



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, 2022 AND 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



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

Prepared By:

Amanda Spencer
Innovative Finance Manager

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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INTRODUCTORY SECTION





Andy Beshear
Governor



Jim Gray
Secretary

December 2, 2022

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, 2022. 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, 2022 and 2021. 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

Though most measures of growth in the economy were strong through the first half of 2022, high inflation continues to persist through 2022 Q4. The possibility of a recession remains a concern, at least over the short-term, and may impact the Authority's operating results through changes in travel behavior.

LSIORBP 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.

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 TraffiCom to design, construct, integrate, test, operate, and maintain the all-electronic toll system that will collect tolls on all three river crossings. Kapsch TraffiCom'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 to transition the Kapsch TrafficCom services to Electronic Transaction Consultants LLC during the next fiscal year.

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
Innovative Finance Manager

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

2022 AUTHORITY MEMBERS

Secretary Jim Gray

Deputy Secretary Geri Grigsby

John "Bill" Bartleman

Jack Whifield

Thomas Guidugli

Jordan Lanham

William Mitchell Boggs

Marcie Matthews

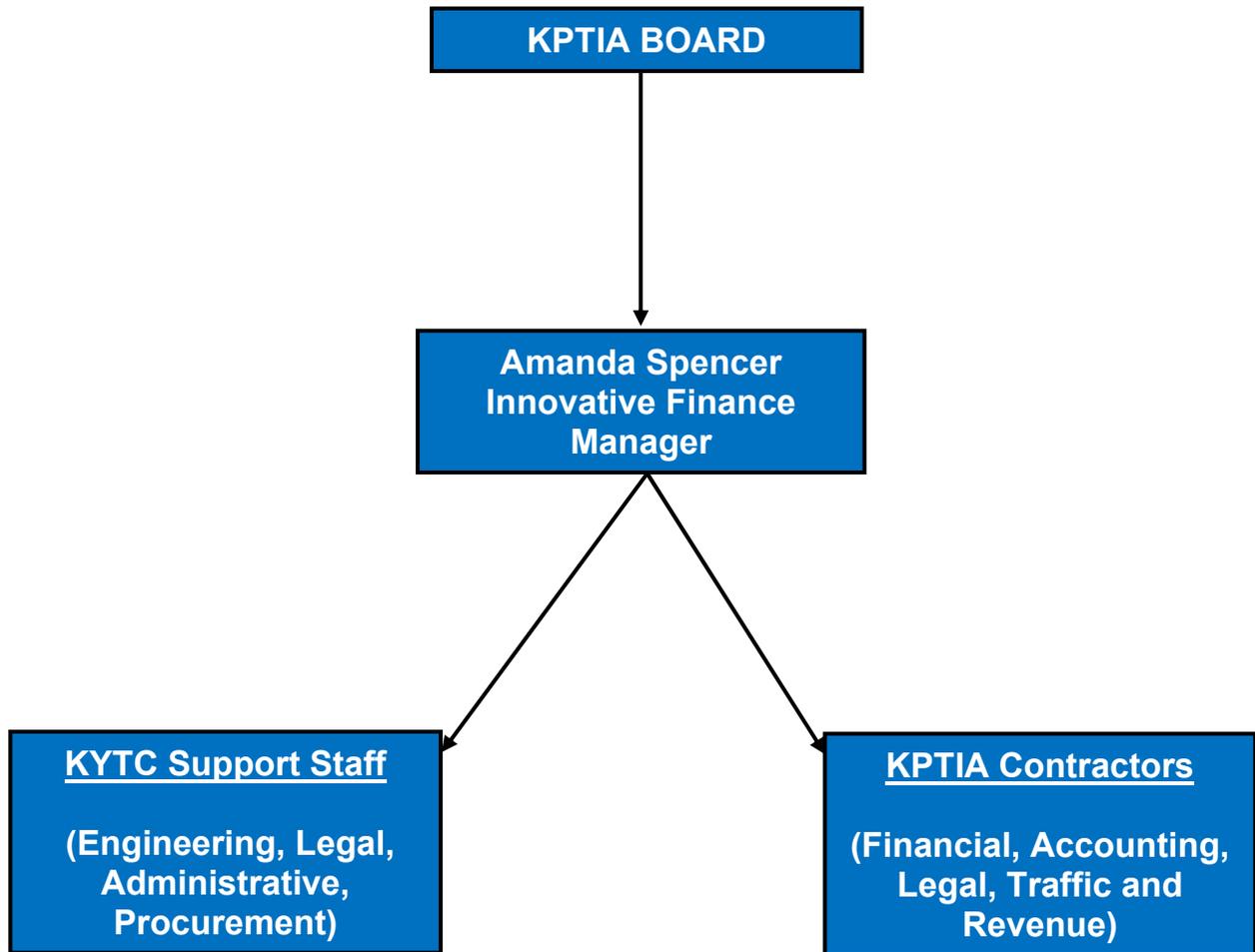
Timothy Akins

Leslie Combs

Russell Romine

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 Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9 – 14, and information about infrastructure assets using the modified approach on pages 33 – 35, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads "Crowe LLP". The signature is written in a cursive, flowing style.

