



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF
THE COMMONWEALTH OF KENTUCKY

FRANKFORT, KENTUCKY

FOR THE YEAR ENDED JUNE 30, 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014



**KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY**
A Component Unit of the Commonwealth of Kentucky

Prepared By:

David L. Talley
Innovative Finance Manager

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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INTRODUCTORY SECTION





Steven L. Beshear
Governor



Michael W. Hancock, P.E.
Secretary

December 19, 2014

To the Members and Bondholders of the
Kentucky Public Transportation Infrastructure
Authority and Citizens of the
Commonwealth of Kentucky
Frankfort, Kentucky

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Kentucky Public Transportation Infrastructure Authority (the Authority, KPTIA) for the year ended June 30, 2014. The purpose of the report is to provide members, management, bondholders, the public, the Commonwealth of Kentucky, and other interested parties with detailed information reflecting the Authority's financial condition.

The Report

The KPTIA 2013 General Trust Indenture and the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement require annual audits of the Authority's financial statements by a certified public accountant within 150 days of the end of the fiscal year. These requirements have been fulfilled and the independent auditors' report is included with this report for the fiscal year ended June 30, 2014.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. The objective of internal control is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The Auditor of Public Accounts of the Commonwealth of Kentucky has issued an unmodified opinion on the Authority's financial statements for the year ended June 30, 2014. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

Profile of the Authority

The Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky (the Commonwealth). The Authority was established in 2009 by the Extraordinary Session of the General Assembly through the enactment of Kentucky Revised Statutes (KRS) Chapter 175B, as amended, to review, approve, and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana and, if necessary, to assist with the operation, financing, and management of those projects. The Authority currently oversees one project, The Louisville-Southern Indiana Ohio River Bridges Project (LSIORBP). The LSIORBP is divided into two crossings, the Downtown Crossing and the East End Crossing. The Downtown Crossing is being procured by the Authority and the East End Crossing is being procured by the Indiana Finance Authority (IFA). The Authority's portion of the Downtown Crossing costs is being funded by Toll Revenue Bonds and Toll Revenue Bond Anticipation Notes. Operations and debt service will be funded by toll revenues.

The Authority is authorized by KRS 175B to hire employees, but has not yet chosen to do so. KRS 175B also specifies that the Authority is administratively attached to the Kentucky Transportation Cabinet (KYTC). As such, the Authority relies upon administrative and financial support from KYTC. KYTC has assigned the Innovative Finance Manager with the task of ensuring that the Authority receives sufficient budgetary and administrative support to carry out its functions.

A variety of KYTC staff provide support on an as needed basis, including Procurement and Contracting, Budgeting, Accounting, Legal Services, Engineering, and Environmental Analysis. These staff services are augmented when necessary through contracting arrangements initiated by KYTC on behalf of the Authority. Currently, the Authority has contracts in place for financial advisory services, financial reporting services, and general counsel legal services.

Additionally, KRS 175B assigns the Finance and Administration Cabinet's Office of Financial Management (OFM) with providing advice to the Authority. Staff from OFM were instrumental in structuring and executing the December 2013 Toll Revenue Bond and Toll Revenue Bond Anticipation Note sale, as well as the TIFIA loan.

Economic Condition and Outlook

Economic growth in the Louisville / Southern Indiana Metropolitan Statistical Area (MSA) is expected to be broad-based and moderate over the next two years and will include manufacturing, transportation, education, and healthcare. Housing recoveries across the country and increasing auto sales should provide for increased activity and volume for manufactures such as General Electric at Appliance Park and Ford Motor Company. The United Parcel Service hub in Louisville should benefit from the broad based improvement in economic growth on a national level.

Job growth in the MSA has moderated in 2014; however the region's economic recovery is fundamentally sound with job growth in the MSA exceeding the national average during 2012-2013. Total wage income rose more quickly than the national average due to above average job growth. Longer term, income growth is anticipated to settle in line with the national average. The MSA had an average (mean) hourly wage approximately 9 percent below the national average in 2013. The unemployment rate declined from 8.3% in July 2013 to 6.8% in June 2014.

Long-term Financial Planning for LSIORB

The Tolling Body is responsible for adopting toll rates for the LSIORBP. The Tolling Body is made up of the Joint Board and one additional representative from both the Authority and IFA. The Joint Board is composed of the chairman of the Authority, the Public Finance Director of the State of Indiana, the Secretary of KYTC, and the Commissioner of the Indiana Department of Transportation.

The Development Agreement sets forth the proper flow of funds. Toll revenues received shall be allocated equally between the Authority and IFA. It also states that the rate covenant provisions require that the tolls generated will be sufficient to pay project costs, meet debt service requirements, and create reserves as required by the rate covenant.

The 2013 Toll Revenue Bond Anticipation Notes will be refunded by a TIFIA loan on July 1, 2017. The TIFIA loan is a low interest loan maturing on July 1, 2052.

Major Initiatives

The LSIORB consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area and continuing north of the Ohio River to connect to Interstate 65; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchange on both sides of the Ohio River. Kentucky is responsible for financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and Indiana is responsible for financing and constructing the East End Crossing. During fiscal year 2014, the Authority finalized the financing package for the Downtown Crossing Bridges through the sale of \$364.5 million Toll Revenue Bonds and \$452.2 million Toll Revenue Bond Anticipation Notes. The Bond Anticipation Notes will be refunded in 2017 with the proceeds of a TIFIA loan also approved during fiscal year 2014. Project revenues will be used to repay the Toll Revenue Bonds and TIFIA Loan as well as to pay for operations and maintenance on the project. These transactions provided approximately \$592 million in project construction funds with the remaining proceeds used for capitalized interest, debt service reserve funding and costs of issuance. More detailed information about the LSIORBP can be obtained at the project website www.kyinbridges.com.

The date on which toll collections will begin for the LSIORB Project remains somewhat uncertain. To some degree, that date is a function of the construction schedules for

both the Downtown Crossing and the East End Crossing. Kentucky and Indiana have agreed that tolling will not commence before the date on which cross-river capacity within the corridor has been increased. Under current construction schedules, cross river capacity within the corridor is set to increase in October of 2016 with the completion of the East End Crossing.

When the Authority sold toll revenue bonds and entered into the TIFIA loan agreement in December 2013, the traffic and revenue study used to support the sale of those bonds assumed a tolling commencement date of January 1, 2017. The design-build contract with Walsh Construction Co. specifies a December 9, 2016 completion date for both bridges of the Downtown Crossing. Completion of both bridges in the Downtown Crossing would constitute increased cross-river capacity, triggering tolling commencement before January of 2017 regardless of whether the East End Crossing has been completed by that time or not.

A number of steps required before tolling can commence are currently being addressed. In December 2014, the states completed an *Assessment of Economic Effects of Tolling and Potential Strategies for Mitigating Effects of Tolling on Low-Income and Minority Populations*, and submitted that document to the Federal Highway Administration for review. That document will serve as a basis for developing a Tolling Mitigation Plan, which will ultimately be incorporated by the bi-state Tolling Body into a Tolling Policy for the LSIORB Project. In accordance with the Revised Record of Decision for the LSIORB Project, these steps must be completed before tolling commencement.

The states are also preparing for tolling by engaging in a number of bi-state procurements. The Indiana Finance Authority, on behalf of both states, is expected to complete a Toll System Provider procurement by May 1, 2015 to bring on board a firm to design, construct, integrate, test, operate, and maintain the all-electronic toll system that will collect tolls on all three river crossings. KYTC, on behalf of both states, is expected to complete both a Toll Oversight Advisor procurement and a Revenue Control Manager procurement by March 1, 2015. The Toll Oversight Advisor will be responsible for advising the states on tolling matters, and overseeing the work of the Toll System Provider. The Revenue Control Manager will be responsible for coordinating and overseeing the timely and accurate collection and division of toll revenues between the states.

