



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF
THE COMMONWEALTH OF KENTUCKY

FRANKFORT, KENTUCKY

FOR THE YEAR ENDED JUNE 30, 2016 AND 2015



*Kentucky Public Transportation
Infrastructure Authority*

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015



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

Prepared By:

Megan McLain

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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INTRODUCTORY SECTION





Matthew G. Bevin
Governor



December 12, 2016

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Kentucky Public Transportation Infrastructure Authority (the Authority, KPTIA) for the year ended June 30, 2016. 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 Auditor of Public Accounts of the Commonwealth of Kentucky has issued an unmodified opinion on the Authority's financial statements for the years ended June 30, 2016 and 2015. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the Authority

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

The Authority is authorized by KRS 175B to hire employees, but has not yet chosen to do so. KRS 175B also specifies that the Authority is administratively attached to the Kentucky Transportation Cabinet (KYTC). As such, the Authority relies upon administrative and financial support from KYTC. KYTC has assigned the 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

Economic growth in the Louisville metro will see moderate growth, but Southern Indiana will continue to experience quarters of impressive gains due to the completion of the Ohio Rivers Bridges Project.

Louisville metro payrolls increased through much of 2016. Even though the Louisville metro is more diversified today, overall job growth continues to be a function of the manufacturing economy. Current softening in manufacturing is partly responsible for the overall moderation in 2016. Unemployment rates in the region continue a steady decline.

LSIORB Structure

The Tolling Body is responsible for adopting toll rates for the LSIORBP. The Tolling Body is made up of the Joint Board and one additional representative from both the Authority and IFA. The Joint Board is composed of the 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 Development Agreement sets forth the proper flow of funds. Toll revenues received shall be allocated equally between the Authority and IFA. It also states that the rate covenant provisions require that the tolls generated will be sufficient to pay project costs, meet debt service requirements, and create reserves as required by the rate covenant.

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

Major Initiatives

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

Tolling on the LSIORB will begin in December of 2016. To some degree, that date is a function of the construction schedules for both the Downtown Crossing and the East End Crossing. Kentucky and Indiana have agreed that tolling will not commence before the date on which cross-river capacity within the corridor has been increased. Under current construction schedules, cross river capacity within the corridor is set to increase in December of 2016 with the completion of the Downtown Crossing. Work on the toll system is under way and the start of tolling is also dependent upon thorough testing to ensure the system works as expected.

When the Authority sold toll revenue bonds and entered into the TIFIA loan agreement in December 2013, the traffic and revenue study used to support the sale of those bonds assumed a tolling commencement date of January 1, 2017.

In May of 2016 the Tolling Body for the LSIORB project approved a Toll Policy Agreement required by the Revised Record of Decision which included an Environmental Justice Mitigation Plan. This plan was approved by the Federal Highway Administration. According to the Revised Record of Decision for the LSIORB Project, this step was a prerequisite to tolling commencement.

The states have also prepared for tolling by engaging in a number of bi-state procurements. The Indiana Finance Authority, on behalf of both states, signed a contract in May 2015 with Kapsch TrafficCom to design, construct, integrate, test, operate, and maintain the all-electronic toll system that will collect tolls on all three river crossings. Kapsch TrafficCom's work under this contract is ongoing and is administered by both states. KYTC, on behalf of both states, executed a contract with KPMG to serve as Revenue Control Manager in February 2015. The

Revenue Control Manager will be responsible for coordinating and overseeing the timely and accurate collection and division of toll revenues between the states. Parsons had an existing contract with the Indiana Department of Transportation which was modified to include tolling oversight work on behalf of both states. The Toll Oversight Advisor will be responsible for advising the states on tolling matters, and overseeing the work of the Toll System Provider. The Indiana Finance Authority also procured a Custodian to hold toll revenue on behalf of the Authority and the Indiana Finance Authority, prior to it being split between the states. The states have also hired a public relation, marketing, and communications firm to assist with tolling. The firm has developed the brand, RiverLink, for the LSIORBP toll system. It also designed a toll marketing campaign including paid media, earned media opportunities, and social media outlets. This campaign included sponsorship of the Kentucky Derby Festival and the Kentucky State Fair.

Additionally, the Authority has begun the procurement process for securing business interruption insurance to protect the Kentucky share of the toll revenue stream in the event that damage to a bridge or roadway causes an unanticipated interruption in toll collection. This insurance coverage is required by bondholders and the TIFIA lender.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive annual financial report for the year ended June 30, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Megan McLain



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Kentucky Public Transportation
Infrastructure Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

