



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

A COMPONENT UNIT OF
THE COMMONWEALTH OF KENTUCKY

FRANKFORT, KENTUCKY

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020



ANNUAL COMPREHENSIVE FINANCIAL REPORT
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A Component Unit of the Commonwealth of Kentucky

Prepared By:

Amanda Spencer

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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INTRODUCTORY SECTION





Andy Beshear
Governor



Jim Gray
Secretary

December 2, 2021

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 Annual Comprehensive Financial Report (ACFR) of the Kentucky Public Transportation Infrastructure Authority (the Authority, KPTIA) for the year ended June 30, 2021. 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

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 Authority’s auditor’s have issued an unmodified opinion on the Authority’s financial statements for the years ended June 30, 2021 and 2020. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s 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. Both the Downtown Crossing and the East End Crossing are complete and open to traffic. Tolling began on December 30, 2016.

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 Staff Attorney Manager/Assistant General Council 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 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

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts the Authority's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict.

LSIORB Structure

The Joint Board is charged with the administration of the LSIORBP. The Joint Board is composed of the chairperson 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 Tolling Body is responsible for adopting toll rates and toll policy for the LSIORBP. The Tolling Body is made up of the Joint Board and one additional representative from both the Authority and the IFA.

In 2013, INDOT, IFA, the Authority, and KYTC entered into the Development Agreement, which describes the LSIORBP responsibilities and sets forth the flow of funds. Toll revenues are allocated equally between the Authority and the IFA. The Toll Rate Resolution passed by the Tolling Body contains rate covenant provisions requiring that the tolls generated will be sufficient to pay project costs, meet debt service requirements, and create reserves as required by the Bond Indenture.

The Authority uses its half of toll revenues to meet the financial obligations of the LSIORBP. To fund the LSIORBP, during fiscal year 2014, the Authority finalized a financing package including the sale of \$364.5 million Toll Revenue Bonds, \$452.2 million Toll Revenue Bond Anticipation Notes, and a TIFIA loan agreement. The 2013 toll revenue bond anticipation notes were refunded by the TIFIA loan on July 1, 2017. The TIFIA loan is a low interest loan maturing on July 1, 2052.

KYTC, INDOT, IFA, and the Authority are working in partnership, represented by the Joint Board to oversee the operations and maintenance of RiverLink, the toll system for the

LSIORBP. The IFA, on behalf of the Joint Board, signed a contract in May 2015 with Kapsch TrafficCom to design, construct, integrate, test, operate, and maintain the all-electronic toll system that will collect tolls on all three river crossings. Kapsch TrafficCom's work currently consists of operating and maintaining RiverLink. KYTC, on behalf of the Joint Board, executed a contract with KPMG to serve as Revenue Control Manager in February 2015. The Revenue Control Manager is responsible for coordinating and overseeing the timely and accurate collection and division of toll revenues between the states. The IFA on behalf the Joint Board executed a contract with HNTB to serve as the Toll Services Advisor. HNTB is responsible for advising the states on tolling matters, and overseeing the work of Kapsch TrafficCom. The IFA also procured a Custodian, on behalf of the Joint Board, to hold toll revenue on behalf of the Authority and the IFA, prior to it being split between the states. The Joint Board authorized KYTC, to procure C2 Communications on its half to act as RiverLink's public relation, marketing, and communications firm to assist with tolling. All contracts are administered by both states.

More detailed information about the LSIORBP can be obtained at the project website www.kyinbridges.com.

Major Initiatives

The Authority's current major initiative consists of monitoring RiverLink and maintaining its financial and reporting obligations to bond holders as outline in the Bond Indenture.

The Authority is working through its financial advisory firm to update the investment grade traffic and revenue study taking into consideration current toll policy and traffic conditions.

Kapsch TrafficCom's contract will expire in 2023. The Authority is working with the other members of the Joint Board to draft and advertise an RFP to replace that expiring contract to ensure toll operations continue seamlessly.

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,

Amanda Spencer

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

2021 AUTHORITY MEMBERS

Chairman Jim Gray

Deputy Secretary Geri Grigsby (Delegated by Holly Johnson)

John "Bill" Bartleman

Harry L. Berry

Steve Austin

Jordan Lanham

William Mitchell Boggs

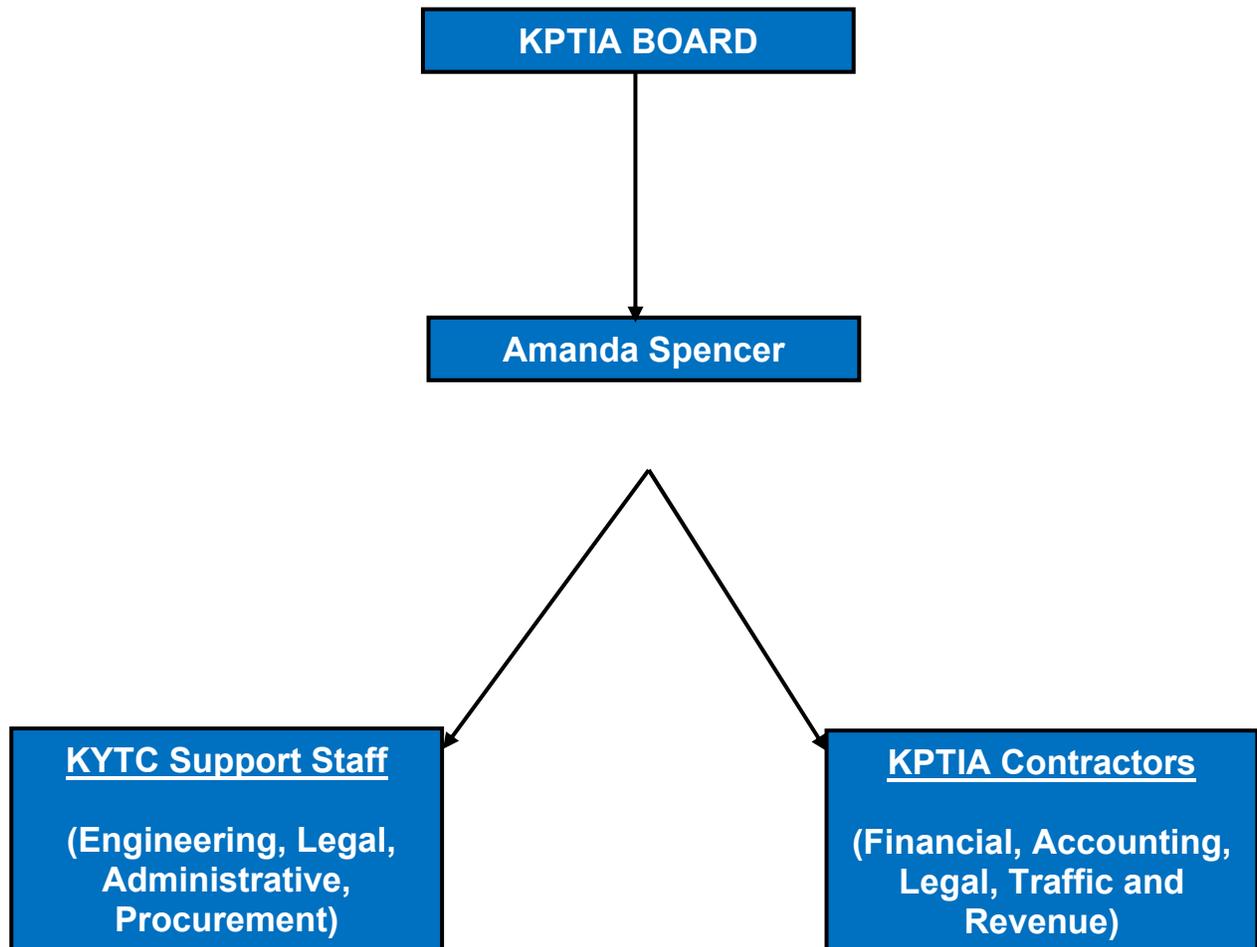
Rebecca Swansburg

Timothy Atkins

David Dickerson

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

ORGANIZATIONAL CHART





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Jim Gray, Chairman
Board of Directors
Kentucky Public Transportation Infrastructure Authority
Frankfort, Kentucky

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 years ended June 30, 2021 and 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 misstatement 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.