The states have already hired a public relations, marketing, and communications firm to assist with tolling. The firm has begun market research to investigate current knowledge and opinions of the project. The firm will ultimately assist the states in branding and marketing the toll collection system, and will provide public education and outreach to inform drivers of how the system operates, what its benefits are, and how drivers can take full advantage of the system by opening a transponder account and availing themselves of the lowest possible toll rates.

Additionally, the Authority has begun the procurement process for securing business interruption insurance to protect the Kentucky share of the toll revenue stream in the event that damage to a bridge or roadway causes an unanticipated interruption in toll

collection. This insurance coverage is required by bondholders and the TIFIA lender, and must be in place before toll commencement.

Awards and Acknowledgments

The Authority is submitting this report for the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, the Authority must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. The Authority believes its current CAFR meets the Certificate of Achievement Program requirements and is submitting it to the GFOA to determine its eligibility for the certificate.

The preparation of this report on a timely basis was made possible by the dedicated service of the entire staff of KYTC. We would also like to express sincere appreciation to all employees who contributed to its preparation.

Respectfully submitted,



David L. Talley
Innovative Finance Manager

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

2014 AUTHORITY MEMBERS



Chairman Michael Hancock



Vice Chair Lori Flanery



Steve Austin



Charles Buddeke



Charlie Johnson
Secretary



Don Kelly



Joe Mattingly



Dana Mayton



Glenn Mitchell



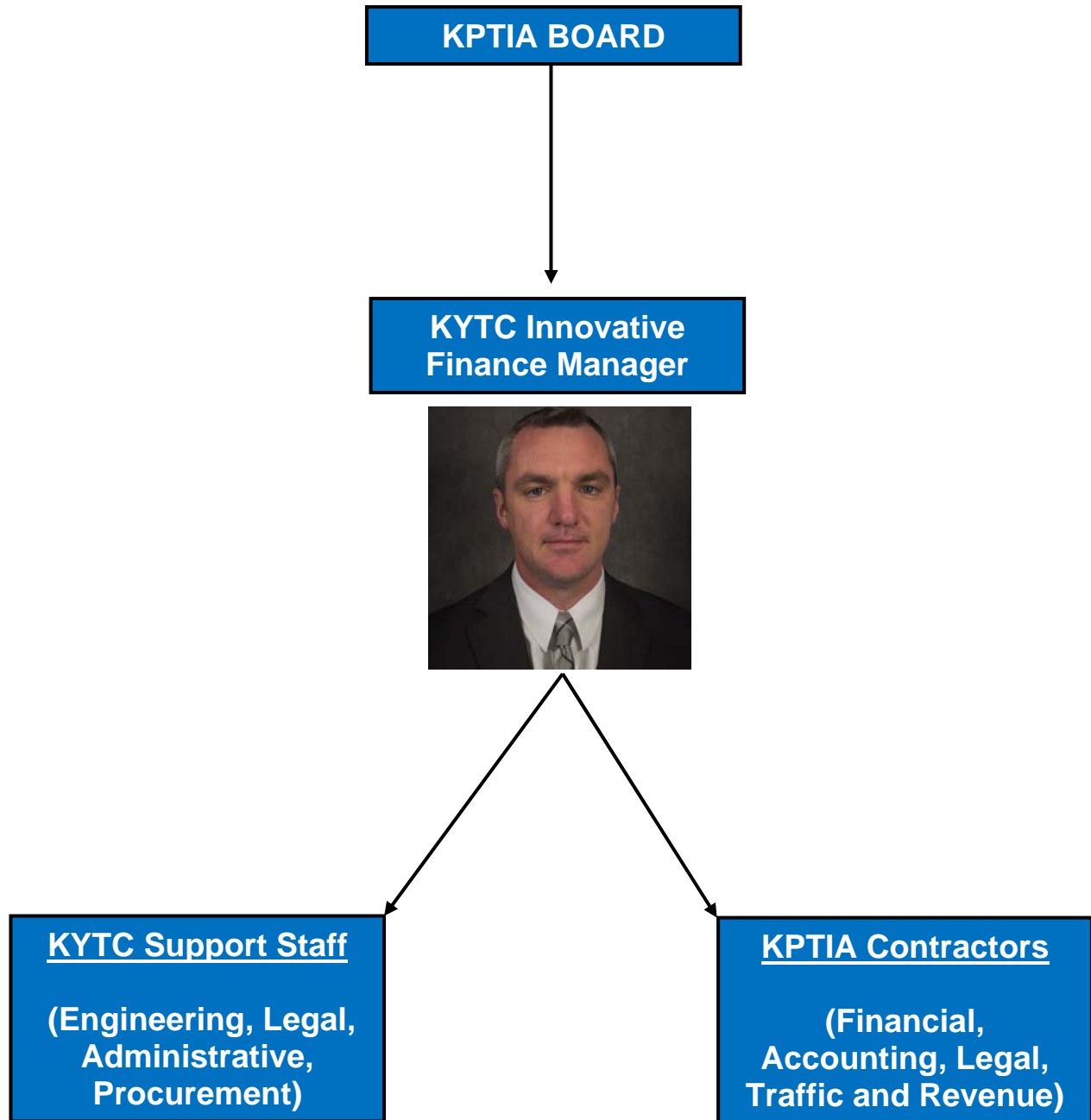
Jim Ward



Michael Walker

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

ORGANIZATIONAL CHART





FINANCIAL SECTION





ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

Michael Hancock, Chairman
Kentucky Public Transportation Infrastructure Authority
Board of Directors

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Kentucky Public Transportation Infrastructure Authority (the Authority), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Michael Hancock, Chairman
Kentucky Public Transportation Infrastructure Authority
Board of Directors

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, a component unit of the Commonwealth of Kentucky, as of June 30, 2014 and the respective changes in its financial position and its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Reporting Entity

As discussed in Note 1, the financial statements present only the Authority, and are not intended to present fairly the financial position of the Commonwealth of Kentucky, or the results of its operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 11 through 16) be presented to supplement the basic financial statements. Such information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economical, 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 did not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


The Introductory and Statistical sections presented in the report on pages 1 through 7 and 36 through 54 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Michael Hancock, Chairman
Kentucky Public Transportation Infrastructure Authority
Board of Directors

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', with a long horizontal flourish extending to the right.

Adam H. Edelen
Auditor of Public Accounts

November 24, 2014

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

The management of the Kentucky Public Transportation Infrastructure Authority (the Authority), a discretely presented component unit of the Commonwealth of Kentucky, offers the readers of the Authority's financial statements this narrative overview and analysis of the financial performance of the Authority for the fiscal year ended June 30, 2014. We encourage readers to read it in conjunction with the Authority's financial statements and the accompanying notes.

The Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky (the Commonwealth). The Authority was established in 2009 by the Extraordinary Session of the General Assembly through the enactment of Kentucky Revised Statutes (KRS) Chapter 175B, as amended, to review, approve, and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana and, if necessary, to assist with the operation, financing, and management of those projects. Projects are developed through a bi-state development agreement. The Authority is authorized to construct, reconstruct, operate, finance and manage highway projects that are either part of the designated federal interstate system or built to the standards of the interstate system that would be designated as a mega-project by the Federal Highway Administration.

The Authority, the Kentucky Transportation Cabinet (KYTC), the Indiana Department of Transportation (INDOT), the Indiana Finance Authority (IFA), and the Louisville and Southern Indiana Bridges Authority (LSIBA) entered into a legal agreement in October 2012 known as the "Bi-State Development Agreement" which governs The Louisville-Southern Indiana Ohio River Bridges Project (LSIORBP). The project consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area and continuing north of the Ohio River to connect to Interstate 65; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchange on both sides of the Ohio River. Kentucky is responsible for financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and Indiana is responsible for financing and constructing the East End Crossing. During fiscal year 2014, the Authority finalized the financing package for the Downtown Crossing Bridges through the sale of \$364.5 million Toll Revenue Bonds and \$452.2 million Toll Revenue Bond Anticipation Notes. The Bond Anticipation Notes will be refunded in 2017 with the proceeds of a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan also approved during fiscal year 2014. Project revenues will be used to repay the Toll Revenue Bonds and TIFIA Loan as well as to pay for operations and maintenance on the project. These transactions provided approximately \$592 million in project construction funds with the remaining proceeds used for capitalized interest, debt service reserve funding and costs of issuance. More detailed information about the LSIORBP can be obtained at the project website www.kyinbridges.com.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

The Authority is authorized pursuant to Part I, A., 4., (16) of Kentucky House Bill 2 of the 2012 Extraordinary Session of the General Assembly to participate as the developing and issuing authority as described in KRS 175B.025 in the development, construction, financing, and operation and maintenance of the LSIORBP.