2016 AUTHORITY MEMBERS



Chairman Greg Thomas



Vice Chair William M. Landrum III



Steve Austin



Charles Buddeke



Don Kelly



Harold McKinney



Glenn Mitchell



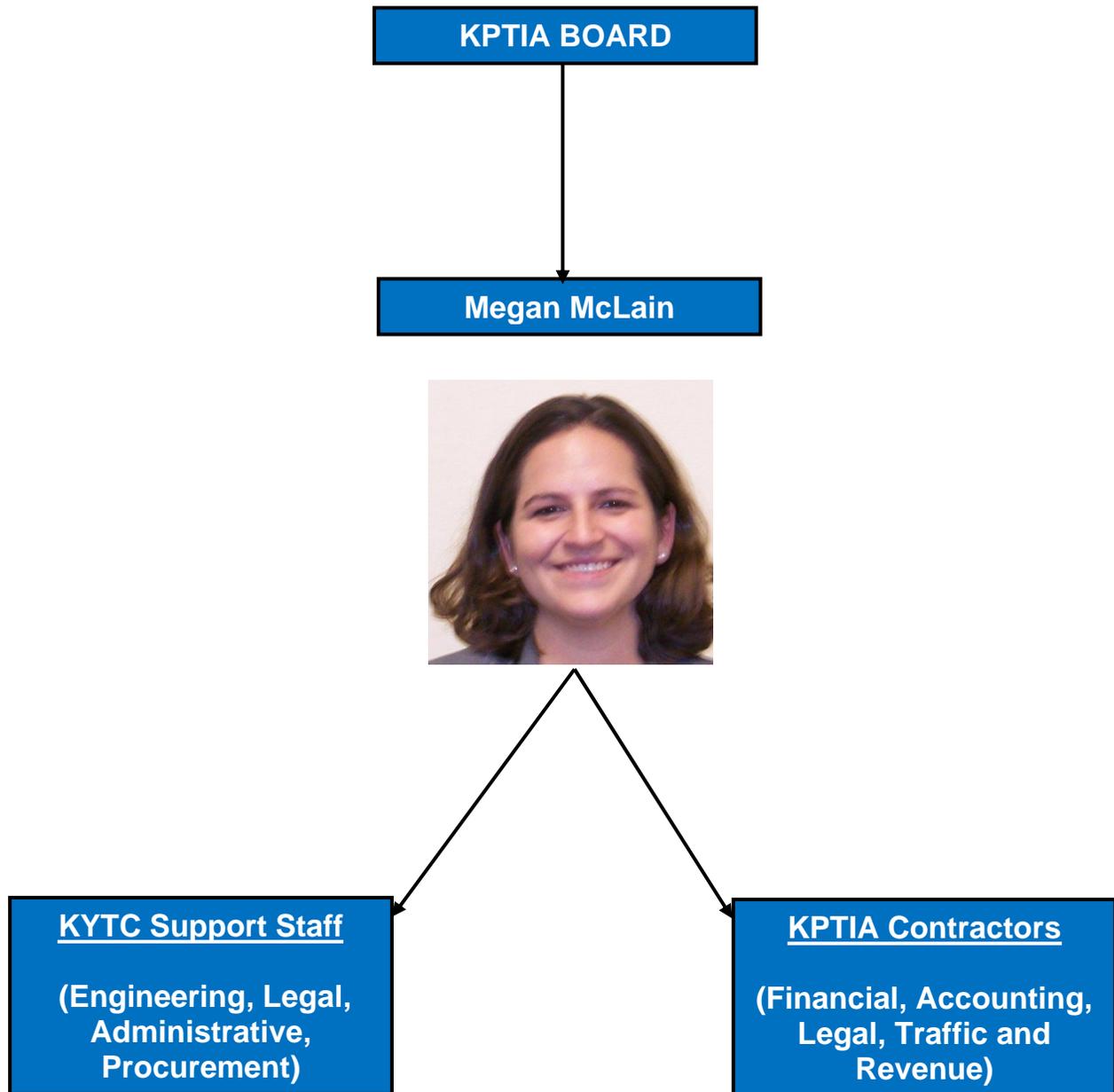
Jim Ward



Michael Walker

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

ORGANIZATIONAL CHART





FINANCIAL SECTION





MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Greg Thomas, Chairman
Kentucky Public Transportation Infrastructure Authority
Board of Directors

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying basic financial statements of Kentucky Public Transportation Infrastructure Authority (the Authority), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



Greg Thomas, Chairman
Kentucky Public Transportation Infrastructure Authority
Board of Directors

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2016 and 2015, and the respective changes in its financial position and its cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Reporting Entity

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 11 through 16 and information about infrastructure assets reported using the modified approach on pages 36 through 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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

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

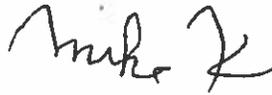
Greg Thomas, Chairman
Kentucky Public Transportation Infrastructure Authority
Board of Directors

The Introductory and Statistical sections presented in the report on pages 1 through 7 and 40 through 58 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2016 on our consideration of Authority's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Harmon".

Mike Harmon
Auditor of Public Accounts

December 12, 2016

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND 2015

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, 2016 and 2015. 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 will complete an outer loop around the greater Louisville area and continuing north of the Ohio River to connect to Interstate 65; a Downtown Crossing including a new I-65 bridge for northbound traffic; a revamped John F. Kennedy Memorial Bridge for southbound traffic, and rebuilding of the downtown interchange on both sides of the Ohio River. Kentucky is responsible for financing, reconstruction and operational improvements of the Downtown Crossing Bridges; and Indiana is responsible for financing and constructing the East End Crossing. During fiscal year 2014, the Authority finalized the financing package for the Downtown Crossing Bridges through the sale of \$364.5 million Toll Revenue Bonds and \$452.2 million Toll Revenue Bond Anticipation Notes. The Bond Anticipation Notes will be refunded in 2017 with the proceeds of a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan also approved during fiscal year 2014. Project revenues will be used to repay the Toll Revenue Bonds and TIFIA Loan as well as to pay for operations and maintenance on the project. These transactions provided approximately \$592 million in project construction funds with the remaining proceeds used for capitalized interest, debt service reserve funding and costs of issuance. More detailed information about the LSIORBP can be obtained at the project website www.kyinbridges.com.

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, 2016 AND 2015

FINANCIAL HIGHLIGHTS

- Cash and cash equivalents decreased from \$124,653,000 to approximately \$2,863,000 in 2016 and increased from \$104,446,000 to approximately \$124,653,000 in 2015.
- Investments decreased from \$231,948,000 to approximately \$115,754,000 in 2016 and decreased from \$543,310,000 to approximately \$231,948,000 in 2015.
- Capital assets increased from approximately \$861,092,000 to \$1,036,754,000 in 2016 and increased from \$522,534,000 to \$861,092,000 in 2015.
- The Authority's total debt decreased from \$760,715,000 to approximately \$758,016,000 in 2016 and decreased from \$763,407,000 to \$760,715,000 in 2015.

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 other than management's discussion and analysis. 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 20 through 35.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND 2015

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Financial Information Statements of Net Position As of June 30

	2016	% Increase (Decrease)	2015	% Increase (Decrease)	2014
Assets:					
Current assets	\$ 86,146,776	(59)%	\$ 208,688,368	10%	\$ 190,275,062
Long-term cash and investments	32,644,663	(78)%	148,125,121	(68)%	457,719,433
Net capital assets	<u>1,036,753,871</u>	20%	<u>861,092,151</u>	65%	<u>522,533,700</u>
Total assets	<u>1,155,545,310</u>	(5)%	<u>1,217,905,640</u>	4%	<u>1,170,528,195</u>
Liabilities:					
Current liabilities	28,356,821	(22)%	36,376,366	(8)%	39,361,781
Long-term debt	<u>758,016,122</u>	0%	<u>760,715,277</u>	0%	<u>763,407,058</u>
Total liabilities	<u>786,372,943</u>	(1)%	<u>797,091,643</u>	(1)%	<u>802,768,839</u>
Net position:					
Net investment in capital assets	437,834,799	2%	429,759,696	16%	371,792,541
Unrestricted net position (deficit)	<u>(68,662,432)</u>	668%	<u>(8,945,699)</u>	122%	<u>(4,033,185)</u>
Total net position	<u>\$ 369,172,367</u>	(12)%	<u>\$ 420,813,997</u>	14%	<u>\$ 367,759,356</u>

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

During 2016, the Authority's total cash and cash equivalents and investments decreased approximately \$121,790,000 from continued construction costs and debt interest payments.

At June 30, 2016, investments consist of a current portion of approximately \$83,109,000 and a non-current portion of approximately \$32,645,000. As of June 30, 2016, the current portion is representative of short-term investments in the Commonwealth's cash and investment pool. The non-current portion is representative of the Authority's investments maintained within the Commonwealth's cash and investment pool and other investments with maturities greater than one year.

Capital assets increased in 2016 by approximately \$175,662,000 resulting from the continued construction of the Downtown Crossing.

Total liabilities primarily consist of current and non-current portions of revenue bonds and revenue bond anticipation notes payable and related accrued interest thereon. During fiscal year 2016, long-term debt decreased approximately \$2,699,000.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND 2015

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

	2016	% Increase (Decrease)	2015	% Increase (Decrease)	2014
Operating expenses	\$ 60,510,002	1050%	\$ 5,260,859	1170%	\$ 414,247
Operating loss	(60,510,002)	1050%	(5,260,859)	1170%	(414,247)
Nonoperating revenues (expenses):					
Interest earned on investments	128	(47)%	241	80%	134
Intergovernmental revenues	793,141	128%	348,104	(16)%	414,247
Costs of issuance on revenue bonds and bond anticipation notes	-0-	0%	-0-	(100)%	(4,033,319)
Total nonoperating revenues (expenses)	793,269	128%	348,345	(110)%	(3,618,938)
Contributed capital from KYTC	8,075,103	(91)%	91,947,020	(75)%	371,792,541
Contributions to KYTC	-0-	(100)%	(33,979,865)	100%	-0-
Change in net position	(51,641,630)	(197)%	53,054,641	(86)%	367,759,356
Net position, beginning of year	420,813,997	14%	367,759,356	100%	-0-
Net position, end of year	<u>\$ 369,172,367</u>	(12)%	<u>\$ 420,813,997</u>	14%	<u>\$ 367,759,356</u>

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

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. Contributions to KYTC represent preservation payments made by the Authority on infrastructure that was transferred to the Authority on June 2, 2015. These costs were incurred prior to the date of the transfer, see capital assets section below for further detail.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016 AND 2015

LONG-TERM DEBT

At June 30, 2016, the Authority had approximately \$758,016,000 in bonds and notes payable outstanding, net of unamortized premiums and discounts, which is a decrease from \$760,715,000 as of June 30, 2015 and a decrease from \$763,407,000 as of June 30, 2014. The decrease in 2016 and 2015 is a result of the amortized premium and discounts.