We believe that 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, as of June 30, 2021 and 2020, and the changes in financial position and its cash flows thereof for the years then ended in accordance 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 and information about infrastructure assets reported using the modified approach, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Crowe LLP

Louisville, Kentucky
December 2, 2021

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

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 years ended June 30, 2021 and 2020. 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 neighboring states and, if necessary, to assist with the operation, financing, and management of those projects. Projects are developed through the approval of financial plans. 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 is also authorized to construct, reconstruct, operate, finance, and manage any project which is a fully or partially controlled highway or section of such a highway not designated as part of or built to the standards of the federal highway system, that exceeds \$100 million dollars in total costs.

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 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 was 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 were 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, 2021 AND 2020

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

- Investments decreased from \$127,627,229 to \$120,855,333 in 2021 and increased from \$116,620,212 to \$127,627,229 in 2020.
- Cash collections from tolling activities decreased from \$50,669,014 to \$49,719,670 in 2021 and decreased from \$56,266,657 to \$50,669,014 in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, the accompanying notes to the financial statements, and the required supplementary information. 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 statements 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 statements of revenues, expenses and changes in net position present 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 statements 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 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 17 through 31.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Financial Information Statements of Net Position As of June 30

	<u>2021</u>	<u>% Increase (Decrease)</u>	<u>2020</u>	<u>% Increase (Decrease)</u>	<u>2019</u>
Assets:					
Current assets	\$ 12,044,982	78%	\$ 6,765,282	(27)%	\$ 9,265,467
Investments - restricted	120,855,333	(5)%	127,627,229	9%	116,620,212
Net capital assets	<u>1,110,302,062</u>	0%	<u>1,110,017,223</u>	0%	<u>1,109,914,638</u>
Total assets	<u>1,243,202,377</u>	0%	<u>1,244,409,734</u>	1%	<u>1,235,800,317</u>
Liabilities:					
Current liabilities	23,383,622	(4)%	24,246,545	8%	22,500,493
Long-term debt	<u>772,800,008</u>	0%	<u>774,427,069</u>	1%	<u>770,484,382</u>
Total liabilities	<u>796,183,630</u>	(0)%	<u>798,673,614</u>	1%	<u>792,984,875</u>
Net position:					
Net investment in capital assets	448,578,306	(0)%	448,817,146	(2)%	456,184,835
Restricted net position	84,197,202	2%	82,645,467	15%	71,717,880
Unrestricted net position (deficit)	<u>(85,756,761)</u>	(1)%	<u>(85,726,493)</u>	1%	<u>(85,087,273)</u>
Total net position	<u>\$ 447,018,747</u>	0%	<u>\$ 445,736,120</u>	1%	<u>\$ 442,815,442</u>

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

During 2021, the Authority's total investments decreased approximately \$6,771,000 from reduced tolling receipts as a result of the COVID-19 pandemic and continued debt principal and interest payments.

Total liabilities primarily consist of current and non-current portions of revenue bonds, the TIFIA Loan, revenue bond anticipation notes payable and related accrued interest thereon.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

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

	2021	% Increase (Decrease)	2020	% Increase (Decrease)	2019
Operating revenues	\$ 54,999,372	10%	\$ 49,794,415	(4)%	\$ 51,885,420
Operating expenses	<u>17,649,759</u>	45%	<u>12,134,567</u>	0%	<u>12,082,019</u>
Operating income/(loss)	37,349,613	-1%	37,659,848	(5)%	39,803,401
Nonoperating revenues (expenses):					
Interest earned on investments	17,047	(99)%	1,632,247	(19)%	2,010,231
Interest expense	(36,380,356)	(1)%	(36,645,668)	(0)%	(36,679,388)
Intergovernmental revenues	<u>11,484</u>	5%	<u>171,666</u>	5%	<u>164,125</u>
Total nonoperating revenues (expenses)	(36,351,825)	4%	(34,841,755)	3%	(34,505,032)
Contributed capital from KYTC	284,839	178%	102,585	(56)%	235,472
Change in net position	1,282,627	-56%	2,920,678	(47)%	5,533,841
Net position, beginning of year	<u>445,736,120</u>	1%	<u>442,815,442</u>	1%	<u>437,281,601</u>
Net position, end of year	<u>\$ 447,018,747</u>	0%	<u>\$ 445,736,120</u>	1%	<u>\$ 442,815,442</u>

Operating revenues primarily consist of tolls, but also include administrative fees and fines for nonpayment of tolls and other miscellaneous deposits.

Operating expenses currently consist primarily of KYTC staff salaries and benefits for certain employees assigned to the Authority, vehicle usage, professional services, and board meeting expenses, such as transcription services and member travel expenses in addition to maintenance and operation of the roadway.

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

LONG-TERM DEBT

At June 30, 2021, the Authority had \$779,710,008 in bonds and notes payable outstanding, net of unamortized premiums and discounts, which is an decrease from \$779,382,069 as of June 30, 2020 and an increase from \$772,039,382 as of June 30, 2019. The changes in 2021 and 2020 are a result of the amortization of bond discounts offset by principal payments made.

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 June 30, 2017, the TIFIA loan proceeds of \$452,200,000 were received and deposited with the Trustee in a redemption fund account and pledged to pay the principal balance of \$452,200,000 of the Subordinate Toll Revenue Bond Anticipation Notes when due on July 1, 2017. As a result, the Subordinate Toll Revenue Bond Anticipation Notes were fully redeemed in 2017 and the liabilities have been removed from the statement of net position.

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.

The Authority's outstanding debt at June 30:

	2021	% Increase (Decrease)	2020	% Increase (Decrease)	2019
First tier toll revenue bonds	\$ 360,015,000	(1)%	\$ 363,970,000	0%	\$ 364,525,000
TIFIA loan	445,791,184	(1)%	450,200,000	0%	451,200,000
Unamortized discounts	(26,096,176)	(25)%	(34,787,931)	(20)%	(43,685,618)
Total	<u>\$ 779,710,008</u>	0%	<u>\$ 779,382,069</u>	1%	<u>\$ 772,039,382</u>

CAPITAL ASSETS

During the year ended June 30, 2015, the Authority received ownership of the existing Kennedy Bridge and interchanges, right of ways, and easements as a result the recording of a deed of conveyance on June 2, 2015. Upon conveyance, the existing Kennedy Bridge and interchanges were contributed to the Authority and reported by the Authority as infrastructure. The Required Supplementary Information (RSI) for the existing Kennedy Bridge and interchanges is reported by the Authority for the current period.