Crowe LLP

Louisville, Kentucky
December 2, 2022

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

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, 2022 and 2021. 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.

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

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

FINANCIAL HIGHLIGHTS

- Investments decreased from \$120,855,333 to \$119,895,786 in 2022 and decreased from \$127,627,229 to \$120,855,333 in 2021.
- Cash collections from tolling activities increased from \$49,719,670 to \$63,651,662 in 2022 and decreased from \$50,669,014 to \$49,719,670 in 2021.

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 18 through 32.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Financial Information Statements of Net Position As of June 30

	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
Assets:					
Current assets:					
Current assets:	\$ 9,995,554	-17%	\$ 12,044,982	30%	\$ 9,265,467
Investments - restricted	119,895,786	(1)%	120,855,333	4%	116,620,212
Net capital assets	<u>1,110,539,055</u>	0%	<u>1,110,302,062</u>	0%	<u>1,109,914,638</u>
Total current assets	<u>1,240,430,395</u>	0%	<u>1,243,202,377</u>	1%	<u>1,235,800,317</u>
Noncurrent assets	5,200,670	100%	-0-	0%	-0-
Deferred outflows	<u>21,242,957</u>	100%	<u>-0-</u>	0%	<u>-0-</u>
Total assets and deferred outflows	<u>1,266,874,022</u>	2%	<u>1,243,202,377</u>	1%	<u>1,235,800,317</u>
Liabilities:					
Current liabilities	26,169,357	12%	23,383,622	4%	22,500,493
Long-term debt	<u>781,168,923</u>	1%	<u>772,800,008</u>	0%	<u>770,484,382</u>
Total liabilities	<u>807,338,280</u>	1%	<u>796,183,630</u>	0%	<u>792,984,875</u>
Net position:					
Net investment in capital assets	442,071,387	(1)%	448,578,306	(2)%	456,184,835
Restricted net position	88,072,513	5%	84,197,202	17%	71,717,880
Unrestricted net position (deficit)	<u>(70,608,158)</u>	(18)%	<u>(85,756,761)</u>	1%	<u>(85,087,273)</u>
Total net position	<u>\$ 459,535,742</u>	3%	<u>\$ 447,018,747</u>	1%	<u>\$ 442,815,442</u>

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

During 2022, the Authority's total investments decreased approximately \$1,000,000 from continued debt principal and interest payments offset by increased tolling receipts.

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, 2022 AND 2021

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

	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
Operating revenues	\$ 61,601,281	12%	\$ 54,999,372	10%	\$ 49,794,415
Operating expenses	<u>16,611,578</u>	(6)%	<u>17,649,759</u>	45%	<u>12,134,567</u>
Operating income	44,989,703	20%	37,349,613	(1)%	37,659,848
Nonoperating revenues (expenses):					
Costs of issuance on revenue bonds	(1,494,434)	100%	-0-	0%	-0-
Interest earned on investments	96,505	466%	17,047	(99)%	1,632,247
Interest expense	(31,646,869)	(13)%	(36,380,356)	(1)%	(36,645,668)
Intergovernmental revenues	335,096	2818%	11,484	(93)%	171,666
Total nonoperating revenues (expenses)	<u>(32,709,702)</u>	(10)%	<u>(36,351,825)</u>	4%	<u>(34,841,755)</u>
Change in net position before contributed capital	<u>12,280,001</u>		<u>997,788</u>		<u>2,818,093</u>
Contributed capital from KYTC	<u>236,994</u>	(17)%	<u>284,839</u>	178%	<u>102,585</u>
Change in net position	12,516,995	876%	1,282,627	(56)%	2,920,678
Net position, beginning 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, 2022 AND 2021

LONG-TERM DEBT

At June 30, 2022, the Authority had \$791,461,607 in bonds and notes payable outstanding, net of unamortized premiums and discounts, which is an increase from \$779,710,008 as of June 30, 2021 and an increase from \$779,382,069 as of June 30, 2020. The changes in 2022 and 2021 are a result of the amortization of bond discounts offset by principal payments made, as well as the bond refunding transaction described below.

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 2021 A & B 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.

Bond Ratings. The Authority's first tier toll revenue bonds and third tier TIFIA loan debt rating is BBB from Fitch.