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

The Authority's outstanding debt at June 30:

	2016	% Increase (Decrease)	2015	% Increase (Decrease)	2014
First tier toll revenue bonds	\$ 364,525,000	0%	\$ 364,525,000	0%	\$ 364,525,000
Subordinate toll revenue bond anticipation notes	452,200,000	0%	452,200,000	0%	452,200,000
Unamortized premiums	11,596,834	(50)%	23,193,664	(33)%	34,758,810
Unamortized discounts	<u>(70,305,712)</u>	(11)%	<u>(79,203,387)</u>	(10)%	<u>(88,076,752)</u>
Total	<u>\$ 758,016,122</u>	0%	<u>\$ 760,715,277</u>	0%	<u>\$ 763,407,058</u>

CAPITAL ASSETS

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

For financial reporting purposes the Authority has elected to utilize the "Modified Approach" for reporting infrastructure assets as defined in GASB (Government Accounting Standards Board) Statement Number 34 "*Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.*" Under this alternative method of financial reporting the Authority expenses certain maintenance and preservation costs and will not report depreciation expense. GASB 34 requires infrastructure assets being reported under the modified approach to present certain information on the preservation and maintenance, including, assessed condition levels, of those assets to be included in RSI. See the RSI included after the notes to the financial statements. Because the project has been under significant construction, no condition assessment was updated or reported for the current fiscal year. All costs of maintaining the assets during construction were paid from project construction funds through payment to the contractor for the downtown crossing.

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 7 to the financial statements.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016 AND 2015

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: Megan McLain, 200 Mero Street, Frankfort, Kentucky, 40622.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF NET POSITION JUNE 30, 2016 AND 2015

	2016	2015
Assets:		
Current assets:		
Cash and cash equivalents-restricted	\$ 2,863,209	\$ 124,653,043
Investments-restricted	83,109,251	83,822,910
Accrued interest receivable	174,316	212,415
Total current assets	86,146,776	208,688,368
Noncurrent assets:		
Investments-restricted	32,644,663	148,125,121
Capital assets:		
Right-of-way easements	7,087,960	7,087,960
Infrastructure	44,263,171	23,420,539
Construction in progress	985,402,740	830,583,652
Net capital assets	1,036,753,871	861,092,151
Total noncurrent assets	1,069,398,534	1,009,217,272
Total assets	\$ 1,155,545,310	\$ 1,217,905,640
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	\$ 12,181,869	\$ 20,201,414
Accrued interest payable	16,174,952	16,174,952
Total current liabilities	28,356,821	36,376,366
Noncurrent liabilities:		
Long term debt, including unamortized net discounts of \$58,708,878 and \$56,009,723, respectively	758,016,122	760,715,277
Total liabilities	786,372,943	797,091,643
Net position:		
Net investment in capital assets	437,834,799	429,759,696
Unrestricted (deficit)	(68,662,432)	(8,945,699)
Total net position	\$ 369,172,367	\$ 420,813,997

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, 2016 AND 2015

	2016	2015
Operating expenses:		
Maintenance	\$ 59,716,861	\$ 4,912,755
General administration	793,141	348,104
Total operating expenses	60,510,002	5,260,859
Operating loss	(60,510,002)	(5,260,859)
Nonoperating revenues (expenses):		
Interest earned on investments	128	241
Intergovernmental revenues	793,141	348,104
Total nonoperating revenues (expenses)	793,269	348,345
Contributed capital from KYTC	8,075,103	91,947,020
Contributions to KYTC	-0-	(33,979,865)
Change in net position	(51,641,630)	53,054,641
Net position, beginning of year	420,813,997	367,759,356
Net position, end of year	\$ 369,172,367	\$ 420,813,997

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating activities:		
Payments to service providers	\$ (59,716,861)	\$ (4,912,755)
Net cash flows from operating activities	(59,716,861)	(4,912,755)
Capital and related financing activities:		
Payments to service providers	-0-	(22,656,514)
Interest paid on long-term debt outstanding	(32,349,904)	(33,338,373)
Acquisition and construction of capital assets	(146,510,895)	(231,375,144)
Net cash flows from capital and related financing activities	(178,860,799)	(287,370,031)
Investing activities:		
Purchase of investments	(442,891)	(250,895)
Proceeds from sales and maturities of investments	116,637,007	311,612,483
Interest received	593,710	1,127,747
Net cash flows from investing activities	116,787,826	312,489,335
Net change in cash and cash equivalents	(121,789,834)	20,206,549
Cash and cash equivalents, beginning of year	124,653,043	104,446,494
Cash and cash equivalents, end of year	\$ 2,863,209	\$ 124,653,043
Reconciliation of cash presentation to cash and cash equivalents:		
Cash and cash equivalents - restricted	\$ 2,863,209	\$ 124,653,043
Total cash and cash equivalents	\$ 2,863,209	\$ 124,653,043
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ (60,510,002)	\$ (5,260,859)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	793,141	348,104
Net cash flows from operating activities	\$ (59,716,861)	\$ (4,912,755)
Supplemental schedule of noncash capital and related financing activities:		
Construction in progress contributed as capital from KYTC	\$ 8,075,103	\$ 2,025,299
Infrastructure and right of way contributed from KYTC	\$ -0-	\$ 89,921,721
Interest costs capitalized and accrued	\$ 29,095,265	\$ 14,443,701
Capital assets included in accounts payable	\$ 12,181,869	\$ 20,201,414

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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 nine voting members; Chairman Greg Thomas, Vice Chair William M. Landrum III, Steve Austin, Charles Buddeke, Don Kelly, Harold McKinney, Glenn Mitchell, Michael Walker, and James Ward. The Authority is attached administratively to the Kentucky Transportation Cabinet (KYTC) and relies exclusively on KYTC staff to operate. Currently, the Authority is engaged in overseeing a single project, the Louisville-Southern Indiana Ohio River Bridges Project (LSIORBP), as described below. More information on the Authority can be obtained by visiting their website at <http://transportation.ky.gov/KPTIA>.

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

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

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, 2016 AND 2015

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, 2016 AND 2015

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

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

Cash and Cash Equivalents

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash and cash equivalents consist of unspent proceeds received from the issuance of bonds and anticipation notes described in Note 3 and Note 6. The unspent proceeds are restricted for use in accordance with the bond and anticipation notes documents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of net position. Unrealized gains and losses are included in the changes in net position in the accompanying statements of revenues, expenses, and changes in net position. Restricted investments consist of unspent proceeds received from the issuance of bonds and anticipation notes described in Note 4 and Note 6 that are invested in U.S. Treasuries. The unspent proceeds are restricted for use in accordance with the bond and anticipation notes documents.

Capital Assets

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

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Total interest charged during the years ended June 30, 2016 and 2015 was \$32,349,903. Capitalized interest, net of related interest earned on debt proceeds amounted to \$28,882,850 and \$28,556,923 for the years ended June 30, 2016 and 2015, respectively.

