client development	156,289	-	156,289
Sponsorships and events	5,970,059	-	5,970,059
KICC capital improvements	244,390	-	244,390
Capital expenditures	1,053,647	-	1,053,647
Research	742,064	-	742,064
Bond principal	-	3,615,000	3,615,000
Interest expense	-	4,375,263	4,375,263
Other bond fees	-	44,540	44,540
Total Expenditures	32,016,560	8,034,803	40,051,363
Excess (Deficiency) of Revenues Over Expenditures	981,823	11,001,538	11,983,361
Net Change in Fund Balances	981,823	11,001,538	11,983,361
Fund Balance, Beginning of Year	27,431,776	36,125,580	63,557,356
Fund Balance, End of Year	\$ 28,413,599	\$ 47,127,118	\$ 75,540,717

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, 2024

Net change in fund balances - total governmental funds \$ 11,983,361

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 (\$1,053,647) exceeded depreciation (\$211,842) in the current period. 841,805

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 rent payments (\$228,845) exceeded amortization of the right-of-use asset (\$218,018) in the current period. 10,827

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. 3,615,000

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. 588,683

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. (42,460)

Pension benefit (expense) related to long-term Net Pension Liability that is not included in the Governmental Funds. 861,641

OPEB benefit (expense) related to long-term Net OPEB Asset that is not included in the Governmental Funds. 570,241

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	\$ (89,642)
Change in interest payable	12,050
	<u>(77,592)</u>

Change in Net Position (Deficit) of Governmental Activities	\$ 18,332,618
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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, 2024

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 in Note V, is included in the Commission's reporting entity because of the significance of its operational and financial relationship with 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") Statement No. 34, 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 (Note V). 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, 2024

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.

Budgetary Accounting: The annual budget adopted by the Commission in accordance with the provisions of Commonwealth of Kentucky law. The budget is prepared on a basis consistent with generally accepted accounting principles.

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 certificates of deposit and are stated at fair market 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 and approximates fair value.

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 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 fair 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

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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, 2023.

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 and reduced by any outstanding balances of bonds, mortgages, notes, 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. When assets are required to be retained in perpetuity, this non-expendable net position are recorded separately from expendable 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, 2024

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements: In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This pronouncement enhances comparability and improves consistency by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBTAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The adoption of these requirements did not have an impact on the Commission's financial position, results of operations, or cash flows.

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 impact of these requirements on the financial statements has not yet been determined.

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 impact of these requirements on the financial statements has not yet been determined.

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.

Subsequent Events: Subsequent events for the Commission have been considered through November 19, 2024, which represents the date the financial statements were available to be issued.

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 current 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 shall 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.

NOTE B - CASH AND CASH EQUIVALENTS

At June 30, 2024, restricted cash equivalents in the amount of \$4,298,605 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, 2024, unrestricted cash equivalents in the amount of \$7,016,403 were held by financial institutions in money market funds that invest only in securities issued by the United States Treasury.

At June 30, 2024, restricted cash deposits in the amount of \$628,733 and unrestricted cash deposits in the amount of \$8,030,314 were held by financial institutions, of which \$564,043 was collectively insured by the Federal Deposit Insurance Corporation ("FDIC") and the remainder was collateralized by securities held by the pledging financial institution.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO THE FINANCIAL STATEMENTS**

Year ended June 30, 2024

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, 2024.

NOTE C - INVESTMENTS

At June 30, 2024, the fair market values of the Commission's investment balances were as follows:

	Average Credit Quality	Debt Service Fund	General Fund	Total
US Treasuries	Aaa	\$ 36,676,085	\$ 13,456,366	\$ 50,132,451
Certificates of Deposit	Aaa	1,367,855	474,712	1,842,567
Total		<u>\$ 38,043,940</u>	<u>\$ 13,931,078</u>	<u>\$ 51,975,018</u>

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, commercial paper, bonds, or securities issued by a state or local government and shares of mutual funds. 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 that the collective amount invested at any one time in uncollateralized certificates of deposit, bankers' acceptances, commercial paper, and securities issued by a state or local government may not exceed 20% of the total amount of funds invested.