The Authority's outstanding debt at June 30:

Net position, end of year	<u>\$ 459,535,742</u>	3%	<u>\$ 447,018,747</u>	0%	<u>\$ 445,736,120</u>
	2022	% Increase (Decrease)	2021	% Increase (Decrease)	2020
First tier toll revenue bonds	\$ 353,990,000	(2)%	\$ 360,015,000	-1%	\$ 363,970,000
TIFIA loan	444,791,184	(0)%	445,791,184	-1%	450,200,000
Unamortized premiums	4,946,205	100%	-0-	0%	-0-
Unamortized discounts	<u>(12,265,782)</u>	(53)%	<u>(26,096,176)</u>	(25)%	<u>(34,787,931)</u>
Total	<u>\$ 791,461,607</u>	2%	<u>\$ 779,710,008</u>	0%	<u>\$ 779,382,069</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022 AND 2021

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.

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

Though most measures of growth in the economy were strong through the first half of 2022, high inflation continues to persist through 2022 Q4. The possibility of a recession remains a concern, at least over the short-term, and may impact the Authority's operating results through changes in travel behavior.

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, 2022 AND 2021

	2022	2021
Assets:		
Current assets:		
Investments - restricted	\$ 119,895,786	\$ 120,855,333
Accounts receivable - restricted	9,995,554	12,044,982
Total current assets	129,891,340	132,900,315
Noncurrent assets:		
Prepaid Insurance	5,200,670	-0-
Capital assets:		
Right-of-way easements	66,571,950	66,524,387
Infrastructure	1,043,967,105	1,043,777,675
Total capital assets	1,110,539,055	1,110,302,062
Deferred outflows:		
Deferred outflows on debt refunding	21,242,957	-0-
Total assets and deferred outflows	1,266,874,022	1,243,202,377
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Due to KYTC	4,373,666	2,681,036
Accrued interest payable	11,503,007	13,792,586
Current portion of long-term debt	10,292,684	6,910,000
Total current liabilities	26,169,357	23,383,622
Long term debt, net	781,168,923	772,800,008
Total liabilities	807,338,280	796,183,630
Net position:		
Net investment in capital assets	442,071,387	448,578,306
Restricted - debt service, O&M, reserves	88,072,513	84,197,202
Unrestricted (deficit)	(70,608,158)	(85,756,761)
Total net position	\$ 459,535,742	\$ 447,018,747

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, 2022 AND 2021

	2022	2021
Operating revenues:		
Tolls, net	\$ 55,995,165	\$ 50,162,261
Fees, net	5,606,116	4,837,111
Total operating revenue	61,601,281	54,999,372
Operating expenses:		
Roadway operations and maintenance	1,860,589	7,293,891
Toll operations and maintenance	13,214,977	9,514,130
General administration	1,536,012	841,738
Total operating expenses	16,611,578	17,649,759
Operating income	44,989,703	37,349,613
Nonoperating revenues (expenses):		
Debt issuance costs	(1,494,434)	-0-
Interest earned on investments	96,505	17,047
Interest expense	(31,646,869)	(36,380,356)
Intergovernmental revenues	335,096	11,484
Total nonoperating revenues (expenses)	(32,709,702)	(36,351,825)
Change in net position before contributed capital	12,280,001	997,788
Contributed capital from KYTC	236,994	284,839
Change in net position	12,516,995	1,282,627
Net position, beginning of year	447,018,747	445,736,120
Net position, end of year	\$ 459,535,742	\$ 447,018,747

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENT OF CASH FLOWS JUNE 30, 2022 AND 2021

	2022	2021
Operating activities:		
Receipts from patrons	\$ 63,651,662	\$ 49,719,670
Payments to service providers	(14,584,809)	(20,456,199)
Net cash flows from operating activities	49,066,853	29,263,471
Capital and related financing activities:		
Bond refunding - proceeds from issuance of refunding bonds	149,940,207	-0-
Bond refunding - proceeds transferred to bond escrow agent	(144,522,186)	-0-
Bond refunding - bond reserve release of funds to escrow agent	(19,080,219)	-0-
Principal paid on capital debt	(5,196,100)	(8,363,816)
Bond refunding - bond issuance costs and insurance	(5,749,563)	-0-
Interest paid on long-term debt outstanding	(25,515,044)	(27,688,598)
Net cash flows from capital and related financing activities	(50,122,905)	(36,052,414)
Investing activities:		
Purchase of investments	(143,458,876)	(112,223,932)
Proceeds from sales and maturities of investments	144,418,423	118,995,828
Interest received	96,505	17,047
Net cash flows from investing activities	1,056,052	6,788,943
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	\$ 44,989,703	\$ 37,349,613
Adjustments to reconcile operating income to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	335,096	11,484
Changes in assets and liabilities		
Accounts receivable	2,049,428	(5,279,700)
Amounts due to KYTC	1,692,626	(2,817,926)
Net cash flows from operating activities	\$ 49,066,853	\$ 29,263,471
Supplemental schedule of noncash capital and related financing activities:		
Infrastructure contributed as capital from KYTC	\$ 236,994	\$ 284,839

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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; Secretary Jim Gray, Deputy Secretary Geri Grigsby, John William Bartleman, Jack Whifield, Thomas Guidugli, Jordan Lanham, William Mitchell Boggs, Marcie Matthews, Timothy Akins, Leslie Combs, and Russell Romine.