Operating Revenues and Expenses

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

Contributed Capital

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

3. CASH DEPOSITS

Cash includes amounts on deposit with the Commonwealth's cash and investment pool and cash held by Bank of New York Mellon (the Trustee). See the Commonwealth's Comprehensive Annual Financial Report for the year ended June 30, 2016, for disclosure of the credit risk classifications of the cash and investment pool. The carrying amount of the Authority's cash and cash equivalents invested in the Commonwealth's cash and investment pool balance was \$2,863,209 and \$124,653,043 at June 30, 2016 and 2015, respectively.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

4. INVESTMENTS

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

All project funds are held in a segregated account with the Commonwealth's investment pools. These are reported at fair value. The State Investment Commission has statutory responsibility and authority to safeguard the funds. See the Commonwealth's Comprehensive Annual Financial Report for the years ended June 30, 2016 and 2015, for disclosure of the credit risk classifications of the additional cash and investment pool.

All remaining funds are held with the bond trustee, Bank of New York Mellon. The following schedule presents the carrying amounts of investments by maturity at June 30, 2016:

Investment	Fair Value	Maturity	Rate
U.S. Treasury Notes State and Local Governments Series	\$ 15,579,540	7/1/2016	0.44%
U.S. Treasury Notes State and Local Governments Series	15,613,815	1/1/2017	0.62%
U.S. Treasury Notes State and Local Governments Series	15,662,217	7/1/2017	0.83%
U.S. Treasury Notes State and Local Governments Series	5,123,091	1/1/2018	1.04%
Fidelity Treasury Money Market Fund	51,915,896	N/A	0.00%
	103,894,559		
Investments in state pool	11,859,355		
Total	115,753,914		
Less: current portion	83,109,251		
Long-term investments	\$ 32,644,663		

The following schedule presents the carrying amounts of investments by maturity at June 30, 2015:

Investment	Fair Value	Maturity	Rate
U.S. Treasury Notes State and Local Governments Series			
U.S. Treasury Notes State and Local Governments Series	\$ 15,541,441	7/1/2015	0.20%
U.S. Treasury Notes State and Local Governments Series	15,556,983	1/1/2016	0.29%
U.S. Treasury Notes State and Local Governments Series	15,579,540	7/1/2016	0.44%
U.S. Treasury Notes State and Local Governments Series	15,613,815	1/1/2017	0.62%
U.S. Treasury Notes State and Local Governments Series	15,662,217	7/1/2017	0.83%
U.S. Treasury Notes State and Local Governments Series	5,123,089	1/1/2018	1.04%
Fidelity Treasury Money Market Fund	52,724,488	N/A	0.01%
	135,801,573		
Investments in state pool	96,146,458		
Total	231,948,031		
Less: current portion	83,822,910		
Long-term investments	\$ 148,125,121		

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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, 2016, 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. The credit ratings and concentration by issuer of the Authority's investments is as follows at June 30, 2016:

	<u>Fair Value</u>	<u>Rating</u>	<u>Percent</u>
U.S. Treasury Notes State and Local Governments Series	51,978,663	U.S. Treasuries	50.03%
Fidelity Treasury Money Market Fund	<u>51,915,896</u>	Unrated	<u>49.97%</u>
Total investments	<u>\$ 103,894,559</u>		<u>100.00%</u>

The credit ratings and concentration by issuer of the Authority's investments is as follows at June 30, 2015:

	<u>Fair Value</u>	<u>Rating</u>	<u>Percent</u>
U.S. Treasury Notes State and Local Governments Series	83,077,085	U.S. Treasuries	61.18%
Fidelity Treasury Money Market Fund	<u>52,724,488</u>	Unrated	<u>38.82%</u>
Total investments	<u>\$ 135,801,573</u>		<u>100.00%</u>

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

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

5. 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:

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NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation 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, 2016 and 2015 are as follows:

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 2016 or 2015.

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -0-	\$ 51,978,663	\$ -0-	\$ 51,978,663
Money market mutual funds	-0-	51,915,896	-0-	51,915,896
Investment's held in the Commonwealth investment Pool	-0-	11,859,355	-0-	11,859,355
Total assets at fair value	<u>\$ -0-</u>	<u>\$ 115,753,914</u>	<u>\$ -0-</u>	<u>\$ 115,753,914</u>

	Assets at Fair Value as of June 30, 2015			
	Level 1	Level 2	Level 3	Total
U.S. government securities	\$ -0-	\$ 83,077,085	\$ -0-	\$ 83,077,085
Money market mutual funds	-0-	52,724,488	-0-	52,724,488
Investment's held in the Commonwealth investment Pool	-0-	96,146,458	-0-	96,146,458
Total assets at fair value	<u>\$ -0-</u>	<u>\$ 231,948,031</u>	<u>\$ -0-</u>	<u>\$ 231,948,031</u>

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

6. REVENUE BOND FUND ACCOUNTS

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash, cash equivalents and investments at June 30, 2016 are summarized below:

	Money Market Mutual Funds	U.S. Treasuries	Total
Debt Service Reserve Funds	\$ 46,146,291	\$ -0-	\$ 46,146,291
Capitalized Interest Fund	1,361,615	51,978,663	53,340,278
Tolling O&M Reserve Fund	4,407,975	-0-	4,407,975
General O&M Reserve Fund	15	-0-	15
Total	\$ 51,915,896	\$ 51,978,663	\$ 103,894,559

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash, cash equivalents and investments at June 30, 2015 are summarized below:

	Money Market Mutual Funds	U.S. Treasuries	Total
Debt Service Reserve Funds	\$ 46,116,455	\$ -0-	\$ 46,116,455
Capitalized Interest Fund	2,202,893	83,077,085	85,279,978
Tolling O&M Reserve Fund	4,405,125	-0-	4,405,125
General O&M Reserve Fund	15	-0-	15
Total	\$ 52,724,488	\$ 83,077,085	\$ 135,801,573

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

- A. Authority System Revenue Fund - This fund receives all Pledged Receipts and other moneys received by the Authority except for funds required to be deposited into another fund by the General Trust Indenture.
- B. Project Funds - Funds deposited into the project funds shall be expended only for the purpose of paying costs of the Project.
- C. Cost of Issuance Fund - Designated to pay the costs of issuance established for each series, as specified in the respective Series Trust Indentures.
- D. Debt Service Funds
 - a) First Tier Debt Service Account - Designated to pay the principal and interest on the First Tier Bonds.
 - b) First Tier Common Debt Service Reserve Account and within such Account, a "Proceeds Subaccount" and a "Revenue Subaccount" - Designated a reserve for the payment of principal and interest on First Tier Bonds that are not TIFIA

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

- Bonds when funds for that purpose are available in the First Tier Debt Service Account.
- c) Second Tier Debt Service Account - Designated to pay the principal and interest on the Second Tier Bonds.
 - d) Second Tier Common Debt Service Reserve Account - Designated a reserve for the payment of principal and interest on Second Tier Bonds when funds for that purpose are available in the Second Tier Debt Service Account.
 - e) Third Tier Debt Service Account - Designated to pay the principal and interest on the Third Tier Bonds.
 - f) Third Tier Common Debt Service Reserve Account - Designated a reserve for the payment of principal and interest on Third Tier Bonds when funds for that purpose are available in the Third Tier Debt Service Account.
- E. Redemption Fund - Designated for the redemption of outstanding bonds or bond anticipation obligations.
- F. Tolling Operation & Maintenance (O&M) Reserve Fund - Designated to pay Toll System Collection Expenses for the current fiscal year as reflected in the Authority System Budget.
- G. General O&M Reserve Fund - Designated to pay General O&M Expenses for the current fiscal year as reflected in the Authority System Budget.
- H. M&R Reserve Fund - Designated to pay M&R Expenses for the current fiscal year as reflected in the then-current capital improvement program and Authority System Budget and to pay any other M&R expenses that must be incurred to restore or maintain any portion of the Authority System in a safe operating condition. M&R expenses represent lifecycle costs and/or capital costs necessary to continue to maintain the Authority System in good operating order and that are not normally recurring costs.
- I. Lease Payment Fund - Funds designated to pay amounts due from the Authority to KYTC under the Lease Agreement.
- J. General Reserve Fund - Designated to pay expenses relating to the Authority System, providing for debt service on bonds or as may otherwise be permitted by the Act or required by the Development Agreement, Lease Agreement, or the Inter-local Agreement, including, but not limited to fees and expenses of credit providers, hedge termination payments, and the payment of the debt service on any subordinated bonds.
- K. Rebate Fund - Designated for the collection and payment of earnings from “non-purpose investments” in excess of the amount which said investments would have earned at a rate equal to the “yield” on the applicable bonds, plus any income attributable to such excess.
- L. Capitalized Interest Fund - Designated for the payment of interest, when due, on the
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KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