For financial reporting purposes the Authority has elected 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 expenses 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, including, assessed condition levels, of those assets to be included in RSI. See the RSI included after the notes to the financial statements. Our overall maintenance condition rating is consistent from year to year.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2021 AND 2020

Upon project termination of the LSIORBP, currently scheduled for December 2053, 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.

Further information on capital asset activity can be found in Note 6 to the financial statements.

ECONOMIC CONDITIONS AND OUTLOOK

On October 7, 2021, KPTIA issued \$150,740,000 Series 2021A Federally Taxable Bonds and \$34,560,000 Series 2021B Tax-Exempt Bonds, \$185,300,000 in aggregate.

The 2021A & Bonds were issued to refund all \$174.9 million outstanding Series 2013A Bonds and \$4.7 million of the outstanding Series 2013B Bonds, \$179.6 million in aggregate ("Target 2013 Bonds"). The transaction consists of (1) offer the existing bondholders to tender and exchange the Target 2013 Bonds and issue the 2021B Bonds as a result and (2) advance refund any untendered and unexchanged Target 2013 Bonds by issuing the 2021A Bonds. The refunding resulted in \$84.5 million in gross savings and \$58.5 million in net present value savings – yielding 32% net present value savings of the refunded bonds.

All 2021 A & B Bonds are insured by Assured Guaranty Municipal Corp (AMG). The existing First Tier Debt Service Reserve Fund was replaced by a surety policy provided by AGM, and the released cash was used to pay for issuance costs, costs related to purchase tendered bonds, tolling system capital costs, and a portion of the advance refunding escrow securities.

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: Amanda Spencer, 200 Mero Street, Frankfort, Kentucky, 40622.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2021 AND 2020

	2021	2020
Assets:		
Current assets:		
Accounts receivable - restricted, net of allowances of \$21,430,000 and \$18,900,000 respectively	\$ 12,044,982	\$ 6,765,282
Investments-restricted	120,855,333	127,627,229
Capital assets:		
Right-of-way easements	66,524,387	66,524,387
Infrastructure	1,043,777,675	1,043,492,836
Total capital assets	1,110,302,062	1,110,017,223
Total assets	1,243,202,377	1,244,409,734
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Due to KYTC	2,681,036	5,498,959
Accrued interest payable	13,792,586	13,792,586
Current portion of long-term debt	6,910,000	4,955,000
Total current liabilities	23,383,622	24,246,545
Noncurrent liabilities:		
Long term debt, including unamortized net discounts of \$26,096,175 and \$34,787,931	772,800,008	774,427,069
Total liabilities	796,183,630	798,673,614
Net position:		
Net investment in capital assets	448,578,306	448,817,146
Restricted	84,197,202	82,645,467
Unrestricted (deficit)	(85,756,761)	(85,726,493)
Total net position	\$ 447,018,747	\$ 445,736,120

The accompanying notes are an integral part of the financial statements.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating revenues:		
Tolls, net	\$ 50,162,261	\$ 44,016,098
Fees, net	4,837,111	5,778,317
Total operating revenue	54,999,372	49,794,415
Operating expenses:		
Roadway operations and maintenance	7,293,891	3,184,240
Toll operations and maintenance	9,514,130	8,797,595
General administration	841,738	152,732
Total operating expenses	17,649,759	12,134,567
Operating income (loss)	37,349,613	37,659,848
Nonoperating revenues (expenses):		
Interest earned on investments	17,047	1,632,247
Interest expense	(36,380,356)	(36,645,668)
Intergovernmental revenues	11,484	171,666
Total nonoperating revenues (expenses)	(36,351,825)	(34,841,755)
Contributed capital from KYTC	284,839	102,585
Change in net position	1,282,627	2,920,678
Net position, beginning of year	445,736,120	442,815,442
Net position, end of year	\$ 447,018,747	\$ 445,736,120

The accompanying notes are an integral part of the financial statements.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating activities:		
Receipts from patrons	\$ 49,719,670	\$ 50,669,014
Payments to service providers	(20,456,199)	(11,952,782)
Net cash flows from operating activities	29,263,471	38,716,232
Capital and related financing activities:		
Principal paid on capital debt	(8,363,816)	(1,555,000)
Interest paid on long-term debt outstanding	(27,688,598)	(27,786,463)
Net cash flows from capital and related financing activities	(36,052,414)	(29,341,463)
Investing activities:		
Purchase of investments	(112,223,932)	(120,927,202)
Proceeds from sales and maturities of investments	118,995,828	109,935,103
Interest received	17,047	1,617,330
Net cash flows from investing activities	6,788,943	(9,374,769)
Net change in cash and cash equivalents	-0-	-0-
Cash and cash equivalents, beginning of year	-0-	-0-
Cash and cash equivalents, end of year	\$ -0-	\$ -0-
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ 37,349,613	\$ 37,659,848
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	11,484	171,666
Changes in assets and liabilities		
Accounts receivable	(5,279,700)	2,500,185
Accounts payable	-0-	(1,625,587)
Amounts due to KYTC	(2,817,926)	10,120
Net cash flows from operating activities	\$ 29,263,471	\$ 38,716,232
Supplemental schedule of noncash capital and related financing activities:		
Construction in progress contributed as capital from KYTC	\$ 284,839	\$ 102,585

The accompanying notes are an integral part of the financial statements.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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. 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 eleven voting members; Chairman Jim Gray, Holly M. Johnson, John "Bill" Bartleman, Harry L. Berry, Steve Austin, Rebecca Swansburg, Richard Crist, Jordan Lanham, William Boggs, and David Dickerson.

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.

The Bi-State Development Agreement and the related Interlocal Agreement create two bi-state bodies, the Joint Board for the LSIORBP (the "Joint Board") and the Tolling Body for the LSIORBP (the "Tolling Body"). The Joint Board is responsible for the bi-state administration of the LSIORBP. It has authorized a number of procurements for bi-state consultants and contractors working on the LSIORBP and approves amendments to the Bi-State Development Agreement as needed. It is made up of the Secretary of KYTC, the Chairperson of the Authority, the Commissioner of the Indiana Department of Transportation, and the Director of the Indiana Finance Authority. The Tolling Body is responsible for setting toll rates and toll policy for the LSIORBP. It is made up of the

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Secretary of KYTC, the Chairperson of the Authority, the Commissioner of the Indiana Department of Transportation, the Director of the Indiana Finance Authority, one additional Authority member, and one member of the Indiana Finance Authority. Through its representation on the Joint Board and the Tolling Body, the Authority ensures toll revenues are sufficient to meet its financial obligations and hires contractors and consultants working on the portions of the LSIORBP which are not otherwise assigned to the State of Indiana or the Commonwealth of Kentucky in the Bi-State Development Agreement.

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

unspent proceeds.

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 toll activities. The unspent proceeds are restricted for use in accordance with the bond and anticipation notes documents. The Authority held no cash or cash equivalents at June 30, 2021 or 2020.

Accounts Receivable

Accounts receivable are reported at their net realizable value.

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 4 and Note 6 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 acquisition value at the time of the contribution.

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Amortization of Bond Discount

Bond discounts are amortized on the straight-line method over the life of the bond issue. The results of this method do not materially differ from those that would be obtained by applying the effective interest method.