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 Secretary of KYTC, the Chairperson of the Authority, the Commissioner of the Indiana

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 unspent proceeds.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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

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, 2022 or 2021.

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 described in Note 5 and Note 7 that are invested in U.S. Treasuries. The unspent proceeds are restricted for use in accordance with the bond 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.

Deferred Outflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

A deferred charge on refunding can arise from advance refunding of debt. The difference between the cost of the securities placed in trust for future payment of refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the financial statements.

Amortization of Bond Discount and Premium

Bond discounts and premiums 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 sets 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, 2022 and 2021 were approximately \$8,455,504 and \$6,688,000, respectively. As of June 30, 2022, gross accounts receivable was \$42,207,162, net of allowances of \$32, 211,608. As of June 30, 2021, gross accounts receivable was \$33,475,440, net of allowances of \$21,430,458. During the year ended June 30, 2022, the allowance for uncollectible accounts were increased by \$3,330,598 for tolls and \$7,519,581 for fees. 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. 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.

New Accounting Pronouncement

The Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*. This pronouncement was applicable for the year ended June 30, 2022, however had no material impact on the financial statements, therefore no changes in reporting or material presentation was made for this year.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 AND 2021

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, 2022 and 2021 are as follows:

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 119,895,786	\$ -0-	\$ -0-	\$ 119,895,786

	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

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 2022 or 2021.

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, 2022 AND 2021

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, 2022, are summarized below:

	Money Market Mutual Funds	Cash	Total
Authority System Revenue Fund	\$ 2,786,765	\$ -0-	2,786,765
Debt Service Funds	40,274,260	-0-	40,274,260
M&R Reserve Fund	9,025,155	-0-	9,025,155
General Reserve Fund	31,359,756	-0-	31,359,756
Capitalized Interest Fund	1,595	-0-	1,595
Tolling O&M Reserve Fund	7,167,114	-0-	7,167,114
General O&M Reserve Fund	18,319,964	-0-	18,319,964
Project Improvement Fund	7,477,732	-0-	7,477,732
Cost of Issuance Fund	33,272	-0-	33,272
Surplus Fund	3,450,173	-0-	3,450,173
Total	<u>\$ 119,895,786</u>	<u>\$ -0-</u>	<u>\$ 119,895,786</u>

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>

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, 2022 AND 2021

- 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, 2022 AND 2021

- 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.
- N. Project Improvement Fund – Designated to pay the cost of project improvements to the Authority System.

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Infrastructure	\$ 1,043,777,675	\$ 189,430	\$ -0-	\$ 1,043,967,105
Right-of-way easements	66,524,387	47,563	-0-	66,571,950
Total capital assets	<u>\$ 1,110,302,062</u>	<u>\$ 236,993</u>	<u>\$ -0-</u>	<u>\$ 1,110,539,055</u>

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	<u>\$ 1,110,017,223</u>	<u>\$ 284,839</u>	<u>\$ -0-</u>	<u>\$ 1,110,302,062</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

7. ADVANCE REFUNDING

In October 2021, the Authority issued \$185.3 million of First Tier Toll Revenue Refunding Bonds, Series 2021A to refund the remaining balance of the Series First Tier Toll Revenue Bonds, 2013A and Series First Tier Toll Revenue Bonds Series 2021B to refund a portion of the remaining balance of Series First Tier Toll Revenue Bonds 2013B. The refunding bonds combined with \$27.57 million in debt service reserve funds were used to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$163.6 million of refunded First Tier Toll Revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by approximately \$22 million. This difference is recorded as a deferred outflow and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 32 years by \$135 million and resulted in an economic gain of \$59 million. As of June 30, 2022, escrow funds are available to pay for \$138.5 million of the 2013A and \$40.7 million of the prior 2013B bonds that remain outstanding.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

8. LONG-TERM LIABILITIES

Long-term debt consists of the following at June 30, 2022 and 2021:

	2022	2021
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.	\$ -0-	\$ 174,865,000
First Tier Toll Revenue Bonds, Series 2021A Current Interest Bonds; interest fixed at rates ranging from 1.15% to 3.22%, due semi-annually; principal due July 1, 2022 through July 1, 2053 with mandatory sinking fund redemption in part prior to maturity beginning July 1, 2046.	150,740,000	-0-
First Tier Toll Revenue Bonds, Series 2021B Current Interest Bonds; interest fixed at 4%, due semi-annually; principal due July 1, 2046 through July 1, 2053 with mandatory sinking fund redemption in part prior to maturity beginning July 1, 2046.	34,560,000	-0-
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.	31,215,000	47,675,000
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)	444,791,184	445,791,184
Total	798,781,184	805,806,184
Less current portion	(10,292,684)	(6,910,000)
Unamortized premium	4,946,205	-0-
Less unamortized discount/accretion on capital appreciation bonds	(12,265,782)	(26,096,176)
	\$ 781,168,923	\$ 772,800,008

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The Series 2021 Bonds and 2013 Bonds 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, 2022, 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 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 contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the Authority is unable to make payment.