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO THE FINANCIAL STATEMENTS**

Year ended June 30, 2024

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, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
US Treasuries	\$50,132,451	\$ 50,132,451	\$ -	\$ -
Certificates of Deposit	\$ 1,842,567	\$ 1,842,567	\$ -	\$ -

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 and approximate fair value of the receivables.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Cost				
Leasehold improvements	\$ 1,194,773	\$ 1,000,112	\$ (697,636)	\$ 1,497,249
Furniture and fixtures	460,098	-	-	460,098
Office equipment	807,959	53,535	(64,922)	796,572
Right of use assets	1,238,516	-	-	1,238,516
Intangible assets	128,383	-	(270)	128,113
Total cost	3,829,729	1,053,647	(762,828)	4,120,548
Less Accumulated Depreciation				
Leasehold improvements	1,164,205	110,999	(697,636)	\$ 577,568
Furniture and fixtures	446,803	3,750	-	450,553
Office equipment	537,219	97,093	(64,922)	569,390
Right of use assets	804,012	218,018	-	1,022,030
Total accumulated depreciation	2,952,239	429,860	(762,558)	2,619,541
Net Book Value	\$ 877,490	\$ 623,787	\$ (270)	\$ 1,501,007

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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, 2024 consist of the following:

Description	Due to be Redeemed or Repaid During Year Ending June 30	Interest Rate	Outstanding Balance
Serial and Term Bonds	2024 - 2046	2.75% - 4.00%	\$123,475,000

Debt service for the next five years and to maturity on all outstanding bonds at June 30, 2024 is as follows:

Payable During Year Ending June 30	Principal	Interest	Total
2025	\$ 3,760,000	4,230,663	\$ 7,990,663
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
2030-2034	24,335,000	15,605,063	39,940,063
2035-2039	29,250,000	10,692,081	39,942,081
2040-2044	34,280,000	5,663,438	39,943,438
2045-2046	15,255,000	718,750	15,973,750
Total	\$ 123,475,000	\$ 52,267,647	\$ 175,742,647

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, 2024

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 premium at June 30, 2024 was \$11,850.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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, 2024 was 23.34% (23.34% pension and 0.00% insurance) of covered payroll. Contributions to the Pension Fund from the Commission were \$1,401,257 for the year ended June 30, 2024. 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, 2024

NOTE L - PENSION PLAN - CONTINUEDNet Pension Liability

At June 30, 2024, the Commission reported a liability of \$11,399,954 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of June 30, 2023 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 2023. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2023, the Commission's proportion was 0.17767%.

Actuarial assumptions. The total pension liability as of June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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 used for active members was PUB-2010 General Mortality table, for the non-hazardous system projected with the ultimate rates from the MP-2014 mortality improvement scale using a base year of 2010. The mortality table for healthy retired members was a system-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2014 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-2014 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.

Asset Class	Long-Term Expected Rate of Return	Target Allocation
Equity		
Public Equity	5.90%	50.00%
Private Equity	11.73%	10.00%
Fixed Income		
Core Bonds	2.45%	10.00%
Specialty Credit/High Yield	3.65%	10.00%
Cash	1.39%	0.00%
Inflation Protected		
Real Estate	4.99%	7.00%
Real Return	5.15%	13.00%
Expected Real Return	5.75%	100.00%
Long Term Inflation Assumption	2.50%	
Expected Nominal Return	8.25%	100.00%

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

NOTE L - PENSION PLAN - CONTINUED

Discount rate. The projection of cash flows used to determine the discount rate of 6.50% 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 28 years (closed) amortization period of the unfunded actuarial accrued liability.

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:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net pension liability	\$ 14,393,130	\$ 11,399,954	\$ 8,912,512

Pension expense. For the year ended June 30, 2024, the Commission recognized pension expense of \$539,343.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 590,154	\$ 30,977
Investment experience	1,231,518	1,387,019
Assumption changes	-	1,044,814
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	1,456,864	76,658
Contributions subsequent to the measurement date of June 30, 2023	1,401,257	-
Total	\$ 4,679,793	\$ 2,539,468

Deferred outflows of resources reported \$1,401,257 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, 2025.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO THE FINANCIAL STATEMENTS**

Year ended June 30, 2024

NOTE L - PENSION PLAN - CONTINUED

		Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Measurement Period <u>Ending June 30</u>
	2024	\$ 523,364
	2025	71,573
	2026	254,493
	2027	<u>(110,362)</u>
		<u><u>\$ 739,068</u></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, 2024, the Commission reported a payable of \$120,358 (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, 2024.

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 \$5,901 for the year ended June 30, 2024.

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, 2024

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, 2024 was 23.34% (23.34% pension and 0.00% insurance) of covered payroll. Contributions to the Insurance Fund from the Commission were \$0 for the year ended June 30, 2024. 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, 2024, the Commission reported an asset of \$245,288 for its proportionate share of the collective net OPEB asset. The collective net OPEB asset was measured as of June 30, 2023 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 2023. This method is expected to be reflective of the employers' long-term contribution effort. At June 30, 2023, the Commission's proportion was 0.17766%.