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. Toll revenues are recognized when, after a vehicle passes through a LSIORB tolling point, the vehicle's license plate and registered owner are identified or when a transponder associated with a pre-paid account passes through a tolling point. The Tolling Body set the toll policy and business rules for the toll system. These documents allow for some reductions to operating revenues. Allowable reductions include a discount of tolls and waiver of fees to incentivize customers to open a pre-paid transponder account. There are also other allowable circumstances in which fees can be waived or reduced for customers. Total allowable reductions for the year's ended June 30, 2021 and 2020 were approximately \$6,688,000 and \$6,308,000, respectively. During the year ended June 30, 2021, the allowance for uncollectible accounts were increased by \$867,086 for tolls and \$1,664,148 for fees. During the year ended June 30, 2020, the allowance for uncollectible accounts were reduced by \$1,894,386 for tolls and \$2,261,837 for fees. Operating expenses consist primarily of operations, administrative, maintenance, renewal and replacement costs, and business development and marketing costs. All revenue and expenses not meeting these definitions are recorded as nonoperating revenues and expenses.

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.

Adoption of New Accounting Pronouncement

GASB Statement No. 98, The Annual Comprehensive Financial Report, establishes the term annual comprehensive financial report and its acronym ACFR to replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. KPTIA adopted this statement for the year ended June 30, 2021, and replaced the term and its acronym throughout the report.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

3. 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 funds are held with the bond trustee, Bank of New York Mellon. At June 30, 2021 and 2020, all investments with the Bank of New York Mellon were in Fidelity Treasury Money Market Funds.

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, 2021 and 2020, the Authority's investments are neither insured nor registered, but are held by the Authority's custodial agent for the benefit of the Authority.

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.

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.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the hierarchy, the Authority's assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020 are as follows:

	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 120,855,333	\$ -0-	\$ -0-	\$ 120,855,333

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 127,627,229	\$ -0-	\$ -0-	\$ 127,627,229

The Authority's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no transfers between levels during 2021 or 2020.

The Authority holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

5. REVENUE BOND FUND ACCOUNTS

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash and mutual funds at June 30, 2021, are summarized below:

	Money Market Mutual Funds	Cash	Total
Authority System Revenue Fund	\$ 1,797,283	\$ -0-	\$ 1,797,283
Debt Service Funds	66,663,093	-0-	66,663,093
M&R Reserve Fund	8,791,382	-0-	8,791,382
General Reserve Fund	21,281,621	-0-	21,281,621
Capitalized Interest Fund	1,594	-0-	1,594
Tolling O&M Reserve Fund	7,066,881	-0-	7,066,881
General O&M Reserve Fund	11,767,278	-0-	11,767,278
Surplus Fund	3,447,674	-0-	3,447,674
Redemption Fund	38,527	-0-	38,527
Total	<u>\$ 120,855,333</u>	<u>\$ -0-</u>	<u>\$ 120,855,333</u>

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash and mutual funds at June 30, 2020, are summarized below:

	Money Market Mutual Funds	Cash	Total
Authority System Revenue Fund	\$ 1,712,158	\$ -0-	\$ 1,712,158
Debt Service Funds	65,019,811	-0-	65,019,811
M&R Reserve Fund	6,044,625	-0-	6,044,625
General Reserve Fund	30,632,914	-0-	30,632,914
Capitalized Interest Fund	1,835	-0-	1,835
Tolling O&M Reserve Fund	9,253,742	-0-	9,253,742
General O&M Reserve Fund	8,067,792	-0-	8,067,792
Surplus Fund	3,447,176	-0-	3,447,176
Redemption Fund	3,447,176	-0-	3,447,176
Total	<u>\$ 127,627,229</u>	<u>\$ -0-</u>	<u>\$ 127,627,229</u>

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. Funds received into the authority system revenue fund are allocated, based on priority as defined in the General Trust Indenture to the funds below.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

- 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. Surplus Fund – Designated for the deposit of one-half of the general reserve annual surplus, if any, as specified in the General Trust Indenture.
- G. 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.
- H. General O&M Reserve Fund - Designated to pay General O&M Expenses for the current fiscal year as reflected in the Authority System Budget.
- I. 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.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

- J. Lease Payment Fund - Funds designated to pay amounts due from the Authority to KYTC under the Lease Agreement.
- K. 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.
- L. 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.
- M. 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, 2021 is as follows:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Infrastructure	\$ 1,043,492,836	\$ 284,839	\$ -0-	\$ 1,043,777,675
Right-of-way easements	66,524,387	-0-	-0-	66,524,387
Total capital assets	\$ 1,110,017,223	\$ 284,839	\$ -0-	\$ 1,110,302,062

Capital asset activity for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Infrastructure	\$ 1,043,390,251	102,585	-0-	1,043,492,836
Right-of-way easements	66,524,387	-0-	-0-	66,524,387
Total capital assets	\$ 1,109,914,638	\$ 102,585	\$ -0-	\$ 1,110,017,223

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

7. LONG-TERM LIABILITIES

Long-term debt consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</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.	47,675,000	51,630,000
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
Transportation Infrastructure Finance and Innovation Act loan (see following page for further detail)	<u>445,791,184</u>	<u>450,200,000</u>
Total	805,806,184	814,170,000
Less current portion	(6,910,000)	(4,955,000)
Less unamortized discount	<u>(26,096,176)</u>	<u>(34,787,931)</u>
	<u>\$ 772,800,008</u>	<u>\$ 774,427,069</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 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, 2021, no rent payments have been made by the KYTC under the terms of the lease.

The TIFIA loan is a direct borrowing that bears interest at 3.9% with principal and interest due semi-annually beginning July 1, 2018, through July 1, 2051. The TIFIA loan is secured

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

by the Trust Estate, which includes all property, rights, and other assets assigned to the Trustee. The outstanding TIFIA loan from direct borrowings related to business-type activities also contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. All outstanding notes from direct borrowings and direct placements contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the KPITA is unable to make payment.

Debt service payments on the Series 2013 Bonds and TIFIA loan are as follows:

	Bonds		Notes from direct borrowings	
	Principal	Interest	Principal	Interest
2022	5,910,000	10,299,463	1,000,000	17,409,401
2023	7,305,000	10,299,463	1,000,000	17,370,601
2024	8,180,000	14,908,345	1,053,871	17,330,747
2025	-	19,517,228	1,000,000	17,290,964
2026	1,020,000	19,517,228	1,157,883	17,249,022
2027-2031	17,395,000	97,586,138	13,382,817	85,223,149
2032-2036	26,555,000	95,837,186	48,241,265	79,452,226
2037-2041	46,940,000	84,581,104	93,821,843	65,528,663
2042-2046	70,845,000	64,578,956	116,261,213	45,025,409
2047-2051	100,350,000	37,982,594	140,752,671	20,164,875
2052-2054	75,515,000	6,972,150	28,119,621	606,624
Total	<u>\$ 360,015,000</u>	<u>\$ 462,079,855</u>	<u>\$ 445,791,184</u>	<u>\$ 382,651,681</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021	Due within one year
TIFIA loan - direct borrowing	\$ 450,200,000	\$ -0-	\$ (4,408,816)	\$ 445,791,184	\$ 1,000,000
Bonds principal payable	\$ 363,970,000	-0-	(3,955,000)	360,015,000	5,910,000
Unamortized discounts	\$ (34,787,931)	-0-	(8,691,755)	(26,096,176)	-0-
	<u>\$ 779,382,069</u>	<u>\$ -0-</u>	<u>\$ (17,055,571)</u>	<u>\$ 779,710,008</u>	<u>\$ 6,910,000</u>

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2020:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020	Due within one year
TIFIA loan - direct borrowing	\$ 451,200,000	\$ -0-	\$ (1,000,000)	\$ 450,200,000	\$ 1,000,000
Bonds principal payable	364,525,000	-0-	(555,000)	363,970,000	3,955,000
Unamortized discounts	(43,685,618)	-0-	(8,897,687)	(34,787,931)	-0-
	<u>\$ 772,039,382</u>	<u>\$ -0-</u>	<u>\$ (10,452,687)</u>	<u>\$ 779,382,069</u>	<u>\$ 4,955,000</u>

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 accounts receivable and investments are restricted for use by the trust indentures which restrict the manner in which the bond, bond anticipation note, and toll proceeds may be spent.