Debt service payments on the Series 2021 and 2013 Bonds and TIFIA loan are as follows:

	Bonds		Notes from direct borrowings	
	Principal	Interest	Principal	Interest
2023	9,305,000	5,878,642	987,684	17,238,397
2024	8,390,000	10,474,817	1,045,855	17,198,937
2025	215,000	15,081,256	992,394	17,159,456
2026	215,000	15,078,784	1,149,077	17,117,834
2027	2,455,000	15,063,431	1,170,161	17,072,837
2028-2032	20,720,000	82,467,058	18,643,929	83,932,291
2033-2037	31,695,000	74,049,887	56,985,264	76,854,984
2038-2042	54,490,000	57,868,898	98,821,037	61,285,662
2043-2047	78,835,000	36,076,880	119,861,300	40,118,628
2048-2052	101,500,000	16,717,488	145,134,483	14,485,290
2053-2055	46,170,000	1,604,768	-0-	-0-
Total	<u>\$ 353,990,000</u>	<u>\$ 330,361,909</u>	<u>\$ 444,791,184</u>	<u>\$ 362,464,316</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022	Due within one year
TIFIA loan - direct borrowing	\$ 445,791,184	\$ -0-	\$ (1,000,000)	\$ 444,791,184	\$ 987,684
Bonds principal payable	\$ 360,015,000	185,300,000	(191,325,000)	353,990,000	9,305,000
Unamortized premiums	-0-	5,064,180	(117,975)	4,946,205	-0-
Unamortized discounts	(26,096,176)	-0-	13,830,394	(12,265,782)	-0-
	<u>\$ 779,710,008</u>	<u>\$ 190,364,180</u>	<u>\$ (178,612,581)</u>	<u>\$ 791,461,607</u>	<u>\$ 10,292,684</u>

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>\$ 327,939</u>	<u>\$ 779,710,008</u>	<u>\$ 6,910,000</u>

9. 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 and toll proceeds may be spent.

Restricted assets consist of the following at June 30, 2022 and 2021:

	2022	2021
Restricted for debt service	\$ 40,275,855	\$ 66,664,687
Restricted for maintenance reserves	34,512,233	27,625,541
Restricted for other Authority funds	55,103,252	38,610,087
Total	<u>\$ 129,891,340</u>	<u>\$ 132,900,315</u>

10. RELATED PARTY TRANSACTIONS

KYTC paid certain invoices on behalf of the Authority totaling \$335,096 and \$11,484 for the years ended June 30, 2022 and 2021, 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 \$4,373,666 and \$2,681,036 for the years ended June 30, 2022 and 2021, which are reimbursable to KYTC, and reported as payables at year end.

The Authority received \$236,994 and \$284,839 in capital contributions from KYTC during the years ended June 30, 2022 and 2021, respectively. The contributions in both years related to construction work completed on Kentucky roads, bridge approaches, and right-of-

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 2022 and 2021. 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 2022 and 2021, 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.

11. 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.

12. 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.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 TrafficCom 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 \$8,063,000 and \$4,981,000 for the work performed during the year ended June 30, 2022, and 2021, 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 HNTB 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 responsible with the Indiana parties for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately \$2,138,000 and \$1,499,000 for work performed under these contracts during the year ended June 30, 2022 and 2021, 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 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 \$114,000 and \$107,000 for work performed under these contracts in the years ended June 30, 2022 and 2021, 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. 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 \$105,000 and \$182,600 for the work performed under this contract in the years ended June 30, 2022 and 2021, respectively. Revenue control manager costs are included in toll operations and maintenance expense.

REQUIRED SUPPLEMENTARY INFORMATION

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

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 three years.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Condition	2021	2020	2019
Good	19.0%	0.0%	90.8%
Fair	81.0%	100.0%	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, 2022

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 2021 to 2019 under the updated condition assessment requirements:

Condition	2021	2020	2019
Good	82.3%	82.3%	82.3%
Fair	17.7%	17.7%	17.7%
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 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)
Fiscal Year 2022	\$ 3,938,600	\$ 1,860,589	\$ (2,078,011)

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, 2022

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, 2022

Schedule 1 Net Position by Component Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net investment in capital assets	\$ 442,071,387	\$ 448,578,306	\$ 456,184,835	\$ 467,965,893	\$ 481,242,452
Restricted	88,072,513	84,197,202	71,717,880	53,695,540	11,872,949
Unrestricted	<u>(70,608,158)</u>	<u>(85,756,761)</u>	<u>(85,087,273)</u>	<u>(84,379,832)</u>	<u>(69,710,548)</u>
Total net position	<u>\$ 459,535,742</u>	<u>\$ 447,018,747</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, 2022