FINANCIAL HIGHLIGHTS

- Cash and cash equivalents increased from \$0 to approximately \$104,446,000 during fiscal year 2014.
- Investments increased from \$0 to approximately \$543,310,000 during fiscal year 2014.
- Capital assets increased from approximately \$0 to \$598,244,000 during fiscal year 2014.
- The Authority's total debt increased from \$0 to approximately \$763,407,000 during fiscal year 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and the accompanying notes to the financial statements. The Authority follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority. These statements are presented in a manner similar to those of a private business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows provides relevant information about the cash receipts and cash payments of the Authority during the fiscal year. The statement should help users assess the Authority's ability to generate future net cash flows, meet future obligations as they become due, the Authority's need for future external financing, the reasons for differences in operating and related cash receipts and cash payments, and the effects

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

on financial position of cash and non-cash investing, capital, non-capital and financing activities.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 21 through 34.

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Financial Information Statements of Net Position As of June 30

	<u>2014</u>
Assets:	
Current assets	\$ 190,275,062
Long-term cash and investments	457,719,433
Net capital assets	<u>598,244,167</u>
 Total assets	 <u>1,246,238,662</u>
Liabilities:	
Current liabilities	39,361,781
Long-term debt	<u>763,407,058</u>
 Total liabilities	 <u>802,768,839</u>
Net position:	
Net investment in capital assets	447,503,008
Unrestricted net position (deficit)	<u>(4,033,185)</u>
 Total net position	 <u><u>\$ 443,469,823</u></u>

Total assets consist primarily of cash and cash equivalents, investments, and capital assets.

During 2014, the Authority's total cash and cash equivalents and investments increased approximately \$647,756,000 resulting from proceeds from the issuance of bonds and bond anticipation notes.

At June 30, 2014, investments consist of a current portion of approximately \$85,590,000 and a non-current portion of approximately \$457,719,000. As of June 30, 2014, the current portion is representative of short-term investments in the Commonwealth's cash and investment pool. The non-current portion is representative of the Authority's

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

investments maintained within the Commonwealth's cash and investment pool and other investments with maturities greater than one year.

Capital assets increased in 2014 by approximately \$598,244,000 resulting from construction of the Downtown Crossing.

Total liabilities primarily consist of current and non-current portions of revenue bonds and revenue bond anticipation notes payable and related accrued interest thereon. During fiscal year 2014, long-term debt increased approximately \$763,407,000.

Condensed Financial Information Statements of Revenues, Expenses, and Changes in Net Position For the Fiscal Years Ended June 30

	<u>2014</u>
Operating expenses	<u>\$ 414,247</u>
Operating loss	(414,247)
Nonoperating revenues (expenses):	
Interest earned on investments	134
Intergovernmental revenues	414,247
Costs of issuance on revenue bonds and bond anticipation notes	<u>(4,033,319)</u>
Total nonoperating expenses	(3,618,938)
Contributed capital from KYTC	<u>447,503,008</u>
Change in net position	<u><u>\$ 443,469,823</u></u>

Operating revenues will primarily consist of tolls, but also include administrative fees and fines for nonpayment of tolls and other miscellaneous deposits. Tolls will not commence until new capacity is added to the I-65 corridor, which under current construction schedules will be October of 2016.

Operating expenses currently consist primarily of KYTC staff salaries and benefits for employees assigned to the Authority, vehicle usage, professional services, and board meeting expenses, such as transcription services and member travel expenses. After project operations commence in 2016, maintenance and operation of the roadway and tolling infrastructure will also be included.

Nonoperating revenues and expenses consist of income from investments, net changes in the fair market value of investments, bond issuance costs, and contributed

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

capital from KYTC. Contributed capital from KYTC represents capitalized expenses paid for the LSIORBP by KYTC that were contributed to the Authority, as the developing authority for the LSIORBP.

LONG-TERM DEBT

At June 30, 2014, the Authority had approximately \$763,407,000 in bonds payable outstanding, net of unamortized premiums and discounts, which is an increase from \$0 as of June 30, 2013. The increase is a result of the issuance of bonds and bond anticipation notes in December 2013. More detailed information about the Authority's long-term liabilities is presented in Note 7 of the financial statements.

Bond Ratings. The Authority's first tier toll revenue bonds and third tier TIFIA loan/subordinate tier bond anticipation notes debt rating is BBB- from Fitch and Baa3 from Moody's.

The Authority's outstanding debt at June 30:

	2014
First tier toll revenue bonds	\$ 364,525,000
Subordinate toll revenue bond anticipation notes	452,200,000
Unamortized premiums	34,758,810
Unamortized discounts	<u>(88,076,752)</u>
Total	<u><u>\$ 763,407,058</u></u>

CAPITAL ASSETS

During the year ended June 30, 2014, the Authority issued debt to finance a portion of the LSIORBP. Proceeds from the debt issuance were used to pay construction costs of the LSIORBP. Construction costs will be moved from construction in progress to infrastructure when the assets are placed in service.

For financial reporting purposes the Authority anticipates electing to utilize the "Modified Approach" for reporting infrastructure assets as defined in GASB (Government Accounting Standards Board) Statement Number 34 "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.*" Under this alternative method of financial reporting the Authority will expense certain maintenance and preservation costs and will not report depreciation expense. GASB 34 requires infrastructure assets being reported under the modified approach to present certain information on the preservation and maintenance of those assets as Required Supplementary Information (RSI).

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

As of June 30, 2014, the historical cost of the existing Kennedy Bridge and interchanges and right of ways and easements purchased for the LSIORBP are owned and reported by the Commonwealth and not the Authority. A deed of conveyance is expected to be recorded in FY 2015 to transfer ownership of the existing Kennedy Bridge and interchanges, right of ways, and easements to the Authority. Upon conveyance, the existing Kennedy Bridge and interchanges will be contributed to the Authority and reported by the Authority as infrastructure. The RSI for the existing Kennedy Bridge and interchanges will be reported by the Authority upon conveyance.

Upon completion of construction on the Downtown Crossing and East End Crossing, currently scheduled for December 2016, in accordance with the Bi-State Development Agreement, Indiana and the Commonwealth, through the Authority, will exchange values for portions of sections three and four, as identified in the Bi-State Development Agreement, of the LSIORBP, where one state is currently working and recording construction in progress on the other state's land, which will eventually be the maintenance responsibility of the home state.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The LSIORB Project has been the subject of an ongoing legal challenge and appeals from various interest groups that allege violations of federal regulations in the way that state and federal authorities compiled the administrative record, and used that information to make project decisions. In August 2014, the 6th U.S. Circuit Court of Appeals upheld the decision of U.S. District Judge John Heyburn dismissing the suit and granting summary judgment to the Federal Highway Administration and Kentucky and Indiana transportation officials. For more information, please visit <http://www.ca6.uscourts.gov/opinions.pdf/14a0608n-06.pdf>.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, legislators, citizens, taxpayers, and federal government officials, as well as, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kentucky Public Transportation Infrastructure Authority, ATTN: David Talley, 200 Mero Street, Frankfort, Kentucky, 40622.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENT OF NET POSITION JUNE 30, 2014

Assets:

Current assets:

Cash and cash equivalents-restricted	\$ 104,446,494
Investments-restricted	85,590,188
Accrued interest receivable	238,380
Total current assets	<u>190,275,062</u>