For the year ended June 30, 2024, the Commission recognized OPEB income of \$490,123. At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Liability experience	\$ 171,003	\$ 3,482,843
Investment experience	459,047	515,973
Assumption changes	482,710	336,400
Changes in proportion and difference between employer contributions and proportionate share of plan contributions	587,435	391,735
Implicit subsidy and contributions subsequent to the measurement date of June 30, 2023	80,117	-
Total	\$ 1,780,312	\$ 4,726,951

Deferred outflows of resources, including the implicit subsidy, reported \$80,117 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, 2025.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO THE FINANCIAL STATEMENTS**

Year ended June 30, 2024

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$80,117 resulting from the implicit subsidy and Commission contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Commission's OPEB expense as follows:

	Recognition of Existing Deferred Outflows (Inflows) of Resources for Future Measurement Period Ending June 30
2023	-
2024	\$ (832,265)
2025	(997,958)
2026	(611,273)
2027	<u>(585,260)</u>
	<u><u>\$ (3,026,756)</u></u>

Actuarial assumptions. The following actuarial assumptions were used in performing the actuarial valuation as of June 30, 2023:

Inflation	2.50%
Salary increases	3.30% to 10.30%, varies by service
Payroll growth rate	2.00%
Investment rate of return	6.50%
Healthcare cost trend rates (Pre-65)	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Healthcare cost trend rates (Post-65)	Initial trend starting at 8.50% in 2025 then gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years.
Mortality	
Pre-retirement	PUB-2010 General Mortality table, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.
Post-retirement (nondisabled)	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.
Post-retirement (disabled)	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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

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Year ended June 30, 2024

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	5.90%	50.00%
Private Equity	11.73%	10.00%
Fixed Income		
Core Fixed Income	2.45%	10.00%
Specialty Credit	3.65%	10.00%
Cash	1.39%	0.00%
Inflation Protected		
Real Estate	4.99%	7.00%
Real Return	5.15%	13.00%
Expected Real Return	5.75%	100.00%
Long Term Inflation Assumption	2.50%	
Expected Nominal Return	8.25%	100.00%

Discount rate. Single discount rates of 5.93% were used to measure the total OPEB liability as of June 30, 2023. 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 3.86%, as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of June 30, 2023. 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 was not included in the calculation of the plans actuarially determined contributions, and any cost associated with the implicit subsidy will not be paid out of the plan trusts. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy. The projection of cash flows used to determine the single discount rate must include an assumption regarding future employer contributions made each year. Future contributions are projected assuming that each participating employer in each insurance plan contributes the actuarially determined employer contribution each future year calculated in accordance with the current funding policy.

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 (4.93%) or one percentage point higher (6.93%) than the current discount rate:

	1% Decrease (4.93%)	Current Discount Rate (5.93%)	1% Increase (6.93%)
Net OPEB liability (asset)	\$ 460,311	\$ (245,288)	\$ (836,141)

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****NOTES TO THE FINANCIAL STATEMENTS**

Year ended June 30, 2024

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 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:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB liability (asset)	\$ (786,190)	\$ (245,288)	\$ 419,160

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, 2024, 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, 2024.

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. The lease allowed for cancellation in September 2018 with payment of the unamortized portion of any tenant improvements plus three months' rent. However, the Commission did not cancel the lease and the full lease term is disclosed below. The operating lease includes a rent escalation that began in October 2018. 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 through year-end and will do so until the Landlord completes the related tenant improvements. Upon completion of the tenant improvements, the lease term will be extended for a period of ten (10) years and six (6) months. The Commission shall not pay any rent for the first six (6) months of the extension period. 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.

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 was discounted to the net present value by using a 2.95% implied interest rate.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

NOTE O - LEASES - CONTINUED

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, 2024, the lease liability was as follows:

Governmental Activities	Beginning Lease		Ending Lease		Implied Interest	Annual Lease Payments*
	Liability	Reduction	Liability			
Office Lease	\$ 135,311	\$ 135,311	\$ -	\$ 1,000	\$ 136,311	
VIC Lease	339,789	93,534	246,255	8,766		102,300
Governmental activities						
Lease liabilities	\$ 475,100	\$ 228,845	\$ 246,255	\$ 9,766	\$ 238,611	

*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		
	Principal	Interest	Total
2025	\$ 96,331	\$ 5,969	\$ 102,300
2026	99,212	3,088	102,300
2027	50,712	437	51,149
Total	\$ 246,255	\$ 9,494	\$ 255,749

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 \$84,400 at June 30, 2024. 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 \$390,257 at June 30, 2024. 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, 2024

NOTE Q - GRANTS

The Commission received funding from the American Rescue Plan Act (ARPA) and the Economic Development Administration (EDA) 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 is expected to end 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 is expected to end 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.