Schedule 2 Changes in Net Position Last Five Fiscal Years

	2022	2021	2020	2019	2018
Operating Revenue					
Tolls	\$ 55,995,165	\$ 50,162,261	\$ 45,149,364	\$ 44,685,064	\$ 25,004,891
Fees	5,606,116	4,837,111	6,736,056	5,918,155	-
Total operating revenues	<u>61,601,281</u>	<u>54,999,372</u>	<u>51,885,420</u>	<u>50,603,219</u>	<u>25,004,891</u>
Operating Expenses					
Roadway operations and maintenance	1,860,589	7,293,891	1,976,200	3,827,451	38,540,320
Toll operations and maintenance	13,214,977	9,514,130	9,141,369	8,351,973	2,026,340
General administration	1,536,012	841,738	964,450	658,579	288,141
Total operating expenses	<u>16,611,578</u>	<u>17,649,759</u>	<u>12,082,019</u>	<u>12,838,003</u>	<u>40,854,801</u>
Operating income (loss)	<u>44,989,703</u>	<u>37,349,613</u>	<u>39,803,401</u>	<u>37,765,216</u>	<u>(15,849,910)</u>
Nonoperating revenues (expenses)					
Debt issuance costs	(1,494,434)	-	-	-	-
Interest earned on investments	96,505	17,047	2,010,231	959,524	204,497
Interest expense	(31,646,869)	(36,380,356)	(36,679,388)	(36,817,159)	(14,808,436)
Intergovernmental revenues	335,096	11,484	164,125	2,514,982	36,699,324
Total nonoperating revenues (expenses)	<u>(32,709,702)</u>	<u>(36,351,825)</u>	<u>(34,505,032)</u>	<u>(33,342,653)</u>	<u>22,095,385</u>
Contributed Capital for KYTC	236,994	284,839	235,472	9,454,185	47,987,001
Change in net position	<u>\$ 12,516,996</u>	<u>\$ 1,282,627</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, 2022

Schedule 3 Downtown Crossing Cash Flows Last Five Fiscal Years

	2022	2021	2020	2019	2018
Operating activities:					
Receipts from patrons	\$ 63,651,662	\$ 49,719,670	\$ 56,266,657	\$ 49,959,773	\$ 13,627,325
Payments to service providers	(14,584,809)	(20,456,199)	(9,669,489)	(9,550,243)	(13,869,795)
Net cash flows from operating activities	<u>49,066,853</u>	<u>29,263,471</u>	<u>46,597,168</u>	<u>40,409,530</u>	<u>(242,470)</u>
Capital and related financing activities					
Principal paid on capital debt	(5,196,100)	(8,363,816)	(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
Bond refunding - proceeds from issuance of refunding bonds	149,940,207	-0-	-0-	-0-	-0-
Bond refunding - proceeds transferred to bond escrow agent	(144,522,186)	-0-	-0-	-0-	-0-
Bond refunding - bond reserve release of funds to escrow agent	(19,080,219)	-0-	-0-	-0-	-0-
Bond refunding - bond issuance costs and insurance	(5,749,563)				
Interest paid on long-term debt outstanding	(25,515,044)	(27,688,598)	(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	<u>(50,122,905)</u>	<u>(36,052,414)</u>	<u>(28,772,084)</u>	<u>(30,268,439)</u>	<u>(33,206,071)</u>
Investing activities					
Purchase of investments	(143,458,876)	(112,223,932)	(118,957,033)	(29,090,764)	(14,101,167)
Proceeds from sales and maturities of investments	144,418,423	118,995,828	96,235,066	20,785,304	44,209,259
Interest received	96,505	17,047	2,010,230	1,051,022	477,240
Net cash flows from investing activities	<u>1,056,052</u>	<u>6,788,943</u>	<u>(20,711,737)</u>	<u>(7,254,438)</u>	<u>30,585,332</u>
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	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,886,653</u>	<u>\$ -0-</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2022