Noncurrent assets:

Investments-restricted	<u>457,719,433</u>
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Capital assets:

Construction in progress	<u>598,244,167</u>
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Total noncurrent assets	<u>1,055,963,600</u>
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Total assets	<u><u>\$ 1,246,238,662</u></u>
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Liabilities:

Current liabilities:

Payable from restricted assets:

Accounts payable	\$ 22,198,360
Accrued interest payable	17,163,421
Total current liabilities	<u>39,361,781</u>

Noncurrent liabilities:

Long term debt, including unamortized net discounts of \$53,317,942	<u>763,407,058</u>
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Total liabilities	<u>802,768,839</u>
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Net position:

Net investment in capital assets	447,503,008
Unrestricted (deficit)	<u>(4,033,185)</u>

Total net position	<u><u>\$ 443,469,823</u></u>
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KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEAR ENDED JUNE 30, 2014

Operating expenses:	
General administration	\$ 414,247
Total operating expenses	<u>414,247</u>
Operating loss	<u>(414,247)</u>
Nonoperating revenues (expenses):	
Interest earned on investments	134
Intergovernmental revenues	414,247
Costs of issuance on revenue bonds and bond anticipation notes	<u>(4,033,319)</u>
Total nonoperating revenues (expenses)	<u>(3,618,938)</u>
Contributed capital from KYTC	<u>447,503,008</u>
Change in net position	443,469,823
Net position, beginning of year	<u> </u>
Net position, end of year	<u><u>\$ 443,469,823</u></u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

Capital and related financing activities:

Issuance of 2013 Revenue Bonds	\$ 364,525,000
Discount on issuance of 2013A Revenue Bonds	(92,939,152)
Issuance of 2013 Revenue Bond Anticipation Notes	452,200,000
Premium on issuance of 2013 Revenue Bond Anticipation Notes	41,127,561
Payment of bond issuance costs	(4,033,319)
Acquisition and construction of capital assets	<u>(113,434,803)</u>
Net cash flows from capital and related financing activities	<u>647,445,287</u>

Investing activities:

Purchase of investments	(548,434,070)
Proceeds from sales and maturities of investments	5,124,449
Interest received	<u>310,828</u>
Net cash flows from investing activities	<u>(542,998,793)</u>

Net change in cash and cash equivalents

104,446,494

Cash and cash equivalents, beginning of year

Cash and cash equivalents, end of year

\$ 104,446,494

Reconciliation of cash presentation to cash and cash equivalents:

Cash and cash equivalents - restricted	<u>\$ 104,446,494</u>
Total cash and cash equivalents	<u>\$ 104,446,494</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2014

Reconciliation of operating income (loss) to net cash flows from operating activities:

Operating income (loss)	\$ (414,247)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:	
Intergovernmental revenue for operating expenses	<u>414,247</u>
Net cash flows from operating activities	<u><u>\$</u></u>

Supplemental schedule of noncash capital and related financing activities:

Construction in progress contributed as capital from KYTC	\$ 447,503,008
Capitalized interest payable	\$ 15,091,325
Capital assets included in accounts payable	\$ 22,198,360

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

1. DESCRIPTION OF THE ORGANIZATION

The Kentucky Public Transportation Infrastructure Authority (the Authority) is an independent de jure municipal corporation and political subdivision of the Commonwealth. The Authority was established in 2009 by the Commonwealth pursuant to the provisions of Kentucky Revised Statutes (KRS) Chapter 175B, as amended, to review, approve, and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana and, if necessary, to assist with the operation, financing, and management of those projects. Beginning in 2014, the Authority is reported as a discretely presented component unit of the Commonwealth. Financial activities between the Commonwealth and the Authority are related party activities, and are disclosed as such.

The Authority currently has 11 voting members; Chairman Michael Hancock, Vice Chair Lori Flanery, Secretary Charlie Johnson, Charles Buddeke, Steve Austin, Don Kelly, Dana Mayton, Joe Mattingly, Glenn Mitchell, Michael Walker, and James Ward. The Authority is attached administratively to the Kentucky Transportation Cabinet (KYTC) and relies exclusively on KYTC staff to operate. Currently, the Authority is engaged in overseeing a single project, the Louisville-Southern Indiana Ohio River Bridges Project (LSIORBP), as described below. More information on the Authority can be obtained by visiting their website at <http://transportation.ky.gov/KPTIA>.

The Commonwealth, the Authority, KYTC, the Indiana Department of Transportation, and the Indiana Finance Authority entered into a legal agreement in October 2012 known as the "Bi-State Development Agreement" which governs the LSIORBP. The LSIORBP consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area and continuing north of the Ohio River to connect to Interstate 65; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchange on both sides of the Ohio River. Kentucky is responsible for financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and Indiana is responsible for financing and constructing the East End Crossing. More detailed information about the LSIORBP Project can be obtained at the project website www.kyinbridges.com.

The Authority is authorized pursuant to Part I, A., 4., (16) of Kentucky House Bill 2 of the 2012 Extraordinary Session of the General Assembly to participate as the developing and issuing authority as described in KRS 175B.025 in the development, construction, financing, and operation and maintenance of the LSIORBP.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Authority is presented to assist in understanding the Authority's financial statements. The financial statements and notes are representations of the Authority's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Authority's financial statements are included in the Commonwealth's Comprehensive Annual Financial Report as a discretely presented component unit. The activities of the Authority are accounted for as an enterprise fund. The intent of an enterprise fund is to finance or recover, primarily through user charges, the costs of providing goods and services. An enterprise fund prepares operating statements using the flow of economic resources as its measurement focus. Such operating statements are designed to report events and transactions that increase or decrease an entity's economic resources (i.e., all assets and liabilities). Enterprise fund transactions are accounted for using the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liabilities are incurred.

Use of Estimates

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

Description of Net Position Classes

Net Investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

Restricted - This component of net position consists of constraints placed on the use of net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of the net position that does not meet the definition of "restricted" or "net investment in capital assets."

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents consist of unspent proceeds received from the issuance of bonds and anticipation notes described in Note 5. The unspent proceeds are restricted for use in accordance with the bond and anticipation notes documents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of net position. Unrealized gains and losses are included in the changes in net position in the accompanying statements of revenues, expenses, and changes in net position. Restricted investments consist of unspent proceeds received from the issuance of bonds and anticipation notes described in Note 5 that are invested in U.S. Treasuries. The unspent proceeds are restricted for use in accordance with the bond and anticipation notes documents.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Contributed capital assets are recorded at the asset's book value at the time of the contribution.

Infrastructure assets will not be depreciated, as the Authority anticipates electing to use the modified approach, as defined by GASB 34. As a result, certain maintenance and preservation costs will be expensed when incurred. Additions and improvements to infrastructure assets are capitalized when capacity and efficiency has increased.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Total interest charged during the year ended June 30, 2014 was \$17,163,421. Capitalized interest, net of related interest earned on debt proceeds amounted to \$15,091,325 for the year ended.

Operating Revenues and Expenses

Balances classified as operating revenues and expenses are those which comprise the Authority's principal ongoing operations. Other revenues and expenses are classified as nonoperating.

Contributed Capital

Contributed capital arises from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

New Accounting Pronouncements

During 2014, the Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Debt issuance costs should now be recognized as an expense in the period incurred. Previously, debt issuance costs were capitalized at issuance and amortized over the term of the related debt. As such, costs of issuance for the bonds and bond anticipation notes described in Note 7 were expensed as incurred.

3. CASH DEPOSITS

Cash includes amounts on deposit with the Commonwealth's cash and investment pool and cash held by Bank of New York Mellon (the Trustee). See the Commonwealth's Comprehensive Annual Financial Report for the year ended June 30, 2014, for disclosure of the credit risk classifications of the cash and investment pool. The carrying amount of the Authority's cash and cash equivalents invested in the Commonwealth's cash and investment pool balance was \$104,446,494 at June 30, 2014.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

4. INVESTMENTS

All Authority investments, legally authorized by KRS 175B.075 and the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Agreement, are direct obligations of the United States of America or direct federal agency obligations or other similar obligations to the extent that the full faith and credit of the United States of America is pledged for the timely payment thereof. Direct obligations shall include money market mutual funds that invest solely in the obligations referenced above.