bonds and notes.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Infrastructure	\$ 23,420,539	\$ 20,842,632	\$ -0-	\$ 44,263,171
Right of Way easements	7,087,960	-0-	-0-	7,087,960
Construction in Progress	830,583,652	175,661,720	(20,842,632)	985,402,740
Total Capital Assets	\$ 861,092,151	\$ 196,504,352	\$ (20,842,632)	\$ 1,036,753,871

During the year ended June 30, 2015, a deed of conveyance was executed that transferred the ownership of a previously existing infrastructure and right of way easements owned by the Commonwealth to KPITA. Total infrastructure and right of way contributions from the Commonwealth totaled \$91,947,020 during the year ended June 30, 2015.

Capital asset activity for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Infrastructure	\$ -0-	23,420,539	-0-	23,420,539
Right of Way easements	-0-	7,087,960	-0-	7,087,960
Construction in Progress	522,533,700	308,049,952	-0-	830,583,652
Total Capital Assets	\$ 522,533,700	\$ 338,558,451	\$ -0-	\$ 861,092,151

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

8. LONG-TERM LIABILITIES

Long-term debt consists of the following at June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
First Tier Toll Revenue Bonds, Series 2013A Current Interest Bonds; interest fixed at rates ranging from 5.75% to 6.00%, due semi-annually; principal due July 1, 2049 and July 1, 2053 with mandatory sinking fund redemption in part prior to maturity beginning July 1, 2046.	\$ 174,865,000	\$ 174,865,000
First Tier Toll Revenue Bonds, Series 2013B Capital Appreciation Bonds; interest fixed at rates ranging from 3.75% to 6.65% will not be paid on a current basis, but will be added to the principal amount on a semi-annual basis; principal due annually beginning July 1, 2019 through July 1, 2032.	52,185,000	52,185,000
First Tier Toll Revenue Bonds, Series 2013C Convertible Capital Appreciation Bonds; interest fixed at rates ranging from 6.40% to 6.875% will not be paid on a current basis prior to the conversion date, but will be added to the principal amount on a semi-annual basis; principal due annually beginning July 1, 2033 through July 1, 2046.	137,475,000	137,475,000
Subordinate Toll Revenue Bond Anticipation Notes, Tax Exempt Series 2013A; interest fixed at rates ranging from 3.00% to 5.00%, due semi-annually; principal due July 1, 2017.	426,045,000	426,045,000
Subordinate Toll Revenue Bond Anticipation Notes, Taxable Series 2013B; interest fixed at 3.22%, due semi-annually; principal due July 1, 2017.	<u>26,155,000</u>	<u>26,155,000</u>
Total	816,725,000	816,725,000
Unamortized premium	11,596,834	23,193,664
Unamortized discount	<u>(70,305,712)</u>	<u>(79,203,387)</u>
	<u>\$ 758,016,122</u>	<u>\$ 760,715,277</u>

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

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, 2016, no rent payments have been made by the KYTC under the terms of the lease.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ -0-	\$ 32,349,904	\$ 32,349,904
2018	452,200,000	21,324,680	473,524,680
2019	-0-	10,299,463	10,299,463
2020	555,000	10,299,463	10,854,463
2021	3,955,000	10,299,463	14,254,463
2022-2026	22,415,000	74,541,725	96,956,725
2027-2031	17,395,000	97,586,137	114,981,137
2032-2036	26,555,000	95,837,186	122,392,186
2037-2041	46,940,000	84,581,104	131,521,104
2042-2046	70,845,000	64,578,956	135,423,956
2047-2051	100,350,000	37,982,593	138,332,593
2052-2054	75,515,000	6,972,150	82,487,150
Total	<u>\$ 816,725,000</u>	<u>\$ 546,652,824</u>	<u>\$ 1,363,377,824</u>

The Authority entered into a loan agreement with the U.S. Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to refund the Subordinate Toll Revenue Bond Anticipation Notes on July 1, 2017. The TIFIA loan will bear interest at 3.9% with principal and interest due semi-annually beginning July 1, 2018 through July 1, 2051. The balance of the TIFIA loan at June 30, 2016 and 2015 was \$0.

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2016:

	<u>Balance June 30, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2016</u>
Bonds principal payable	\$ 816,725,000	\$ -0-	\$ -0-	\$ 816,725,000
Unamortized premiums	\$ 23,193,664	-0-	11,596,830	11,596,834
Unamortized discounts	\$ (79,203,387)	-0-	(8,897,675)	(70,305,712)
	<u>\$ 760,715,277</u>	<u>\$ -0-</u>	<u>\$ 2,699,155</u>	<u>\$ 758,016,122</u>

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Bonds principal payable	\$ 816,725,000	\$ -0-	\$ -0-	\$ 816,725,000
Unamortized premiums	34,758,810	-0-	11,565,146	23,193,664
Unamortized discounts	(88,076,752)	-0-	(8,873,365)	(79,203,387)
	<u>\$ 763,407,058</u>	<u>\$ -0-</u>	<u>\$ 2,691,781</u>	<u>\$ 760,715,277</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 cash and investments are restricted for use by the trust indentures which restrict the manner in which the bond and bond anticipation note proceeds may be spent.

Restricted assets consist of the following at June 30, 2016 and 2015:

	2016	2015
Restricted for capital projects	\$ 14,722,564	\$ 220,799,501
Restricted for debt service	99,486,569	131,396,433
Restricted for maintenance reserves	4,407,990	4,405,140
Total	<u>\$ 118,617,123</u>	<u>\$ 356,601,074</u>

10. RELATED PARTY TRANSACTIONS

The Authority received the benefit of accounting, legal, and administrative services from KYTC for 2016 and 2015. The cost of these services was directly charged to the accounts of the Authority. Amounts capitalized into construction in progress for engineering and administrative services and included in the capital contribution on the statement of revenues, expenses, and changes in net position amounted to \$961,803 and \$833,936 for the years ended June 30, 2016 and 2015, respectively. Amounts charged to expense for accounting, legal, and administrative services and included in intergovernmental revenues on the statement of revenues, expenses, and changes in net position amounted to \$265,925 and \$177,463 for the years ended June 30, 2016 and 2015, respectively. The total amount of services contributed amounted to \$1,227,728 and \$1,011,399 for the years ended June 30, 2016 and 2015, respectively. In addition, KYTC paid certain invoices on behalf of the Authority totaling \$527,216 and \$170,641 for the years ended June 30, 2016 and 2015, respectively, which are also included in intergovernmental revenues on the statement of revenues, expenses, and changes in net position.