Schedule 4					
Toll Revenues by Principal Revenue Payers - Payment Method, Class and Crossing					
Last Five Fiscal Years					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Toll revenues:					
Prepaid accounts billing	\$ 83,952,496	\$ 75,203,768	\$ 66,792,864	\$ 70,732,627	\$ 62,358,815
Video billing	46,948,301	41,532,055	34,747,764	40,072,500	37,703,996
Percentages of toll revenues:					
Prepaid accounts billing	64%	64%	66%	64%	62%
Video billing	36%	36%	34%	36%	38%
Toll transactions:					
Prepaid accounts billing	22,021,029	19,214,872	19,656,396	22,177,336	19,657,178
Video billing	9,629,727	8,659,006	7,425,809	8,853,647	8,518,009
Percentages of toll transactions:					
Prepaid accounts billing	70%	69%	73%	71%	70%
Video billing	30%	31%	27%	29%	30%
Downtown Crossing Revenue:					
Class 1	\$ 52,638,499	\$ 44,338,260	\$ 42,184,694	\$ 49,703,897	\$ 44,938,356
Class 2	9,659,050	8,550,136	6,990,951	7,486,012	6,989,340
Class 3	32,700,473	32,671,095	25,878,536	27,912,860	27,212,942
Total	<u>94,998,022</u>	<u>85,559,491</u>	<u>75,054,181</u>	<u>85,102,769</u>	<u>79,140,637</u>
East End Crossing Revenue:					
Class 1	\$ 18,407,275	\$ 15,550,291	\$ 14,206,799	\$ 14,658,750	\$ 12,715,925
Class 2	2,649,298	2,361,705	1,937,293	1,840,398	1,458,570
Class 3	14,846,201	13,264,337	10,342,354	9,203,210	6,747,679
Total	<u>\$ 35,902,774</u>	<u>\$ 31,176,333</u>	<u>\$ 26,486,447</u>	<u>\$ 25,702,358</u>	<u>\$ 20,922,174</u>
Total Toll Revenue	<u><u>\$ 130,900,796</u></u>	<u><u>\$ 116,735,823</u></u>	<u><u>\$ 101,540,628</u></u>	<u><u>\$ 110,805,127</u></u>	<u><u>\$ 100,062,811</u></u>
Downtown Crossing Transactions:					
Class 1	18,293,263	15,681,867	16,082,858	19,337,169	17,586,236
Class 2	1,659,922	1,502,514	1,285,581	1,412,221	1,333,508
Class 3	2,894,311	2,969,618	2,408,971	2,664,331	2,667,440
Total	<u>22,847,496</u>	<u>20,153,999</u>	<u>19,777,410</u>	<u>23,413,721</u>	<u>21,587,184</u>
East End Crossing Transactions:					
Class 1	7,040,651	6,099,368	5,990,438	6,394,298	5,645,133
Class 2	446,024	410,476	347,843	339,490	278,002
Class 3	1,316,585	1,210,035	966,514	883,474	664,868
Total	<u>8,803,260</u>	<u>7,719,879</u>	<u>7,304,795</u>	<u>7,617,262</u>	<u>6,588,003</u>

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, 2022

Schedule 6 Toll Rates

July 1, 2021 - June 30, 2022

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
Transponder	\$ 2.21	\$ 5.53	\$ 11.04
Registered Video	3.33	6.63	12.15
Other Video	4.42	7.73	13.26

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

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

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**Schedule 7
Capital Asset Statistics
Last Five Fiscal Years**

<u>Year</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
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

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Schedule 8 Payments and Repayments of Rent Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</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 re	<u>\$ -0-</u>				

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**Schedule 9
Insurance in Force**

Insurance	Policy Term	Coverage	Deductible	Annual or Last Premium
XL Catlin Bridge Property Damage and Loss of Toll Revenue	08/07/2021-08/07/2022	\$50,000,000 limit/per occurrence	\$ 10,000,000	\$ 484,051

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

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Schedule 10 Employees and Contractors by Function Last Five Fiscal Years

<u>Employees</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</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, 2022

Schedule 11 Ratios of Outstanding Debt Last Five Fiscal Years

	2022	2021	2020	2019	2018
Net revenue bonds outstanding	\$ 346,670,423	\$ 333,918,824	\$ 333,918,824	\$ 320,839,382	\$ 311,966,018
Net revenue bond anticipation notes outstanding	-0-	-0-	-0-	-0-	-0-
Transportation Infrastructure Finance and Innovation Act loan	444,791,184	445,791,184	450,200,000	452,200,000	452,200,000
Total outstanding debt	<u>\$ 791,461,607</u>	<u>\$ 779,710,008</u>	<u>\$ 784,118,824</u>	<u>\$ 773,039,382</u>	<u>\$ 764,166,018</u>
Toll transactions:					
Prepaid billing	22,021,029	19,214,872	19,656,396	22,177,336	19,657,178
Video billing	9,629,727	8,659,006	7,425,809	8,853,647	8,518,009
Total transactions	<u>31,650,756</u>	<u>27,873,878</u>	<u>27,082,205</u>	<u>31,030,983</u>	<u>28,175,187</u>
Debt per prepaid transaction	<u>36</u>	<u>41</u>	<u>40</u>	<u>35</u>	<u>35</u>
Debt per video billing transaction	<u>82</u>	<u>90</u>	<u>105</u>	<u>88</u>	<u>87</u>
Debt per total transaction	<u>25</u>	<u>28</u>	<u>25</u>	<u>25</u>	<u>25</u>