All project funds are held in a segregated account with the Commonwealth's investment pools. These are reported at fair value. The State Investment Commission has statutory responsibility and authority to safeguard the funds. See the Commonwealth's Comprehensive Annual Financial Report for the year ended June 30, 2014, for disclosure of the credit risk classifications of the additional cash and investment pool.

All remaining funds are held with the bond trustee, Bank of New York Mellon. The following schedule presents the carrying amounts of investments by maturity at June 30, 2014:

Investment	Fair Value	Maturity	Rate
U.S. Treasury Certificates of Indebtedness State and Local Governments Series	\$ 16,471,731	7/1/2014	0.09%
U.S. Treasury Notes State and Local Governments Series	15,531,346	1/1/2015	0.13%
U.S. Treasury Notes State and Local Governments Series	15,541,441	7/1/2015	0.20%
U.S. Treasury Notes State and Local Governments Series	15,556,983	1/1/2016	0.29%
U.S. Treasury Notes State and Local Governments Series	15,579,540	7/1/2016	0.44%
U.S. Treasury Notes State and Local Governments Series	15,613,815	1/1/2017	0.62%
U.S. Treasury Notes State and Local Governments Series	15,662,217	7/1/2017	0.83%
U.S. Treasury Notes State and Local Governments Series	5,123,091	1/1/2018	1.04%
Fidelity Treasury Money Market Fund	53,587,111	N/A	0.01%
	<u>168,667,275</u>		
Investments in state pool	<u>374,642,346</u>		
Total	543,309,621		
Less: current portion	85,590,188		
Long-term investments	<u>\$ 457,719,433</u>		

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2014, the Authority's investments are neither insured nor registered, but are held by the Authority's custodial agent for the benefit of the Authority.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

Credit Risk: Under state statutes, the Authority is permitted to invest direct obligations of the United States of America or direct federal agency obligations or other similar obligations to the extent that the full faith and credit of the United States of America is pledged for the timely payment thereof. Direct obligations shall include money market mutual funds that invest solely in the obligations referenced above. The credit ratings and concentration by issuer of the Authority's investments is as follows:

	<u>Fair Value</u>	<u>Rating</u>	<u>Percent</u>
U.S. Treasury Certificates of Indebtedness State and Local Governments Series	\$ 16,471,731	U.S. Treasuries	9.77%
U.S. Treasury Notes State and Local Governments Series	98,608,433	U.S. Treasuries	58.46%
Fidelity Treasury Money Market Fund	<u>53,587,111</u>	Unrated	<u>31.77%</u>
Total investments	<u>\$ 168,667,275</u>		<u>100.00%</u>

Concentration of Credit Risk: The Authority places no limit on the amount the Authority may invest in any one issuer. The Authority's trustee consults with the Office of Financial Management (within the Finance and Administration Cabinet) to determine suitable investments.

Interest Rate Risk: The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

5. REVENUE BOND FUND ACCOUNTS

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash, cash equivalents and investments at June 30, 2014 are summarized below:

	<u>Money Market Mutual Funds</u>	<u>U.S. Treasuries</u>	<u>Total</u>
Debt Service Reserve Funds	\$ 46,114,456	\$	\$ 46,114,456
Cost of Issuance Fund	94,421		94,421
Capitalized Interest Fund	2,973,537	115,080,164	118,053,701
Tolling O&M Reserve Fund	4,404,682		4,404,682
General O&M Reserve Fund	<u>15</u>		<u>15</u>
Total	<u>\$ 53,587,111</u>	<u>\$ 115,080,164</u>	<u>\$ 168,667,275</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

The General Trust Indenture contains a provision which establishes that specific accounts are maintained by the Authority to properly account for the financial activities as described below:

- A. Authority System Revenue Fund - This fund receives all Pledged Receipts and other moneys received by the Authority except for funds required to be deposited into another fund by the General Trust Indenture.
 - B. Project Funds - Funds deposited into the project funds shall be expended only for the purpose of paying costs of the Project.
 - C. Cost of Issuance Fund - Designated to pay the costs of issuance established for each series, as specified in the respective Series Trust Indentures.
 - D. Debt Service Funds
 - a) First Tier Debt Service Account - Designated to pay the principal and interest on the First Tier Bonds.
 - b) First Tier Common Debt Service Reserve Account and within such Account, a "Proceeds Subaccount" and a "Revenue Subaccount" - Designated a reserve for the payment of principal and interest on First Tier Bonds that are not TIFIA Bonds when funds for that purpose are available in the First Tier Debt Service Account.
 - c) Second Tier Debt Service Account - Designated to pay the principal and interest on the Second Tier Bonds.
 - d) Second Tier Common Debt Service Reserve Account - Designated a reserve for the payment of principal and interest on Second Tier Bonds when funds for that purpose are available in the Second Tier Debt Service Account.
 - e) Third Tier Debt Service Account - Designated to pay the principal and interest on the Third Tier Bonds.
 - f) Third Tier Common Debt Service Reserve Account - Designated a reserve for the payment of principal and interest on Third Tier Bonds when funds for that purpose are available in the Third Tier Debt Service Account.
 - E. Redemption Fund - Designated for the redemption of outstanding bonds or bond anticipation obligations.
 - F. Tolling Operation & Maintenance (O&M) Reserve Fund - Designated to pay Toll System Collection Expenses for the current fiscal year as reflected in the Authority System Budget.
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KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

- G. General O&M Reserve Fund - Designated to pay General O&M Expenses for the current fiscal year as reflected in the Authority System Budget.
- H. M&R Reserve Fund - Designated to pay M&R Expenses for the current fiscal year as reflected in the then-current capital improvement program and Authority System Budget and to pay any other M&R expenses that must be incurred to restore or maintain any portion of the Authority System in a safe operating condition. M&R expenses represent lifecycle costs and/or capital costs necessary to continue to maintain the Authority System in good operating order and that are not normally recurring costs.
- I. Lease Payment Fund - Funds designated to pay amounts due from the Authority to KYTC under the Lease Agreement.
- J. General Reserve Fund - Designated to pay expenses relating to the Authority System, providing for debt service on bonds or as may otherwise be permitted by the Act or required by the Development Agreement, Lease Agreement, or the Inter-local Agreement, including, but not limited to fees and expenses of credit providers, hedge termination payments, and the payment of the debt service on any subordinated bonds.
- K. Rebate Fund - Designated for the collection and payment of earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the applicable bonds, plus any income attributable to such excess.
- L. Capitalized Interest Fund - Designated for the payment of interest, when due, on the bonds and notes.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is as follows:

	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Construction in Progress	\$	\$ 598,244,167	\$	\$ 598,244,167

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

7. LONG-TERM LIABILITIES

Long-term debt consists of the following at June 30, 2014:

	<u>Balance</u>	<u>Current</u>	<u>Long-term</u>
First Tier Toll Revenue Bonds, Series 2013A Current Interest Bonds; interest fixed at rates ranging from 5.75% to 6.00%, due semi-annually; principal due July 1, 2049 and July 1, 2053 with mandatory sinking fund redemption in part prior to maturity beginning July 1, 2046.	\$ 174,865,000	\$	\$ 174,865,000
First Tier Toll Revenue Bonds, Series 2013B Capital Appreciation Bonds; interest fixed at rates ranging from 3.75% to 6.65% will not be paid on a current basis, but will be added to the principal amount on a semi-annual basis; principal due annually beginning July 1, 2019 through July 1, 2032.	52,185,000		52,185,000
First Tier Toll Revenue Bonds, Series 2013C Convertible Capital Appreciation Bonds; interest fixed at rates ranging from 6.40% to 6.875% will not be paid on a current basis prior to the conversion date, but will be added to the principal amount on a semi-annual basis; principal due annually beginning July 1, 2033 through July 1, 2046.	137,475,000		137,475,000
Subordinate Toll Revenue Bond Anticipation Notes, Tax Exempt Series 2013A; interest fixed at rates ranging from 3.00% to 5.00%, due semi-annually; principal due July 1, 2017.	426,045,000		426,045,000
Subordinate Toll Revenue Bond Anticipation Notes, Taxable Series 2013B; interest fixed at 3.22%, due semi-annually; principal due July 1, 2017.	<u>26,155,000</u>		<u>26,155,000</u>
Total	816,725,000		816,725,000
Unamortized premium	34,758,810		34,758,810
Unamortized discount	<u>(88,076,752)</u>		<u>(88,076,752)</u>
	<u>\$ 763,407,058</u>	<u>\$</u>	<u>\$ 763,407,058</u>