The EDA grant, awarded by the U.S. Economic Development Administration, is intended to provide financial assistance for marketing efforts which are in direct support of recovery of Destination Marketing Organizations ("DMOs") and Kentucky's nine tourism regions due to the impact of the COVID-19 pandemic on the tourism industry. The Commission was awarded \$1,368,474 under the EDA grant, which has a grant period that began on April 15, 2022 and ended on December 31, 2023. 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 \$5,420,105 at June 30, 2024.

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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

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NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

NOTE R - TRANSIENT ROOM TAX - CONTINUED

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.

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 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 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.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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 \$553,810 for the year ended June 30, 2024.

Notes T - CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2024 were as follows:

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024	Due within one year
Bonds payable	\$ 127,090,000	\$ -	\$ (3,615,000)	\$ 123,475,000	\$ 3,760,000
Bond issuance premium	1,591,993	-	(588,683)	1,003,310	531,099
Bond issuance discount	(1,033,920)	-	42,460	(991,460)	(43,811)
Bonds payable, net	127,648,073	-	(4,161,223)	123,486,850	4,247,288
Interest payable	364,605	-	(12,050)	352,555	352,555
Compensated absences	300,615	89,642	-	390,257	-
Lease liability	475,100	-	(228,845)	246,255	96,331
Net pension liability	11,107,524	292,430	-	11,399,954	-
Net OPEB liability (asset)	3,031,810	-	(3,277,098)	(245,288)	-
	<u>\$ 142,927,727</u>	<u>\$ 382,072</u>	<u>\$ (7,679,216)</u>	<u>\$ 135,630,583</u>	<u>\$ 4,696,174</u>

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, 2024.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

Year ended June 30, 2024

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 \$47,127,118 restricted for debt service, \$5,771,243 restricted for capital improvements at KICC, and \$367,075 restricted for future payments to other governmental units.

In the Balance Sheet - Governmental Funds, the difference between the Commission's assets and liabilities is reported as fund balance. Restricted fund balance includes \$47,127,118 restricted for debt service, \$5,771,243 restricted for capital improvements at KICC, and \$367,075 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 includes \$65,862 of donor restricted funds.

NOTE V - DISCRETELY PRESENTED COMPONENT UNIT

The Greater Louisville Sports Commission (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. 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.

NOTE W - 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 X - 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, 2024

	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Transient room tax	\$ 23,982,504	\$ 23,982,504	\$ 24,892,230	\$ 909,726
Partnership dues	340,250	340,250	342,804	2,554
Advertising	165,000	165,000	142,738	(22,262)
Merchandise, net	119,877	119,877	64,738	(55,139)
Services and fees	154,185	154,185	226,816	72,631
Matching funds	528,697	528,697	553,810	25,113
Investment income	664,000	664,000	1,449,175	785,175
Grant revenue	7,187,500	7,601,500	4,965,781	(2,635,719)
Other income	423,465	423,465	360,291	(63,174)
Total Revenues	33,565,478	33,979,478	32,998,383	(981,095)
EXPENDITURES				
Rent	435,468	435,468	435,343	(125)
Parking	59,000	59,000	55,350	(3,650)
Maintenance	73,760	73,760	45,686	(28,074)
Utilities	10,520	10,520	3,829	(6,691)
Telephone	103,500	103,500	125,256	21,756
Supplies	135,953	180,953	224,904	43,951
Postage	105,600	105,600	107,294	1,694
Data processing	157,750	157,750	159,531	1,781
Payroll, full-time	5,527,329	5,463,329	5,258,808	(204,521)
Payroll, part-time	380,595	380,595	271,491	(109,104)
Payroll taxes	485,371	485,371	466,499	(18,872)
Commissions and incentive pay	883,494	883,494	929,849	46,355
Pension plan	1,483,609	1,483,609	1,406,922	(76,687)
Employee relations	168,927	168,927	150,995	(17,932)
Employee benefits	641,132	641,132	594,165	(46,967)
Professional fees	229,900	330,900	453,454	122,554
Insurance	61,200	61,200	56,286	(4,914)
Dues and subscriptions	161,246	161,246	139,562	(21,684)
Printing	558,200	558,200	558,863	663
Advertising	8,341,770	6,705,825	7,756,370	1,050,545
Promotions	638,229	543,368	551,150	7,782
Photography and video	367,000	338,000	95,713	(242,287)
Website marketing	372,825	302,706	448,921	146,215
Mass marketing	1,062,425	658,030	977,490	319,460
Client events	363,000	263,300	413,091	149,791
Site visits	97,294	92,294	122,833	30,539
Travel and trade shows	1,970,502	1,567,255	2,040,456	473,201
Client development	140,205	113,975	156,289	42,314
Sponsorships and events	6,354,454	5,244,433	5,970,059	725,626
KICC capital improvements	-	586,500	244,390	(342,110)
Capital expenditures	1,058,400	478,300	1,053,647	575,347
Research	659,820	813,330	742,064	(71,266)
Total Expenditures	33,088,478	29,451,870	32,016,560	2,564,690
Excess of Revenues Over Expenditures	477,000	4,527,608	981,823	(3,545,785)
Fund Balance, Beginning of Year	27,431,776	27,431,776	27,431,776	-
Fund Balance, End of Year	\$ 27,908,776	\$ 31,959,384	\$ 28,413,599	\$ (3,545,785)