The Authority received \$8,075,103 and \$91,947,020 in capital contributions from KYTC

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

during the years ended June 30, 2016 and 2015, respectively. The contributions in both years related to construction work completed on Kentucky roads, bridge approaches, and right-of-way related to the bridge construction project. In addition, included in the \$91,947,020 capital contributions from KYTC during the year ended June 30, 2015, \$89,921,721 related to a transfer of previously existing bridges, bridge approaches, and right-of way related to the bridge construction project via a deed of conveyance that was recorded on June 2, 2015.

Additionally, the Authority contributed \$33,979,865 to KYTC during the year ended June 30, 2015, related to maintenance work completed on Kentucky roads, bridge approaches, and right-of-way related to the bridge construction project prior to the recording to the deed transferring ownership of the infrastructure assets from KYTC to KPTIA.

The Authority received the benefit of consultant services from the Finance and Administration Cabinet for 2016 and 2015. 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 2016 and 2015, 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.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

The LSIORBP structures will be ultimately owned 50% by Indiana and 50% by Kentucky and are expected to cost \$2.6 billion. Kentucky's portion of the total project cost is estimated to be \$1.3 billion and Indiana's portion is estimated to be \$1.3 billion. Kentucky has financed its portion of the LSIORBP partially through the Authority. 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.

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

The Commonwealth parties have spent approximately \$1 billion to date and the State of Indiana has spent approximately \$536 million to date. The Commonwealth's expenditures are included in construction in progress and reflected in the statement of revenues, expenses, and changes in net position within contributed capital and beginning net position.

The 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 entered into a contract with Kapsch TrafficCom for the installation and operation of the toll system. The toll installation and operations contract will expire seven years after the date tolling begins on the LSIORBP. The contractor will be paid \$12,567,405 for the installation of the toll system and will be paid approximately \$4 million per year for the operation and maintenance of the toll system. 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 \$1,960,000 for the installation work performed during the year ended June 30, 2016. This total is included in the construction costs for the LSIORBP for project.

Toll Oversight: As authorized by Joint Board resolution JB 2016-3, the Indiana Department of Transportation amended their existing contract with Parsons to include work related to oversight and inspection of the installation and operations of the toll system. The oversight and inspection contract will expire in fiscal year 2017. 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 \$547,000 for work performed under this contract during the year ended June 30, 2016. This total is included in the construction costs for the LSIORBP as toll oversight.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

Toll Marketing: As authorized by Joint Board resolution JB 2014-4, the Kentucky Transportation Cabinet entered into an agreement with New West for work related to marketing and communications for the toll system. The toll marketing contract will expire in August of FY 2017. 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 \$623,000 for work performed under this contract in the year ended June 30, 2016. This total is included in the construction costs of the LSIORBP as federal non participating funds.

Revenue Control Manager: As authorized by Joint Board resolution JB 2015-2, the Cabinet entered into an agreement with KPMG to provide revenue control manager services for the toll system. The revenue control manager contract will expire at the end of FY 2018. 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 \$80,000 for the work performed under this contract in the year ended June 30, 2016. This total was paid from project construction funds.

13. NEW STANDARDS IMPLEMENTATION

During 2016, the Authority implemented **GASB Statement No. 72, *Fair Value Measurement and Application***. This standard enhanced the comparability of financial statements among governments by requiring the measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also provided enhanced fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S DISCUSSION AND
ANALYSIS**

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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.

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.

The Authority's assets accounted for, under the modified approach, include approximately 56.1 lane miles of roads and 42 bridge structures. As the developer for the LSIORBP, as designated in House Bill 2 enacted by the Kentucky General Assembly in 2012, the Authority is responsible for maintaining the assets. The Authority's pavement condition assessments will be relaxed during construction; however, bridge inspections will continue until access to structures is restricted by construction activities. Once the LSIORB is complete, it is planned the Authority and the Cabinet will enter into a memorandum of agreement through which the Cabinet will resume responsibility for condition inspections, maintenance and preservation activities on behalf of the Authority.

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."

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

Assessed Conditions

The Authority received the title to the 15.9 lane miles of roadways during the year ended June 30, 2015. As the roadways were received during the fiscal year, previous condition assessments have been reported by the Cabinet. The condition assessment at the time of conveyance met or exceeded the Cabinet's established minimum condition level. The pavement condition goal above represents the Cabinet's goal for the Commonwealth's state maintained highway system. The actual conditions of the pavements for which the Authority is responsible may or may not meet this stated goal for the reporting period due to delayed preservation activities. The LSIORBP has required a lengthy planning and development period and in anticipation of the reconstruction of the assets much of the preservation work has been postponed; thus, pavement conditions may temporarily be below the statewide condition goal. Routine pavement inspections have continued and required maintenance has been performed prior to construction to insure that payments are safe and reliable. Once construction is complete, the Authority will work with the Cabinet to adopt pavement condition goals for the LSIORBP assets.

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.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

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.

Assessed Conditions

A bridge coded 4 or less for its deck, superstructure, or substructure, or coded 2 or less for its structural evaluation or waterway adequacy is classified as "structurally deficient." A structurally deficient bridge is inadequate to carry legal loads, whether caused by structural deterioration, obsolete design standards, or an insufficient waterway opening. A bridge coded 3 or less for its structural evaluation, deck geometry, vertical or horizontal underclearance, water adequacy, or approach roadway alignment is classified as "functionally obsolete." A functionally obsolete bridge cannot properly accommodate the current traffic. The following table reports the percentage of bridges whose condition was assessed as "structurally deficient" in the corresponding year:

<u>Calendar Year</u>	<u>Structurally Deficient</u>	<u>Deck Area Structurally deficient</u>
2015	43%	42%
2016	Not reported due to ongoing construction	

The bridge condition goals above represent the Cabinet's goal for all structures located on the Commonwealth's state maintained highway system. The actual conditions of the bridges for which the Authority is responsible did not meet this stated goal in 2015 and was not reported in 2016. The LSIORBP has required a lengthy planning and development period and in anticipation of the construction activities much of the needed preservation works was postponed. For the reporting period, the LSIORBP area was under active construction and the condition of the bridges in the area could not be assessed and was the responsibility of the contractor. During construction, however, routine inspections have continued and required maintenance has been performed to insure all bridges are safe for traffic. Construction activities are well underway and will either fully preserve or replace all existing bridge structures, restoring the asset's conditions to above goal levels. Once construction is completed, the Authority will work with the Cabinet to adopt bridge condition goals for the LSIORBP assets. The Authority received the title to the bridges during the year ended June 30, 2015 and as such historical condition assessments are not reported by the Authority.

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:

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2016

	<u>Roadways</u>	<u>Bridges</u>	<u>Total</u>
Fiscal Year 2015	\$ 4,912,755	\$ -0-	\$ 4,912,755
Fiscal Year 2016	\$ 42,252,627	\$ 17,464,234	\$ 59,716,861
Estimated 2016	\$ -0-	\$ -0-	\$ -0-
Estimated 2017	\$ 132,000	\$ 250,000	\$ 382,000

Note: Estimated costs for roadways was not developed for the years ended June 30, 2016 and 2015 by the Authority as the date of transfer of assets was uncertain and given the significant expansion and the extensive reconstruction of the site.