The Series 2013 Bonds and Series 2013 Bond Anticipation Notes above represent the debt of the Authority. The debt is secured by the Trust Estate, as defined by the General Trust Indenture, which primarily consists of all pledged receipts (the Authority's 50% share of toll revenues and certain investment earnings), and all moneys and securities on deposit in the funds and accounts established by the General Trust Indenture. In the event that toll revenues are insufficient to make the operations and maintenance deposits required in the General Trust Indenture, the Authority entered into a lease agreement (the Lease) with KYTC, whereby KYTC is obligated to pay rent, as defined in the Lease, to satisfy the required operation and maintenance deposits. Rent, as defined in the lease, shall represent a loan to the Authority and bear interest at a rate of 5.0%. The loan is payable by the Authority

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

from the pledged receipts and shall be due in amounts available to make such payments in accordance with Section 504 of the General Trust Indenture. As of June 30, 2014, no rent payments have been made by the KYTC under the terms of the lease.

Debt service payments on the Series 2013 Bonds and Series 2013 Bond Anticipation Notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	\$ 33,338,373	\$ 33,338,373
2016		32,349,903	32,349,903
2017		32,349,903	32,349,903
2018	452,200,000	21,324,683	473,524,683
2019		10,299,462	10,299,462
2020-2024	25,905,000	56,106,195	82,011,195
2025-2029	10,550,000	97,586,138	108,136,138
2030-2034	21,505,000	97,401,338	118,906,338
2035-2039	37,380,000	90,139,999	127,519,999
2040-2044	62,170,000	73,576,628	135,746,628
2045-2049	87,965,000	49,212,431	137,177,431
2050-2054	<u>119,050,000</u>	<u>18,656,050</u>	<u>137,706,050</u>
Total	<u>\$ 816,725,000</u>	<u>\$ 612,341,103</u>	<u>\$ 1,429,066,103</u>

The Authority entered into a loan agreement with the U.S. Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to refund the Subordinate Toll Revenue Bond Anticipation Notes on July 1, 2017. The TIFIA loan will bear interest at 3.9% with principal and interest due semi-annually beginning July 1, 2018 through July 1, 2051. The balance of the TIFIA loan at June 30, 2014 was \$0.

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2014:

	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Bonds principal payable	\$	\$ 816,725,000	\$	\$ 816,725,000
Unamortized premiums		41,127,561	6,368,751	34,758,810
Unamortized discounts		<u>(92,939,152)</u>	<u>(4,862,400)</u>	<u>(88,076,752)</u>
	<u>\$</u>	<u>\$ 764,913,409</u>	<u>\$ 1,506,351</u>	<u>\$ 763,407,058</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

8. RESTRICTED ASSETS

Certain of the Authority's assets have constraints that have been placed on how they can be used. By definition, restricted assets are cash or other assets whose use, in whole or in part, is restricted for specific purposes bound by virtue of contractual agreements, legal requirements, or enabling legislation. The Authority's cash and investments are restricted for use by the trust indentures which restrict the manner in which the bond and bond anticipation note proceeds may be spent. Restricted assets consist of the following at June 30, 2014:

Restricted for capital projects	\$ 479,088,840
Restricted for debt service	164,168,157
Restricted for maintenance reserves	4,404,697
Restricted for bond issuance costs	<u>94,421</u>
Total	<u>\$ 647,756,115</u>

9. RELATED PARTY TRANSACTIONS

The Authority received the benefit of accounting, legal, and administrative services from KYTC for 2014. The cost of these services was directly charged to the accounts of the Authority. Amounts capitalized into construction in progress for engineering and administrative services and included in the capital contribution on the statement of revenues, expenses, and changes in net position amounted to \$843,787. Amounts charged to expense for accounting, legal, and administrative services and included in intergovernmental revenues on the statement of revenues, expenses, and changes in net position amounted to \$50,214. The total amount of services contributed amounted to \$894,001 for the year ending June 30, 2014.

In addition, the Authority received \$447,503,008 in capital contributions from KYTC during the year related to construction work completed on Kentucky roads, bridge approaches, and right-of-way related to the bridge construction project.

The Authority received the benefit of consultant services from the Finance and Administration Cabinet for 2014. The Finance and Administration Cabinet did not assess a fee for the cost of these services.

The Authority received services from the Commonwealth Office for Technology (COT) which provides technical support for State government agencies in the application of information technology including major information resource functions such as data and voice communications, data administration, hardware selection

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

and installation, printing, and related end-user and customer support services. During 2014, KYTC paid for all services provided by COT. KYTC did not assess a fee to the Authority for their respective portion of the charges and will not request reimbursement from the Authority.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Authority utilizes the Commonwealth of Kentucky's Risk Management Fund to cover exposure to these potential losses. The Commonwealth of Kentucky's Comprehensive Annual Financial Report should be referred to for additional disclosures related to the Risk Management Fund. KYTC carries commercial insurance, including builders risk coverage on the LSIORBP, for all risks of loss during construction.

11. COMMITMENTS

The Authority and the State of Indiana have entered into a legal agreement known as the "Bi-State Development Agreement" which governs the LSIORBP. The project consists of the construction of the East End Bridge and highway connections that will complete an outer loop around the greater Louisville area; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchange on both sides of the Ohio River. Kentucky is responsible for financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and Indiana is responsible for financing and constructing the East End Crossing.

The LSIORBP structures will be ultimately owned 50% by Indiana and 50% by Kentucky and is expected to cost \$2.6 billion. Kentucky's portion of the total project cost is estimated to be \$1.3 billion and Indiana's portion is estimated to be \$1.3 billion. Kentucky plans to finance its portion of the LSIORBP partially through the Authority. The project is being funded in part with a combination of governmental purpose tax-exempt debt in the form of a TIFIA loan, Grant Anticipation Revenue Vehicle (GARVEE) bonds backed by future federal funds, and governmental purpose tax-exempt and taxable debt in the form of toll revenue bonds. The toll revenue bonds principal and interest and the TIFIA loan principal and interest will be issued by the Authority and paid solely by Kentucky's share of project revenues (primarily tolls). These financing instruments do not constitute a debt of the Commonwealth or any of its political subdivisions. Neither the faith and credit nor the taxing power of the Commonwealth is pledged to the payment of the above described debt.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

Under the six year highway plan adopted by the Commonwealth, the Commonwealth parties will provide up to \$536 million in future federal funds to be used for the Downtown Crossing. This includes \$300 million in traditional federal funds (\$50 million per State Fiscal Year for six years beginning with State Fiscal Year 2013) and the proceeds of approximately \$236 million of previously issued GARVEE bonds for construction, for a total of \$536 million. In addition, Kentucky will utilize approximately \$763 million in tax exempt and taxable bonds and notes, a portion of which will be retired in 2017 with a \$452 million low interest, long-term TIFIA loan from the U.S. Department of Transportation.

The Commonwealth parties have spent approximately \$712 million to date and the State of Indiana has spent approximately \$266 million to date. The Commonwealth's expenditures are included in construction in progress and reflected in the statement of revenues, expenses, and changes in net position within contributed capital and beginning net position.