Restricted assets consist of the following at June 30, 2021 and 2020:

	2021	2020
Restricted for debt service	\$ 66,664,687	\$ 65,021,646
Restricted for maintenance reserves	27,625,541	23,366,159
Restricted for other Authority funds	38,610,087	46,004,706
Total	<u>\$ 132,900,315</u>	<u>\$ 134,392,511</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

9. RELATED PARTY TRANSACTIONS

KYTC paid certain invoices on behalf of the Authority totaling \$11,484 and \$171,666 for the years ended June 30, 2021 and 2020, respectively, which are included in intergovernmental revenues on the statement of revenues, expenses, and changes in net position. Additionally, KYTC paid certain invoices on behalf of the Authority totaling \$2,681,036 and \$5,498,959 for the years ended June 30, 2021 and 2020, which are reimbursable to KYTC.

The Authority received \$284,839 and \$102,585 in capital contributions from KYTC during the years ended June 30, 2021 and 2020, respectively. The contributions in both years 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 accounting, legal, administrative and consultant services from the Finance and Administration Cabinet for 2021 and 2020. 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 and installation, printing, and related end-user and customer support services. During 2021 and 2020, 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.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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. The project is being funded 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 have been 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.

The Commonwealth parties have entered into various contracts in connection with the implementation and operation of the toll system for the LSIORBP.

TSP Contract: As authorized by Joint Board Resolution JB 2015-4, the Indiana Finance Authority (IFA) entered into a contract with Kapsch TraffiCom for the operation of the toll system. The toll operations contract will expire 2023. The Commonwealth parties are equally responsible with the Indiana parties for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately \$4,981,000 and \$5,541,000 for the installation work performed during the year ended June 30, 2021, and 2020, respectively. This total is included in toll operations and maintenance for the LSIORBP for project.

Toll Oversight: As authorized by Joint Board resolution JB 2016-3, the Indiana Department of Transportation entered into a contract with HNTM that includes work related to oversight and inspection of the installation and operations of the toll system. The contract with HNTB that is set to expire on December 20, 2023. The Commonwealth parties are equally

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

responsible with the Indiana parties for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately \$1,499,000 and \$1,271,000 for work performed under these contracts during the year ended June 30, 2021 and 2020, respectively. This total is included in the construction costs for the LSIORBP as toll operations and maintenance.

Toll Marketing: As authorized by Joint Board resolution JB 2014-4 and JB-202, the Kentucky Transportation Cabinet entered into an agreement with C2 Strategic Communications for work related to marketing and communications for the toll system. The toll marketing contract will expire in December of fiscal year 2021. The Commonwealth parties are equally responsible with Indiana for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately \$107,000 and \$176,000 for work performed under these contracts in the years ended June 30, 2021 and 2020, respectively. These costs are included in toll operations and maintenance expense.

Revenue Control Manager: As authorized by Joint Board resolution JB 2015-2, the Cabinet entered into an agreement with Strothman and Company to provide revenue control manager services for the toll system. Until June of 2020, this work was performed under a previous contract with KPMG. The revenue control manager contract will expire in fiscal year 2022. The Commonwealth parties are equally responsible with Indiana for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately \$182,600 and \$316,000 for the work performed under this contract in the years ended June 30, 2021 and 2020, respectively. Revenue control manager costs are included in toll operations and maintenance expense.

12. SUBSEQUENT EVENT

On October 7, 2021, KPTIA issued \$150,740,000 Series 2021A Federally Taxable Bonds and \$34,560,000 Series 2021B Tax-Exempt Bonds, \$185,300,000 in aggregate.

The 2021A & Bonds were issued to refund all \$174.9 million outstanding Series 2013A Bonds and \$4.7 million of the outstanding Series 2013B Bonds, \$179.6 million in aggregate ("Target 2013 Bonds"). The transaction consists of (1) offer the existing bondholders to tender and exchange the Target 2013 Bonds and issue the 2021B Bonds as a result and (2) advance refund any untendered and unexchanged Target 2013 Bonds by issuing the 2021A Bonds. The refunding resulted in \$84.5 million in gross savings and \$58.5 million in net present value savings – yielding 32% net present value savings of the refunded bonds.

All 2021 A & B Bonds are insured by Assured Guaranty Municipal Corp (AMG). The existing First Tier Debt Service Reserve Fund was replaced by a surety policy provided by AGM, and the released cash was used to pay for issuance costs, costs related to purchase tendered bonds, tolling system capital costs, and a portion of the advance refunding escrow securities.

REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

As allowed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Authority has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the Authority expenses certain maintenance and preservation costs and does not report depreciation expense. The Authority’s assets accounted for, under the modified approach, include approximately 56.1 lane miles of roads and 47 bridge structures.

In order to utilize the modified approach, the Authority is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate, each year, the annual amount to maintain and preserve the assets at the condition level established and disclosed by the Authority.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Pavement

Measurement Scale

The Authority uses numerous methods to determine the condition of roadway pavements; including the Pavement Condition Index (PCI) to measure and monitor pavement conditions. In use since the mid-1980s, the PCI for any particular pavement section is the mathematical difference between the current pavement smoothness and the acceptable pavement smoothness threshold based on traffic volumes. The corresponding pavement condition is based on the following PCI ranges:

<u>Condition</u>	<u>PCI</u>
Good	Greater than +0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level

No more than 30% of the pavements shall be rated as “poor.”

Assessed Conditions

The Authority assesses pavement condition on a calendar year basis. The following table reports the percentage of pavements meeting ratings of “Good”, “Fair”, and “Poor” for the past four years.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

Condition	2020	2019	2018
Good	0.0%	90.8%	90.8%
Fair	100.0%	9.2%	9.2%
Poor	0.0%	0.0%	0.0%

Bridges

Measurement Scale

The Authority maintains information on its bridge in compliance with the National Bridge Inspection guidelines established by the Federal Highway Administration. The Authority inspects all bridges at least once every two years and the conditioned assessment results are coded on a 0-9 scale with 9 being the most desirable. The condition ratings are based on the following scale:

Rating Description

9	Excellent.
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling or scour.
4	Poor. Advanced section loss, deterioration, spalling or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored, it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

Established Minimum Condition Level

No more than 10% of the bridges shall be rated as “structurally deficient.” In addition, the total deck area of structurally deficient, state maintained bridges will not exceed 12% of the total deck area of all state maintained bridges.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2021

Assessed Conditions

As of May 20, 2017, condition assessments for National Highway System (NHS) bridges were updated by the Federal Highway Administration, Department of Transportation due to the requirement by the Moving Ahead for Progress in the 21st Century Act (MAP-21). Under the new rule, structurally deficient or a Poor bridge is classified with a deck, superstructure, substructure, or culvert condition rating less than or equal to 4. If any condition rating is below 7 but above 4 they are classified as Fair. Likewise, if any component condition rating is greater than or equal to 7, a bridge is considered Good. The new performance condition assessment measures are based on deck area. Functionally obsolete is a legacy classification that was used to implement the Highway Bridge Program which was discontinued with the enactment of MAP-21. The following table reports the percentage of bridges meeting ratings of “Good”, “Fair”, and “Poor” for calendar year 2020 to 2018 under the updated condition assessment requirements:

Condition	2020	2019	2018
Good	82.3%	82.3%	82.0%
Fair	17.7%	17.7%	18.0%
Poor	0.0%	0.0%	0.0%

Estimated Actual Costs to Maintain

The following table presents the Authority’s estimate of spending necessary to preserve and maintain the pavements, bridges, and maintenance condition at, or above, the “Established Condition Levels” cited above and the actual amount spent during the past fiscal year:

	Budget	Actual	Over (Under)
Fiscal Year 2017	\$ -0-	\$ 38,540,320	N/A
Fiscal Year 2018	\$ 1,139,660	\$ 3,153,315	\$ 2,013,655
Fiscal Year 2019	\$ 4,069,400	\$ 1,976,200	\$ (2,093,200)
Fiscal Year 2020	\$ 1,279,860	\$ 3,184,240	\$ 1,904,380
Fiscal Year 2021	\$ 7,400,000	\$ 7,293,891	\$ (106,109)

Note: Estimated costs for roadways were not developed for the years ended June 30, 2017, by the Authority as the date of transfer of assets was uncertain and given the significant expansion and the extensive reconstruction of the site that continued throughout the majority of the fiscal year ended June 30, 2017.



STATISTICAL SECTION



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED
JUNE 30, 2021

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 39-45

These schedules (4 through 10) 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 46

This schedule (11) 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 46-47

These schedules (12 through 14) contain information to help the reader assess the Authority's most significant revenue source, toll collection.

Demographic and Economic Information Pages 48-49

These schedules (15 and 16) 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 – UNAUDITED JUNE 30, 2021

Schedule 1 Net Position by Component Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net investment in capital assets	\$ 448,578,306	\$ 448,817,146	\$ 456,184,835	\$ 467,965,893	\$ 481,242,452
Restricted	84,197,202	82,645,467	71,717,880	53,695,540	11,872,949
Unrestricted	<u>(85,756,761)</u>	<u>(85,726,493)</u>	<u>(85,087,273)</u>	<u>(84,379,832)</u>	<u>(69,710,548)</u>
Total net position	<u>\$ 447,018,747</u>	<u>\$ 445,736,120</u>	<u>\$ 442,815,442</u>	<u>\$ 437,281,601</u>	<u>\$ 423,404,853</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2021

Schedule 2 Changes in Net Position Last Five Fiscal Years

	2021	2020	2019	2018	2017
Operating Revenue					
Tolls	\$ 50,162,261	\$ 44,016,098	\$ 45,149,364	\$ 44,685,064	\$ 25,004,891
Fees	4,837,111	5,778,317	6,736,056	5,918,155	-0-
Total operating revenues	<u>54,999,372</u>	<u>49,794,415</u>	<u>51,885,420</u>	<u>50,603,219</u>	<u>25,004,891</u>
Operating Expenses					
Roadway operations and maintenance	7,293,891	3,184,240	1,976,200	3,827,451	38,540,320
Toll operations and maintenance	9,514,130	8,797,595	9,141,369	8,351,973	2,026,340
General administration	841,738	152,732	964,450	658,579	288,141
Total operating expenses	<u>17,649,759</u>	<u>12,134,567</u>	<u>12,082,019</u>	<u>12,838,003</u>	<u>40,854,801</u>
Operating income (loss)	<u>37,349,613</u>	<u>37,659,848</u>	<u>39,803,401</u>	<u>37,765,216</u>	<u>(15,849,910)</u>
Nonoperating revenues (expenses)					
Interest earned on investments	17,047	1,632,247	2,010,231	959,524	204,497
Interest expense	(36,380,356)	(36,645,668)	(36,679,388)	(36,817,159)	(14,808,436)
Intergovernmental revenues	11,484	171,666	164,125	2,514,982	36,699,324
Total nonoperating revenues (expenses)	<u>(36,351,825)</u>	<u>(34,841,755)</u>	<u>(34,505,032)</u>	<u>(33,342,653)</u>	<u>22,095,385</u>
Contributed Capital for KYTC	284,839	102,585	235,472	9,454,185	47,987,001
Change in net position	<u>\$ 1,282,627</u>	<u>\$ 2,920,678</u>	<u>\$ 5,533,841</u>	<u>\$ 13,876,748</u>	<u>\$ 54,232,476</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2021

Schedule 3 Downtown Crossing Cash Flows Last Five Fiscal Years

	2021	2020	2019	2018	2017
Operating activities:					
Receipts from patrons	\$ 49,719,670	\$ 50,669,014	\$ 56,266,657	\$ 49,959,773	\$ 13,627,325
Payments to service providers	(20,456,199)	(11,952,782)	(9,669,489)	(9,550,243)	(13,869,795)
Net cash flows from operating activities	29,263,471	38,716,232	46,597,168	40,409,530	(242,470)
Capital and related financing activities					
Principal paid on capital debt	(8,363,816)	(1,555,000)	(1,000,000)	-0-	-0-
Other financing use - payment to refunded bond escrow agent	-0-	-0-	-0-	-0-	(452,200,000)
Other financing source - TIFIA loan proceeds	-0-	-0-	-0-	-0-	452,200,000
Interest paid on long-term debt outstanding	(27,688,598)	(27,786,463)	(27,772,084)	(30,268,439)	(32,349,904)
Acquisition and construction of capital assets	-0-	-0-	-0-	-0-	(856,167)
Net cash flows from capital and related financing activities	(36,052,414)	(29,341,463)	(28,772,084)	(30,268,439)	(33,206,071)
Investing activities					
Purchase of investments	(112,223,932)	(120,927,202)	(118,957,033)	(29,090,764)	(14,101,167)
Proceeds from sales and maturities of investments	118,995,828	109,935,103	96,235,066	20,785,304	44,209,259
Interest received	17,047	1,617,330	2,010,230	1,051,022	477,240
Net cash flows from investing activities	6,788,943	(9,374,769)	(20,711,737)	(7,254,438)	30,585,332
Net change in cash and cash equivalents	-0-	-0-	(2,886,653)	2,886,653	(2,863,209)
Cash and cash equivalents, beginning of year	-0-	-0-	2,886,653	-0-	2,863,209
Cash and cash equivalents, end of year	\$ -0-	\$ -0-	\$ -0-	\$ 2,886,653	\$ -0-