STATISTICAL SECTION



KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

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 40-42

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 43-52

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

Debt Capacity

Page 53

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

Revenue Capacity

Pages 54-56

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

Demographic and Economic Information

Pages 57-58

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

	Schedule 1				
	Net Position by Component				
	Last Five Fiscal Years				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net investment in capital assets	\$ 437,834,799	\$ 429,759,696	\$ 371,792,541	\$ -0-	\$ -0-
Restricted	-0-	-0-	-0-	-0-	-0-
Unrestricted	<u>(68,662,432)</u>	<u>(8,945,699)</u>	<u>(4,033,185)</u>	<u>-0-</u>	<u>-0-</u>
Total net position	<u>\$ 369,172,367</u>	<u>\$ 420,813,997</u>	<u>\$ 367,759,356</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

Schedule 2 Changes in Net Position Last Five Fiscal Years

	2016	2015	2014	2013	2012
Operating Revenue					
Tolls	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Concession	-0-	-0-	-0-	-0-	-0-
Total operating revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Operating Expenses					
Tolls operations	-0-	-0-	-0-	-0-	-0-
Maintenance	59,716,861	4,912,755	-0-	-0-	-0-
General administration	793,141	348,104	414,247	-0-	-0-
Total operating expenses	<u>60,510,002</u>	<u>5,260,859</u>	<u>414,247</u>	<u>-0-</u>	<u>-0-</u>
 Operating income (loss)	 <u>(60,510,002)</u>	 <u>(5,260,859)</u>	 <u>(414,247)</u>	 <u>-0-</u>	 <u>-0-</u>
Nonoperating revenues (expenses)					
Interest earned on investments	128	241	134	-0-	-0-
Interest expense	-0-	-0-	-0-	-0-	-0-
Intergovernmental revenues	793,141	348,104	414,247	-0-	-0-
Costs of issuance on revenue bonds and bond anticipation notes	-0-	-0-	(4,033,319)	-0-	-0-
Amortization of discounts on bonds	-0-	-0-	-0-	-0-	-0-
Total nonoperating revenues (expenses)	<u>793,269</u>	<u>348,345</u>	<u>(3,618,938)</u>	<u>-0-</u>	<u>-0-</u>
Contributed Capital for KYTC	8,075,103	91,947,020	371,792,541	-0-	-0-
Contributions to KYTC	-0-	(33,979,865)	-0-	-0-	-0-
Change in net position	<u>\$ (51,641,630)</u>	<u>\$ 53,054,641</u>	<u>\$ 367,759,356</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

Schedule 3 Downtown Crossing Cash Flows Last Five Fiscal Years

	2016	2015	2014	2013	2012
Operating activities:					
Receipts from patrons	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Receipts from concessionaires	-0-	-0-	-0-	-0-	-0-
Receipts from other sources	-0-	-0-	-0-	-0-	-0-
Payments to service providers	(59,716,861)	(4,912,755)	-0-	-0-	-0-
Payments to employees	-0-	-0-	-0-	-0-	-0-
Net cash flows from operating activities	(59,716,861)	(4,912,755)	-0-	-0-	-0-
Capital and related financing activities					
Issuance of 2013 Revenue Bonds	-0-	-0-	364,525,000	-0-	-0-
Discount on issuance of 2013A Revenue Bonds	-0-	-0-	(92,939,152)	-0-	-0-
Issuance of 2013 Revenue Bond Anticipation Notes	-0-	-0-	452,200,000	-0-	-0-
Premium on issuance of 2013 Revenue Bond Anticipation Notes	-0-	-0-	41,127,561	-0-	-0-
Payment of bond issuance costs	-0-	-0-	(4,033,319)	-0-	-0-
Principal payment to retire long-term debt	-0-	-0-	-0-	-0-	-0-
Payments to service providers	-0-	(22,656,514)	-0-	-0-	-0-
Interest paid on long-term debt outstanding	(32,349,904)	(33,338,373)	-0-	-0-	-0-
Acquisition and construction of capital assets	(146,510,895)	(231,375,144)	(113,434,803)	-0-	-0-
Net cash flows from capital and related financing activities	(178,860,799)	(287,370,031)	647,445,287	-0-	-0-
Investing activities					
Purchase of investments	(442,891)	(250,895)	(548,434,070)	-0-	-0-
Proceeds from sales and maturities of investments	116,637,007	311,612,483	5,124,449	-0-	-0-
Interest received	593,710	1,127,747	310,828	-0-	-0-
Net cash flows from investing activities	116,787,826	312,489,335	(542,998,793)	-0-	-0-
Net change in cash and cash equivalents	(121,789,834)	20,206,549	104,446,494	-0-	-0-
Cash and cash equivalents, beginning of year	124,653,043	104,446,494	-0-	-0-	-0-
Cash and cash equivalents, end of year	\$ 2,863,209	\$ 124,653,043	\$ 104,446,494	\$ -0-	\$ -0-

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

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

	2016	2015	2014	2013	2012
Toll revenues:					
E-ZPass	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Video billing	-0-	-0-	-0-	-0-	-0-
Percentages of toll revenues:					
E-ZPass	-0-%	-0-%	-0-%	-0-%	-0-%
Video billing	-0-%	-0-%	-0-%	-0-%	-0-%
Toll transactions:					
E-ZPass	-0-	-0-	-0-	-0-	-0-
Video billing	-0-	-0-	-0-	-0-	-0-
Percentages of toll transactions:					
E-ZPass	-0-%	-0-%	-0-%	-0-%	-0-%
Video billing	-0-%	-0-%	-0-%	-0-%	-0-%
Downtown Crossing:					
Two-axle	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Medium trucks	-0-	-0-	-0-	-0-	-0-
Heavy trucks	-0-	-0-	-0-	-0-	-0-
Total	-0-	-0-	-0-	-0-	-0-
East End Crossing:					
Two-axle	-0-	-0-	-0-	-0-	-0-
Medium trucks	-0-	-0-	-0-	-0-	-0-
Heavy trucks	-0-	-0-	-0-	-0-	-0-
Total	-0-	-0-	-0-	-0-	-0-
Total Toll Revenue	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 5 Actual Versus Forecast Traffic Last Five Fiscal Years

	2016	2015	2014	2013	2012
Downtown Crossing:					
Two-Axle:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Medium trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Heavy trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Total Downtown Crossing:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
East End Crossing:					
Two-Axle:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Medium trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Heavy trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Total East End Crossing:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Total Over (under) estimate	-0-	-0-	-0-	-0-	-0-

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 6
Actual Versus Forecast Revenue
Last Five Fiscal Years

	2016	2015	2014	2013	2012
Downtown Crossing:					
Two-Axle:					
Actual	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Medium trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Heavy trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Total Downtown Crossing toll revenues:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	<u>\$ -0-</u>				
East End Crossing:					
Two-Axle:					
Actual	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Medium trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Heavy trucks:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	-0-	-0-	-0-	-0-	-0-
Total East End Crossing toll revenues:					
Actual	-0-	-0-	-0-	-0-	-0-
Estimated	-0-	-0-	-0-	-0-	-0-
Over (under) estimate	<u>\$ -0-</u>				
Total over (under) estimate	<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
JUNE 30, 2016

Schedule 7
Initial Toll Rates

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

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 8
Capital Asset Statistics
Last Five Fiscal Years

Year	2016	2015	2014	2013	2012
Lane miles:	56.1	15.9	-0-	-0-	-0-
Right-of-Way Area (acres):	367	367	-0-	-0-	-0-
Bridge Structures:	42	24	-0-	-0-	-0-

Note: During the year ended June 30, 2015, KPITA received title to certain previously existing infrastructure assets.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 9 Payments and Repayments of Rent Last Five Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Rent payments received	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Repayments of rent	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Amount owed for repayment of rent	<u>\$ -0-</u>				