The Authority has entered into various contracts for services in connection with the operation of the Tolls consisting of toll oversight, marketing and communication services, and toll transponders. Additional contracts are in the process of being procured, but have not yet been executed. These contracts relate to services for the toll custodian, toll service provider, and E-ZPass. Costs under the toll contracts described above will be paid as services are rendered and will be split between the Commonwealth (through the Authority) and the State of Indiana.

12. RECENT GASB PRONOUNCEMENTS

Management has not currently determined what, if any, effects of implementation of the following statements may have on the financial statements:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, issued June 2012, is effective for periods beginning after June 15, 2014. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. A cost-sharing employer that does not have a special funding situation, is required to recognize a liability for its proportionate share of the net pension liability (of all employers for benefits provided through the pension plan)—the collective net pension liability. An employer's proportion is required to be determined on a basis that is consistent with the manner in which contributions to the pension plan are determined, and consideration should be given to separate rates, if any, related to separate portions of the collective net pension liability.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014

The requirements of this Statement will improve the decision usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*, issued November 2013, will be required to be applied simultaneously with provisions of GASB Statement No. 68 making it effective for periods beginning after June 15, 2014. This Statement amends previous guidance to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability.

13. SUBSEQUENT EVENTS

The LSIORBP has been the subject of an ongoing legal challenge and appeals from various interest groups that allege violations of federal regulations in the way that state and federal authorities compiled the administrative record, and used that information to make project decisions. In August 2014, the 6th U.S. Circuit Court of Appeals upheld the decision of U.S. District Judge John Heyburn dismissing the suit and granting summary judgment to the Federal Highway Administration and Kentucky and Indiana transportation officials. For more information, please visit <http://www.ca6.uscourts.gov/opinions.pdf/14a0608n-06.pdf>.



STATISTICAL SECTION



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

This part of the Authority's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information and the Authority's overall financial health.

Financial Trends **Pages 36-38**

These schedules (1 through 3) trend information to help the reader understand how the Authority's financial performance and viability have changed over time.

Operating Information **Pages 39-48**

These schedules (4 through 13) contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services it provides and the activities it performs.

Debt Capacity **Page 49**

This schedule (14) presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

Revenue Capacity **Pages 50-52**

These schedules (15 through 17) contain information to help the reader assess the Authority's most significant revenue source, toll collection.

Demographic and Economic Information **Pages 53-54**

These schedules (18 and 19) offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 1
Net Position by Component
Last Three Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Invested in capital assets, net of related debt	\$ 447,503,008	\$ -0-	\$ -0-
Restricted	-0-	-0-	-0-
Unrestricted	(4,033,185)	-0-	-0-
Total net position	<u>\$ 443,469,823</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 2 Changes in Net Position Last Three Fiscal Years

	2014	2013	2012
Operating Revenue			
Tolls	\$ -0-	\$ -0-	\$ -0-
Concession	-0-	-0-	-0-
Total operating revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Expenses			
Tolls operations	-0-	-0-	-0-
Maintenance	-0-	-0-	-0-
General administration	414,247	-0-	-0-
Total operating expenses	<u>414,247</u>	<u>-0-</u>	<u>-0-</u>
Operating income (loss)	<u>(414,247)</u>	<u>-0-</u>	<u>-0-</u>
Nonoperating revenues (expenses)			
Interest earned on investments	134	-0-	-0-
Interest expense	-0-	-0-	-0-
Intergovernmental revenues	414,247	-0-	-0-
Costs of issuance on revenue bonds and bond anti	<u>(4,033,319)</u>	<u>-0-</u>	<u>-0-</u>
Total nonoperating revenues (expenses)	(3,618,938)	-0-	-0-
Contributed Capital for KYTC	447,503,008	-0-	-0-
Change in net position	<u>\$ 443,469,823</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 3 Downtown Crossing Cash Flows Last Three Fiscal Years

	2014	2013	2012
Operating activities:			
Receipts from patrons	\$ -0-	\$ -0-	\$ -0-
Receipts from concessionaires	-0-	-0-	-0-
Receipts from other sources	-0-	-0-	-0-
Payments to service providers	-0-	-0-	-0-
Payments to employees	-0-	-0-	-0-
Net cash flows from operating activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Capital and related financing activities			
Issuance of 2013 Revenue Bonds	364,525,000	-0-	-0-
Discount on issuance of 2013A Revenue Bonds	(92,939,152)	-0-	-0-
Issuance of 2013 Revenue Bond Anticipation Notes	452,200,000	-0-	-0-
Premium on issuance of 2013 Revenue Bond Anticipation Notes	41,127,561	-0-	-0-
Payment of bond issuance costs	(4,033,319)		
Principal payment to retire long-term debt	-0-	-0-	-0-
Interest paid on long-term debt outstanding	-0-	-0-	-0-
Acquisition and construction of capital assets	(113,434,803)	-0-	-0-
Net cash flows from capital and related financing activities	<u>647,445,287</u>	<u>-0-</u>	<u>-0-</u>
Investing activities			
Purchase of investments	(548,434,070)	-0-	-0-
Proceeds from sales and maturities of investments	5,124,449	-0-	-0-
Interest received	310,828	-0-	-0-
Net cash flows from investing activities	<u>(542,998,793)</u>	<u>-0-</u>	<u>-0-</u>
Net change in cash and cash equivalents	104,446,494	-0-	-0-
Cash and cash equivalents, beginning of year	-0-	-0-	-0-
Cash and cash equivalents, end of year	<u>\$ 104,446,494</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. Tolls are expected to commence in October 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 4
Toll Revenues by Principal Revenue Payers - Payment Method, Class and Crossing
Last Three Fiscal Years

	2014	2013	2012
Toll revenues:			
E-ZPass	\$ -0-	\$ -0-	\$ -0-
Video billing	-0-	-0-	-0-
Percentages of toll revenues:			
E-ZPass	-0-%	-0-%	-0-%
Video billing	-0-%	-0-%	-0-%
Toll transactions:			
E-ZPass	-0-	-0-	-0-
Video billing	-0-	-0-	-0-
Percentages of toll transactions:			
E-ZPass	-0-%	-0-%	-0-%
Video billing	-0-%	-0-%	-0-%
Downtown Crossing:			
Two-axle	\$ -0-	\$ -0-	\$ -0-
Medium trucks	-0-	-0-	-0-
Heavy trucks	-0-	-0-	-0-
Total	-0-	-0-	-0-
East End Crossing:			
Two-axle	-0-	-0-	-0-
Medium trucks	-0-	-0-	-0-
Heavy trucks	-0-	-0-	-0-
Total	-0-	-0-	-0-
Total Toll Revenue	\$ -0-	\$ -0-	\$ -0-

Note: The Downtown Crossing and East End Crossing (the Crossings) are currently under construction. Completion of the Crossings is expected in October 2016 under current construction schedules. Upon completion of the Crossings, tolls will commence. Tolls will be shared equally between the Authority and the Indiana Finance Authority.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 5 Actual Versus Forecast Traffic Last Three Fiscal Years

	2014	2013	2012
Downtown Crossing:			
Two-Axle:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Medium trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Heavy trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Total Downtown Crossing:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
East End Crossing:			
Two-Axle:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Medium trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Heavy trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Total East End Crossing:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Total Over (under) estimate	-0-	-0-	-0-

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. Tolls are expected to commence in October 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 6 Actual Versus Forecast Revenue Last Three Fiscal Years

	2014	2013	2012
Downtown Crossing:			
Two-Axle:			
Actual	\$ -0-	\$ -0-	\$ -0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Medium trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Heavy trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Total Downtown Crossing toll revenues:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	\$ -0-	\$ -0-	\$ -0-
East End Crossing:			
Two-Axle:			
Actual	\$ -0-	\$ -0-	\$ -0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Medium trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Heavy trucks:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-
Total East End Crossing toll revenues:			
Actual	-0-	-0-	-0-
Estimated	-0-	-0-	-0-
Over (under) estimate	\$ -0-	\$ -0-	\$ -0-
Total over (under) estimate	\$ -0-	\$ -0-	\$ -0-