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2021

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

	2021	2020	2019	2018	2017
Toll revenues:					
Prepaid accounts billing	\$ 75,203,768	\$ 66,792,864	\$ 70,732,627	\$ 62,358,815	\$ 28,883,046
Video billing	41,532,055	34,747,764	40,072,500	37,703,996	17,721,237
Percentages of toll revenues:					
Prepaid accounts billing	64%	66%	64%	62%	62%
Video billing	36%	34%	36%	38%	38%
Toll transactions:					
Prepaid accounts billing	19,214,872	19,656,396	22,177,336	19,657,178	9,213,323
Video billing	8,659,006	7,425,809	8,853,647	8,518,009	3,968,830
Percentages of toll transactions:					
Prepaid accounts billing	69%	73%	71%	70%	70%
Video billing	31%	27%	29%	30%	30%
Downtown Crossing Revenue:					
Class 1	\$ 44,338,260	\$ 42,184,694	\$ 49,703,897	\$ 44,938,356	\$ 21,528,518
Class 2	8,550,136	6,990,951	7,486,012	6,989,340	3,383,481
Class 3	32,671,095	25,878,536	27,912,860	27,212,942	13,739,049
Total	85,559,491	75,054,181	85,102,769	79,140,637	38,651,048
East End Crossing Revenue:					
Class 1	\$ 15,550,291	\$ 14,206,799	\$ 14,658,750	\$ 12,715,925	\$ 5,030,523
Class 2	2,361,705	1,937,293	1,840,398	1,458,570	567,572
Class 3	13,264,337	10,342,354	9,203,210	6,747,679	2,355,140
Total	\$ 31,176,333	\$ 26,486,447	\$ 25,702,358	\$ 20,922,174	\$ 7,953,235
Total Toll Revenue	\$ 116,735,823	\$ 101,540,628	\$ 110,805,127	\$ 100,062,811	\$ 46,604,283
Downtown Crossing Transactions:					
Class 1	15,681,867	16,082,858	19,337,169	17,586,236	8,530,248
Class 2	1,502,514	1,285,581	1,412,221	1,333,508	637,798
Class 3	2,969,618	2,408,971	2,664,331	2,667,440	1,359,941
Total	20,153,999	19,777,410	23,413,721	21,587,184	10,527,987
East End Crossing Transactions:					
Class 1	6,099,368	5,990,438	6,394,298	5,645,133	2,311,910
Class 2	410,476	347,843	339,490	278,002	107,849
Class 3	1,210,035	966,514	883,474	664,868	234,407
Total	7,719,879	7,304,795	7,617,262	6,588,003	2,654,166
Total Toll Revenue	27,873,878	27,082,205	31,030,983	28,175,187	13,182,153

Note: The above schedule represents total toll transactions for the LSIORBP and does not reflect adjustments for allowance for bad debts.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2021

Schedule 5 Percentage of River Link Traffic by IAG Agency

	2021		2020		2019	
	Toll transactions:	Percentage:	Toll transactions:	Percentage:	Toll transactions:	Percentage:
E-ZPass New York	2,868,630	10%	2,384,613	8%	2,569,944	8%
Illinois State Toll Highway Authority	2,222,445	8%	1,662,857	6%	1,943,144	6%
E-ZPass Maryland	412,945	1%	235,319	1%	197,445	1%
E-ZPass Pennsylvania Turnpike	129,554	0%	107,415	0%	122,515	0%
E-ZPass ITRCC	165,401	1%	139,959	1%	169,295	1%

	2018		2017	
	Toll transactions:	Percentage:	Toll transactions:	Percentage:
E-ZPass New York	2,288,835	8%	1,102,564	8%
Illinois State Toll Highway Authority	1,852,367	7%	873,782	7%
E-ZPass Maryland	132,116	0%	52,887	0%
E-ZPass Pennsylvania Turnpike	118,566	0%	57,545	0%
E-ZPass ITRCC	155,790	1%	71,355	1%

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED
JUNE 30, 2021

Schedule 6 Toll Rates

July 1, 2020 - June 30, 2021

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
Transponder	\$ 2.15	\$ 5.39	\$ 10.77
Registered Video	3.24	6.46	11.85
Other Video	4.31	7.54	12.93

July 1, 2019 - June 30, 2020

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
Transponder	\$ 2.10	\$ 5.26	\$ 10.51
Registered Video	3.16	6.30	11.56
Other Video	4.20	7.36	12.61

July 1, 2018 - June 30, 2019

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
Transponder	\$ 2.05	\$ 5.13	\$ 10.25
Registered Video	3.07	6.15	11.28
Other Video	4.10	7.18	12.30

Note: 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 – UNAUDITED
JUNE 30, 2021

Schedule 7 Capital Asset Statistics Last Five Fiscal Years

Year	2021	2020	2019	2018	2017
Lane miles:	56.1	56.1	56.1	56.1	56.1
Right-of-Way Area (acres):	367	367	367	367	367
Bridge Structures:	47	47	47	47	42

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED
JUNE 30, 2021

Schedule 8 Payments and Repayments of Rent Last Five Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Rent payments received	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Repayments of rent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Amount owed for repayment of rent	<u>\$ -0-</u>				

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED
JUNE 30, 2021

Schedule 9 Insurance in Force

<u>Insurance</u>	<u>Policy Term</u>	<u>Coverage</u>	<u>Deductible</u>	<u>Annual or Last Premium</u>
XL Catlin Bridge Property Damage and Loss of Toll Revenue	08/07/2020-08/07/2021	\$50,000,000 limit/per occurrence	\$ 10,000,000	\$ 413,609

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 December 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 – UNAUDITED
JUNE 30, 2021

Schedule 10 Employees and Contractors by Function Last Five Fiscal Years

<u>Employees</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Full-time	-0-	-0-	-0-	-0-	-0-
Part-time	-0-	-0-	-0-	-0-	-0-
Contractors:	3	3	3	3	3
Accounting	1	1	1	1	1
Legal	1	1	1	1	1
Financial Advisor	1	1	1	1	1

Note: 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 – UNAUDITED JUNE 30, 2021

Schedule 11 Ratios of Outstanding Debt Last Five Fiscal Years

	2021	2020	2019	2018	2017
Net revenue bonds outstanding	\$ 333,918,824	\$ 329,182,069	\$ 320,839,382	\$ 311,966,018	\$ 303,092,653
Net revenue bond anticipation notes outstanding	-0-	-0-	-0-	-0-	463,796,834
Transportation Infrastructure Finance and Innovation Act loan	445,791,184	450,200,000	452,200,000	452,200,000	-0-
Total outstanding debt	<u>\$ 779,710,008</u>	<u>\$ 779,382,069</u>	<u>\$ 773,039,382</u>	<u>\$ 764,166,018</u>	<u>\$ 766,889,487</u>
Toll transactions:					
Prepaid billing	19,214,872	19,656,396	22,177,336	19,657,178	9,213,323
Video billing	8,659,006	7,425,809	8,853,647	8,518,009	3,968,830
Total transactions	<u>27,873,878</u>	<u>27,082,205</u>	<u>31,030,983</u>	<u>28,175,187</u>	<u>13,182,153</u>
Debt per prepaid transaction	<u>41</u>	<u>40</u>	<u>35</u>	<u>35</u>	<u>39</u>
Debt per video billing transaction	<u>90</u>	<u>105</u>	<u>88</u>	<u>87</u>	<u>90</u>
Debt per total transaction	<u>28</u>	<u>25</u>	<u>25</u>	<u>25</u>	<u>27</u>

Schedule 12 Pledged-Revenue Coverage Last Five Fiscal Years

	2021	2020	2019	2018	2017
Operating revenues	\$ 50,162,261	\$ 44,016,098	\$ 45,149,364	\$ 44,685,064	\$ -0-
Operating expenses (1)	17,649,759	12,134,567	12,082,019	12,838,003	-0-
Net revenues available for debt service	<u>\$ 32,512,502</u>	<u>\$ 31,881,531</u>	<u>\$ 33,067,345</u>	<u>\$ 31,847,061</u>	<u>\$ -0-</u>
Debt service for revenue bonds outstanding:					
Principal	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest	-0-	-0-	-0-	-0-	-0-
Total current debt service	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Debt service for revenue bond anticipation notes outstanding:					
Principal	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Interest	-0-	-0-	-0-	-0-	-0-
Total current debt service	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Debt service coverage	<u>N/A</u>	<u>N/A</u>	<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 December 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2021