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, 2024

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
2014	0.18521%	\$ 6,009,000	\$ 4,504,431	133.40%	66.80%
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%

The data provided in the schedule is as of the measurement date of KRS's net pension liability, which is June 30, 2023.

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
2015	\$ 574,316	\$ 574,316	\$ -	\$ 4,504,431	12.75%
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%

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, 2024

The following actuarial methods and assumptions were used to determine the actuarially determined contributions effective for the fiscal year ended June 30, 2023:

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to 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%
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 AND RELATED RATIOS AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year ended June 30, 2024

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%

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, which is June 30, 2023.

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%

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

**LOUISVILLE AND JEFFERSON COUNTY VISITORS AND
CONVENTION COMMISSION**
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
RELATED TO THE NET OPEB LIABILITY
Year ended June 30, 2024

The following actuarial methods and assumptions were used to determine that actuarially determined contributions effective for fiscal year ending June 30, 2023.

Valuation Date	June 30, 2021
Experience Study	July 1, 2018 to 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%
Healthcare Trend Rates	
Pre-65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.
Post - 65	Initial trend starting at 6.30% at January 1, 2023 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2022 premiums were known at the time of the valuation and were incorporated into the liability measurement.

OTHER INFORMATION

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

OTHER INFORMATION

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

Year ended June 30, 2024

Fiscal Year <u>Ended June 30,</u>	<u>2% Dedicated Tax</u>	<u>1% Additional Dedicated Tax</u>	<u>3% Operations Tax*</u>	<u>% Change from Preceding Year</u>
2015	\$ 6,823,593	\$ -	\$ 10,235,390	8.2%
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%

* 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, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity's Identifying Number	Federal Expenditures
<u>U. S. Department of the Commerce</u>			
<i>Passed through Commonwealth of Kentucky Department of Tourism</i>			
<i>Economic Develop Cluster</i>			
Economic Adjustment Assistance - COVID-19	11.307	PON8602200002447	\$ 236,765
<u>U. S. Department of the Treasury</u>			
<i>Passed through Commonwealth of Kentucky Department of Tourism</i>			
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	PON38602300000047	2,901,328
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	PON28602300001441	1,354,961
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	21.027	PON28602300001648	<u>472,727</u>
Total Coronavirus State and Local Fiscal Recover Funds - COVID-19			
Total U.S. Department of Commerce			
Total U.S. Department of Treasury			
Total Expenditures of Federal Awards			\$ <u>4,965,781</u>

See Report of Independent Auditor.

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND

CONVENTION COMMISSION

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

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, 2024 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 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Independent Auditor's Report 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, 2024 and the related notes to the financial statements which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 19, 2024. Our report includes a reference to the other auditors who audited the financial statements of the Greater Louisville Sports Commission, as described in our report on the Commission's financial statements. The financial statements of the Greater Louisville Sports Commission were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financials reporting or compliance and other matters that are reported on separately by those auditors.

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 have not been 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
November 19, 2024

Report of Independent Auditor on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with 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, 2024. 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 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, 2024.

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 auditing standards generally accepted in the United States of America, *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
November 19, 2024

LOUISVILLE AND JEFFERSON COUNTY VISITORS AND**CONVENTION COMMISSION****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2024

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 X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 516(a) of Uniform Guidance? yes X no

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 X no

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, 2024

None.