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. Tolls are expected to commence in October 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 7 Initial Toll Rates

	Two Axle	Medium Trucks	Heavy Trucks
Discount program	\$ 1.00	\$ N/A	\$ N/A
Transponder	2.00	5.00	10.00
Registered Video	3.00	6.00	11.00
Other Video	4.00	7.00	12.00

Note: Tolls are expected to commence in October 2016 based on current construction schedules. The initial toll rate resolution also states that the tolls will increase annually, beginning July 1 of the year following the commencement of toll collection and thereafter on each July 1 by the greater of inflation as measured by the Consumer Price Index or 2.5%.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 8 Capital Asset Statistics Last Three Fiscal Years

Year	2014	2013	2012
Roadways under operation:	-0-	-0-	-0-
Lane miles:	-0-	-0-	-0-
Right-of-Way Area (acres):	-0-	-0-	-0-
Bridge Structures:	-0-	-0-	-0-

Note: All capital assets owned by the Authority are currently being constructed and not in operation.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 9 Payments and Repayments of Rent Last Three Fiscal Years

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Rent payments received	\$ -0-	\$ -0-	\$ -0-
Repayments of rent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Amount owed for repayment of rent	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2014

Schedule 10 Insurance in Force

Insurance	Policy Term	Policy	Coverage	Deductible	Annual or Last Premium
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Note: The Authority is required by the TIFIA Loan agreement and KPTIA 2013 General Trust Indenture to have business interruption insurance prior to tolls commencing. Tolls are expected to commence in October 2016 based on current construction schedules. The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Authority utilizes the Commonwealth of Kentucky's Risk Management Fund to cover exposure to these potential losses. KYTC carries commercial insurance, including builders risk coverage on the LSIORBP, for all risks of loss during construction.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 11 Employees and Contractors by Function

Employees	2014	2013	2012
Full-time	-0-	-0-	-0-
Part-time	-0-	-0-	-0-
Contractors:	-0-	-0-	-0-
Accounting	1	-0-	-0-
Legal	1	-0-	-0-
Financial Advisor	1	-0-	-0-

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. The Authority does not have any employees, but uses the services of KYTC employees for operations in addition to contracted services.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 12 Payments to Contractors Last Three Fiscal Years

Contractor	2014	2013	2012
Walsh Construction	\$ 113,434,803	\$ -0-	\$ -0-

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 13 Safety Incidents

Safety Incident	2014	2013	2012
Total citations	-0-	-0-	-0-
Total warnings	-0-	-0-	-0-
Motorist assists	-0-	-0-	-0-
Accidents	-0-	-0-	-0-
Fatalities	-0-	-0-	-0-

Note: All capital assets owned by the Authority are currently being constructed and not in operation.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 14 Ratios of Outstanding Debt Last Three Fiscal Years

	2014	2013	2012
Net revenue bonds outstanding	\$ 276,448,248	\$ -0-	\$ -0-
Net revenue bond anticipation notes outstanding	486,958,810	-0-	-0-
Total outstanding debt	<u>\$ 763,407,058</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Toll transactions:			
E-ZPass	-0-	-0-	-0-
Video billing	-0-	-0-	-0-
Total transactions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Debt per E-ZPass transaction	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Debt per video billing transaction	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Debt per total transaction	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. Tolls are expected to commence in October 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 15 Pledged-Revenue Coverage Last Three Fiscal Years

	2014	2013	2012
Operating revenues	\$ -0-	\$ -0-	\$ -0-
Operating expenses (1)	-0-	-0-	-0-
Net revenues available for debt service	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Debt service for revenue bonds outstanding:			
Principal	\$ -0-	\$ -0-	\$ -0-
Interest	-0-	-0-	-0-
Total current debt service	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Debt service for revenue bond anticipation notes outstanding:			
Principal	\$ -0-	\$ -0-	\$ -0-
Interest	-0-	-0-	-0-
Total current debt service	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Debt service coverage	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

- (1) Does not include operating expenses paid for by KYTC and recognized as intergovernmental revenues.

Notes:

- A) The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.
- B) All interest paid in FY 2014 was capitalized into construction in progress.
- C) Debt Service Coverage equals Net Revenues Available for Debt Service divided by Total Current Debt Service.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 16
Pledged Receipts
Last Three Fiscal Years

	2014	2013	2012
Operating Revenue			
Tolls	\$ -0-	\$ -0-	\$ -0-
Concessions	-0-	-0-	-0-
Total operating revenues	-0-	-0-	-0-
Nonoperating revenues			
Lease paymemnts received	-0-	-0-	-0-
Interest earned on investments	134	-0-	-0-
Total nonoperating revenues			
Total pledged receipts	\$ 134	\$ -0-	\$ -0-

Notes:

- A) The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.
- B) Pledged revenues include all revenues of the Authority.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 17 Largest Toll Payers Last Three Fiscal Years

Toll Payer	2014	2013	2012
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Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. Tolls are expected to commence in October 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2014

Schedule 18 Population and Commuting Statistics Last Three Fiscal Years

Year	County	Population	Per Capita Income	Total Personal Income (000s)	% Rate of Unemployment
2013	Bullitt, KY	76,854	\$ 32,791	\$ 2,520,121	8.0%
	Clark, IN	112,938	\$ 36,956	\$ 4,173,712	7.5%
	Floyd, IN	76,244	\$ 42,503	\$ 3,240,607	7.0%
	Harrison, IN	39,163	\$ 34,410	\$ 1,347,587	6.7%
	Jefferson, KY	756,832	\$ 44,018	\$ 33,314,513	8.8%
	Oldham, KY	62,364	\$ 49,428	\$ 3,082,540	6.8%
	Scott, IN	23,972	\$ 30,051	\$ 720,378	8.4%
2012	Bullitt, KY	75,869	\$ 32,768	\$ 2,486,090	8.7%
	Clark, IN	111,972	\$ 36,535	\$ 4,090,881	6.9%
	Floyd, IN	75,374	\$ 42,683	\$ 3,217,180	6.9%
	Harrison, IN	39,142	\$ 34,006	\$ 1,331,047	6.7%
	Jefferson, KY	750,810	\$ 43,991	\$ 33,028,892	9.1%
	Oldham, KY	61,407	\$ 49,758	\$ 3,055,463	7.2%
	Scott, IN	23,845	\$ 30,141	\$ 718,711	9.3%

Note: Data is as of June 30th of the year presented. Data for June 30, 2014 has not been made available by the U.S. Department of Commerce.

Sources: (1) U.S. Department of Commerce
(2) U.S. Department of Labor

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2014

Schedule 19 Principle Employers within the LSIORB Area Last Three Fiscal Years

Employer	2013			2012		
	Numbers of Employees	Rank	Percentage of Total Employment	Numbers of Employees	Rank	Percentage of Total Employment
United Parcel Services	20,047	1	3.06%	20,117	1	3.11%
Humana Inc.	11,235	3	1.72%	11,000	3	1.70%
Jefferson County Public Schools K-12	14,269	2	2.18%	14,336	2	2.21%
Norton Healthcare Inc	9,666	4	1.48%	9,658	4	1.49%
KentuckyOne Health Inc.	8,893	5	1.36%	5,898	7	0.91%
Ford Motor Co.	8,347	6	1.28%	8,696	5	1.34%
University of Louisville	6,187	7	0.95%	6,273	6	0.97%
GE Appliances & Lighting	6,000	8	0.92%	5,000	10	0.77%
Louisville/Jefferson County Metro Government Services	5,651	9	0.86%	5,689	8	0.88%
The Kroger Co.	5,152	10	0.79%	5,298	9	0.82%
<i>Total Labor Force for Louisville Metro Area</i>			654,530			647,242

Note: FY 2014 data has not yet been released. Data is as of June 30th of the year presented.

Sources: (1) www.louisvilleky.gov
(2) www.bls.gov