Schedule 12 Pledged-Revenue Coverage Last Five Fiscal Years

	2022	2021	2020	2019	2018
Toll revenues	\$ 55,995,165	\$ 50,162,261	\$ 45,149,364	\$ 44,685,064	\$ -0-
Operating expenses (1)	16,611,578	17,649,759	12,082,019	12,838,003	-0-
Net revenues available for debt service	<u>\$ 39,383,587</u>	<u>\$ 32,512,502</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>

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, 2022

Schedule 13 Pledged Receipts Last Five Fiscal Years

	2022	2021	2020	2019	2018
Operating Revenue	\$ 61,601,281	\$ 54,999,372	\$ 49,794,415	\$ 51,885,420	\$ 50,603,219
Nonoperating revenues					
Lease paymemnts received	-0-	-0-	-0-	-0-	-0-
Interest earned on investments	96,505	17,047	1,632,247	2,010,231	959,524
Total nonoperating revenues					
Total pledged receipts	\$ 61,697,786	\$ 55,016,419	\$ 51,426,662	\$ 53,895,651	\$ 51,562,743

Schedule 14 Largest Toll Payers Last Five Fiscal Years

Toll Payer	2022	2021	2020	2019	2018
M&M Cartage Co. Inc.	\$ 75,850	\$ 362,276	\$ 307,567	\$ 415,537	\$ 452,168
UPS	\$ 118,455	\$ 334,017	\$ 264,557	\$ 322,370	\$ 234,045
Bagshaw Trucking Inc.	\$ 128,596	\$ 209,902	\$ 202,560	\$ 178,826	\$ 164,132
Atomic Transportation	\$ 75,789	\$ 162,198	\$ 142,531	*	*
Mister P Express Inc.	*	*	*	*	\$ 162,515
Rush Trucking	*	*	*	\$ 159,762	\$ 133,857
Kentuckiana Trucking Inc.	\$ 53,352	\$ 165,096	\$ 116,934	\$ 145,348	\$ 129,380
Midwest Logistics Systems LLC	*	*	\$ 103,989	\$ 141,262	\$ 99,731
The Paregrine Transportion Company	*	*	*	\$ 130,580	\$ 106,382
Sodrel Truck Lines	*	\$ 105,838	\$ 111,800	\$ 117,819	\$ 91,114
Eco-Tech LLC	\$ 335,303	\$ 120,140	\$ 114,092	\$ 108,845	\$ 95,894
Trimpe Trucking	\$ 66,598	\$ 148,510	\$ 123,279	\$ 105,370	*
Champion Trucking Company	\$ 94,018	\$ 97,676	\$ 108,125	*	*
Gordon Food Service	*	*	*	*	*
Trans Continental Systems, Inc.	\$ 49,933	\$ 97,676	*	*	*

Note: Tolls commenced in December 2016.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION – UNAUDITED JUNE 30, 2022

Schedule 15 Population and Commuting Statistics Last Three Fiscal Years

Year	County	Population	Per Capita Income	Total Personal Income (000s)	% Rate of Unemployment
2020	Bullitt, KY	82,182	\$ 46,618	\$ 3,831,186	6.2%
	Clark, IN	119,266	\$ 48,210	\$ 5,749,801	7.3%
	Floyd, IN	78,936	\$ 60,233	\$ 4,754,534	6.6%
	Harrison, IN	40,682	\$ 46,468	\$ 1,890,410	6.3%
	Jefferson, KY	767,452	\$ 57,863	\$ 44,407,286	6.6%
	Oldham, KY	66,999	\$ 68,986	\$ 4,621,969	4.7%
	Scott, IN	23,788	\$ 41,981	\$ 998,644	8.5%
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%

Note: Data is as of December 31st of the year presented. Data for December 31, 2021 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, 2022

Schedule 16 Principle Employers within the LSIORB Area Last Five Fiscal Years

Employer	2021			2020			2019			2018		
	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 Gove	*	*	*	*	*	*	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	2017			2016		
	Numbers of Employees	Rank	Percentage of Total Employment	Numbers of Employees	Rank	Percentage of Total Employment
United Parcel Services	22,080	1	3%	22,080	1	3%
Jefferson County Public Schools	14,739	2	2%	14,739	2	2%
Ford Motor Co.	12,990	3	2%	12,990	3	2%
Norton Healthcare Inc	11,389	5	2%	11,389	5	2%
Humana Inc.	12,500	4	2%	12,500	4	2%
University of Louisville	4,995	10	1%	4,995	10	1%
Amazon.com LLC	*	*	*	*	*	*
Louisville/Jefferson County Metro Gove	*	*	*	*	*	*
Baptist Healthcare Systems Inc.	6,375	7	1%	6,375	7	1%
GE Appliances & Lighting	6,500	6	1%	6,500	6	1%
KentuckyOne Health Inc.	5,488	9	1%	5,488	9	1%
The Kroger Co.	6,000	8	1%	6,000	8	1%

Note: FY 2022 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