Schedule 13 Pledged Receipts Last Five Fiscal Years

	2021	2020	2019	2018	2017
Operating Revenue	\$ 54,999,372	\$ 49,794,415	\$ 51,885,420	\$ 50,603,219	\$ 25,004,891
Nonoperating revenues					
Lease paymemnts received	-0-	-0-	-0-	-0-	-0-
Interest earned on investments	17,047	1,632,247	2,010,231	959,524	134
Total nonoperating revenues					
Total pledged receipts	\$ 55,016,419	\$ 51,426,662	\$ 53,895,651	\$ 52,613,450	\$ 25,005,025

Schedule 14 Largest Toll Payers Last Five Fiscal Years

Toll Payer	2021	2020	2019	2018	2017
M&M Cartage Co. Inc.	\$ 362,276	\$ 307,567	\$ 415,537	\$ 452,168	\$ 231,016
UPS	\$ 334,017	\$ 264,557	\$ 322,370	\$ 234,045	\$ 76,615
Bagshaw Trucking Inc.	\$ 209,902	\$ 202,560	\$ 178,826	\$ 164,132	\$ 48,915
Atomic Transportation	\$ 162,198	\$ 142,531	*	*	*
Mister P Express Inc.	*	*	*	\$ 162,515	\$ 92,629
Rush Trucking	*	*	\$ 159,762	\$ 133,857	\$ 55,711
Kentuckiana Trucking Inc.	\$ 165,096	\$ 116,934	\$ 145,348	\$ 129,380	*
Midwest Logistics Systems LLC	*	\$ 103,989	\$ 141,262	\$ 99,731	\$ 62,242
The Paregrine Transportation Company	*	*	\$ 130,580	\$ 106,382	\$ 53,912
Sodrel Truck Lines	\$ 105,838	\$ 111,800	\$ 117,819	\$ 91,114	\$ 41,709
Eco-Tech LLC	\$ 120,140	\$ 114,092	\$ 108,845	\$ 95,894	*
Trimpe Trucking	\$ 148,510	\$ 123,279	\$ 105,370	*	\$ 39,156
Champton Trucking Company	\$ 97,676	\$ 108,125	*	*	*
Gordon Food Service	*	*	*	*	\$ 59,671
Trans Continental Systems, Inc.	\$ 97,676	*	*	*	*

Note: Tolls commenced in December 2016.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED
JUNE 30, 2021

Schedule 15
Population and Commuting Statistics
Last Three Fiscal Years

Year	County	Population	Per Capita Income	Total Personal Income (000s)	% Rate of Unemployment
2019	Bullitt, KY	81,676	\$ 42,799	\$ 3,495,651	4.0%
	Clark, IN	118,302	\$ 45,270	\$ 5,355,562	3.2%
	Floyd, IN	78,522	\$ 57,145	\$ 4,487,110	3.1%
	Harrison, IN	40,515	\$ 43,431	\$ 1,759,605	3.1%
	Jefferson, KY	762,287	\$ 54,155	\$ 41,523,531	3.9%
	Oldham, KY	66,799	\$ 66,238	\$ 4,424,636	3.1%
	Scott, IN	23,873	\$ 38,948	\$ 929,810	3.5%
2018	Bullitt, KY	81,069	\$ 40,935	\$ 3,318,525	4.0%
	Clark, IN	117,360	\$ 43,763	\$ 5,136,083	3.5%
	Floyd, IN	77,781	\$ 55,480	\$ 4,315,269	3.3%
	Harrison, IN	40,350	\$ 41,862	\$ 1,689,122	3.5%
	Jefferson, KY	770,517	\$ 51,937	\$ 40,017,970	4.0%
	Oldham, KY	66,470	\$ 63,039	\$ 4,190,233	3.3%
	Scott, IN	23,878	\$ 37,475	\$ 894,839	3.9%
2017	Bullitt, KY	90,246	\$ 39,440	\$ 3,164,935	4.2%
	Clark, IN	116,973	\$ 42,121	\$ 4,926,998	3.5%
	Floyd, IN	77,071	\$ 54,129	\$ 4,171,742	3.4%
	Harrison, IN	39,898	\$ 40,212	\$ 1,604,380	3.5%
	Jefferson, KY	771,158	\$ 49,034	\$ 37,813,140	4.4%
	Oldham, KY	66,415	\$ 59,412	\$ 3,945,877	3.5%
	Scott, IN	23,870	\$ 36,397	\$ 868,803	3.8%

Note: Data is as of December 31st of the year presented. Data for December 31, 2020, 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 – UNAUDITED JUNE 30, 2021

Employer	2020			2019			2018			2017		
	Numbers of Employees	Rank	Percentage of Total Employment	Numbers of Employees	Rank	Percentage of Total Employment	Numbers of Employees	Rank	Percentage of Total Employment	Numbers of Employees	Rank	Percentage of Total Employment
United Parcel Services	25,090	1	4%	23,533	1	4%	21,233	1	3%	22,354	1	3%
Jefferson County Public Schools	14,484	2	2%	14,250	2	2%	14,476	2	2%	14,553	2	2%
Ford Motor Co.	13,020	4	2%	13,042	3	2%	12,600	3	2%	12,600	3	2%
Norton Healthcare Inc	13,828	3	2%	12,579	4	2%	12,247	4	2%	11,944	5	2%
Humana Inc.	12,360	5	2%	12,000	5	2%	12,000	5	2%	12,500	4	2%
The Kroger Co.	9,300	7	1%	9,235	6	1%	*	*	*	*	*	*
Baptist Healthcare Systems Inc.	7,346	8	1%	8,143	7	1%	6,159	9	1%	6,786	7	1%
Walmart Inc.	6,650	9	1%	6,650	8	1%	*	*	*	*	*	*
University of Louisville	6,000	10	1%	6,394	9	1%	6,933	6	1%	7,065	6	1%
Amazon.com LLC	*	*	*	*	*	*	6,500	7	1%	6,500	8	1%
Louisville/Jefferson County Metro Government Services	*	*	*	*	*	*	6,226	8	1%	6,192	9	1%
GE Appliances & Lighting	6,000	10	1%	6,000	10	1%	6,000	10	1%	6,000	10	1%
UofL Health	12,000	6	2%	6,000	10	1%	6,000	11	1%	6,000	10	1%

Employer	2016			2015		
	Numbers of Employees	Rank	Percentage of Total Employment	Numbers of Employees	Rank	Percentage of Total Employment
United Parcel Services	22,080	1	3%	22,189	1	0%
Jefferson County Public Schools	14,739	2	2%	14,719	2	0%
Ford Motor Co.	12,990	3	2%	9,028	5	0%
Norton Healthcare Inc	11,389	5	2%	10,739	4	0%
Humana Inc.	12,500	4	2%	12,900	3	0%
University of Louisville	4,995	10	1%	6,264	6	0%
Amazon.com LLC	*	*	*	6,000	7	0%
Louisville/Jefferson County Metro Government Services	*	*	*	5,584	8	0%
Baptist Healthcare Systems Inc.	6,375	7	1%	*	*	*
GE Appliances & Lighting	6,500	6	1%	6,000	7	0%
KentuckyOne Health Inc.	5,488	9	1%	6,000	7	0%
The Kroger Co.	6,000	8	1%	4,892	9	0%

Note: FY 2021 data has not yet been released. Data is as of December 31st of the year presented.

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