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

**Schedule 10
Insurance in Force**

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 11 Employees and Contractors by Function Last Five Fiscal Years

<u>Employees</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Full-time	-0-	-0-	-0-	-0-	-0-
Part-time	-0-	-0-	-0-	-0-	-0-
Contractors:	-0-	-0-	-0-	-0-	-0-
Accounting	1	1	1	-0-	-0-
Legal	1	1	1	-0-	-0-
Financial Advisor	1	1	1	-0-	-0-

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 12
Payments to Contractors
Last Five Fiscal Years

<u>Contractor</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Walsh Construction	\$ 180,422,321	\$ 260,926,780	\$ 113,434,803	\$ -0-	\$ -0-

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 13 Safety Incidents Last Five Fiscal Years

Safety Incident	2016	2015	2014	2013	2012
Total citations	-0-	-0-	-0-	-0-	-0-
Total warnings	-0-	-0-	-0-	-0-	-0-
Motorist assists	-0-	-0-	-0-	-0-	-0-
Accidents	-0-	-0-	-0-	-0-	-0-
Fatalities	-0-	-0-	-0-	-0-	-0-

Note: The Authority was formed in FY 2012, but did not hold infrastructure until FY 2015 when the deed of conveyance was recorded for the existing Kennedy Bridge and roadway segments. The conveyance of the deed occurred during late FY 2015 and as such safety incident information is not available for the period of ownership by KPITA.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

Schedule 14 Ratios of Outstanding Debt Last Five Fiscal Years

	2016	2015	2014	2013	2012
Net revenue bonds outstanding	\$ 294,219,288	\$ 285,321,613	\$ 276,448,248	\$ -0-	\$ -0-
Net revenue bond anticipation notes outstanding	463,796,834	475,393,664	486,958,810	-0-	-0-
Total outstanding debt	<u>\$ 758,016,122</u>	<u>\$ 760,715,277</u>	<u>\$ 763,407,058</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Toll transactions:					
E-ZPass	-0-	-0-	-0-	-0-	-0-
Video billing	-0-	-0-	-0-	-0-	-0-
Total transactions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Debt per E-ZPass transaction	N/A	N/A	N/A	N/A	N/A
Debt per video billing transaction	N/A	N/A	N/A	N/A	N/A
Debt per total transaction	N/A	N/A	N/A	N/A	N/A

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 JUNE 30, 2016

Schedule 15 Pledged-Revenue Coverage Last Five Fiscal Years

	2016	2015	2014	2013	2012
Operating revenues	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Operating expenses (1)	-0-	-0-	-0-	-0-	-0-
Net revenues available for debt service	<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>				
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>				
Debt service coverage	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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

Notes:

- A) The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued.
- B) All interest paid in FY 2016, 2015 and 2014 was capitalized into construction in progress.
- C) Debt Service Coverage equals Net Revenues Available for Debt Service divided by Total Current Debt Service.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

**Schedule 16
Pledged Receipts
Last Five Fiscal Years**

	2016	2015	2014	2013	2012
Operating Revenue					
Tolls	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Concessions	-0-	-0-	-0-	-0-	-0-
Total operating revenues	-0-	-0-	-0-	-0-	-0-
Nonoperating revenues					
Lease paymemnts received	-0-	-0-	-0-	-0-	-0-
Interest earned on investments	128	241	134	-0-	-0-
Total nonoperating revenues	128	241	134	-0-	-0-
Total pledged receipts	\$ 128	\$ 241	\$ 134	\$ -0-	\$ -0-

Notes:

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2016

Schedule 17
Largest Toll Payers
Last Five Fiscal Years

<u>Toll Payer</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
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Note: The Authority was formed in FY 2012, but activity in the Authority's accounts did not occur until FY 2014 when toll revenue bonds and toll revenue bond anticipation notes were issued. Tolls are expected to commence in December 2016 based on current construction schedules.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

Schedule 18 Population and Commuting Statistics Last Three Fiscal Years

Year	County	Population	Per Capita Income	Total Personal Income (000s)	% Rate of Unemployment
2014	Bullitt, KY	77,955	\$ 35,508	\$ 2,768,061	6.0%
	Clark, IN	114,262	\$ 37,610	\$ 4,297,367	5.4%
	Floyd, IN	76,179	\$ 45,404	\$ 3,458,824	5.2%
	Harrison, IN	39,299	\$ 36,090	\$ 1,418,317	5.4%
	Jefferson, KY	760,026	\$ 45,538	\$ 34,609,792	6.3%
	Oldham, KY	63,490	\$ 50,558	\$ 3,209,900	5.2%
	Scott, IN	23,712	\$ 31,623	\$ 749,841	6.9%
2013	Bullitt, KY	76,854	\$ 32,791	\$ 2,520,121	8.0%
	Clark, IN	112,938	\$ 36,956	\$ 4,173,712	7.5%
	Floyd, IN	76,244	\$ 42,503	\$ 3,240,607	7.0%
	Harrison, IN	39,163	\$ 34,410	\$ 1,347,587	6.7%
	Jefferson, KY	756,832	\$ 44,018	\$ 33,314,513	8.8%
	Oldham, KY	62,364	\$ 49,428	\$ 3,082,540	6.8%
	Scott, IN	23,972	\$ 30,051	\$ 720,378	8.4%
2012	Bullitt, KY	75,869	\$ 32,768	\$ 2,486,090	8.7%
	Clark, IN	111,972	\$ 36,535	\$ 4,090,881	6.9%
	Floyd, IN	75,374	\$ 42,683	\$ 3,217,180	6.9%
	Harrison, IN	39,142	\$ 34,006	\$ 1,331,047	6.7%
	Jefferson, KY	750,810	\$ 43,991	\$ 33,028,892	9.1%
	Oldham, KY	61,407	\$ 49,758	\$ 3,055,463	7.2%
	Scott, IN	23,845	\$ 30,141	\$ 718,711	9.3%

Note: Data is as of June 30th of the year presented. Data for June 30, 2016 and 2015, has not been made available by the U.S. Department of Commerce.

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION JUNE 30, 2016

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

Employer	2015			2014			2013			2012		
	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	22,189	1	4%	20,931	1	3.31%	20,047	1	3.06%	20,117	1	3.11%
Jefferson County Public Schools K-12	14,719	2	2%	14,676	2	2.32%	14,269	2	2.18%	14,336	2	2.21%
Humana Inc.	12,900	3	2%	12,371	3	1.96%	11,235	3	1.72%	11,000	3	1.70%
Norton Healthcare Inc	10,739	4	2%	10,245	4	1.62%	9,666	4	1.48%	9,658	4	1.49%
Ford Motor Co.	9,028	5	1%	8,987	5	1.42%	8,347	6	1.28%	8,696	5	1.34%
University of Louisville	6,264	6	1%	6,161	7	0.97%	6,187	7	0.95%	6,273	6	0.97%
KentuckyOne Health Inc.	6,000	7	1%	5,602	9	0.89%	8,893	5	1.36%	5,898	7	0.91%
Amazon.com LLC	6,000	7	1%	*	*	*	*	*	*	*	*	*
GE Appliances & Lighting	6,000	7	1%	6,230	8	0.99%	6,000	8	0.92%	5,000	10	0.77%
Louisville/Jefferson County Metro Government Services	5,584	8	1%	5,654	8	0.89%	5,651	9	0.86%	5,689	8	0.88%
The Kroger Co.	4,892	9	1%	5,417	10	0.86%	5,152	10	0.79%	5,298	9	0.82%

Note: FY 2016 data has not yet been released. Data is as of June 30th of the year presented.

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