KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

A COMPONENT UNIT OF
THE COMMONWEALTH OF KENTUCKY

FRANKFORT, KENTUCKY

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

KPTIA
Kentucky Public Transportation
Infrastructure Authority

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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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INTRODUCTORY SECTION

Matthew G. Bevin
Governor

Kentucky Public Transportation Infrastructure Authority

Greg Thomas
Secretary

December 9, 2019

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, 2019. The purpose of the report is to provide members, management, bondholders, the public, the Commonwealth of Kentucky, and other interested parties with detailed information reflecting the Authority's financial condition.

The Report

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

The Authority's auditor's have issued an unmodified opinion on the Authority's financial statements for the years ended June 30, 2019 and 2018. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Authority

The Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky (the Commonwealth). The Authority was established in 2009 by the Extraordinary Session of the General Assembly through the enactment of Kentucky Revised Statutes (KRS) Chapter 175B, as amended, to review, approve, and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and the State of Indiana and, if necessary, to assist with the operation, financing, and management of those projects. The Authority currently oversees one project, The Louisville-Southern Indiana Ohio River Bridges Project (LSIORBP). The LSIORBP is divided into two crossings, the Downtown Crossing and the East End Crossing. Both the Downtown Crossing and the East End Crossing are complete and open to traffic. Tolling began on December 30, 2016.

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

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

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

Economic Condition and Outlook

The Louisville Metropolitan Area is expected to see moderate growth, and Southern Indiana will continue to experience quarters of impressive gains due to the completion of the LSIORBP.

LSIORB Structure

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

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

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

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

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

Major Initiatives

Tolling on the LSIORBP began December 30, 2016. The Authority's current major initiative consists of monitoring RiverLink and maintaining its financial and reporting obligations to bond holders as outline in the Bond Indenture.

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

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

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

Respectfully submitted,

Megan McLain

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

2019 AUTHORITY MEMBERS

Chairman Greg Thomas

Vice Chair William M. Landrum III

Jordan Lanham

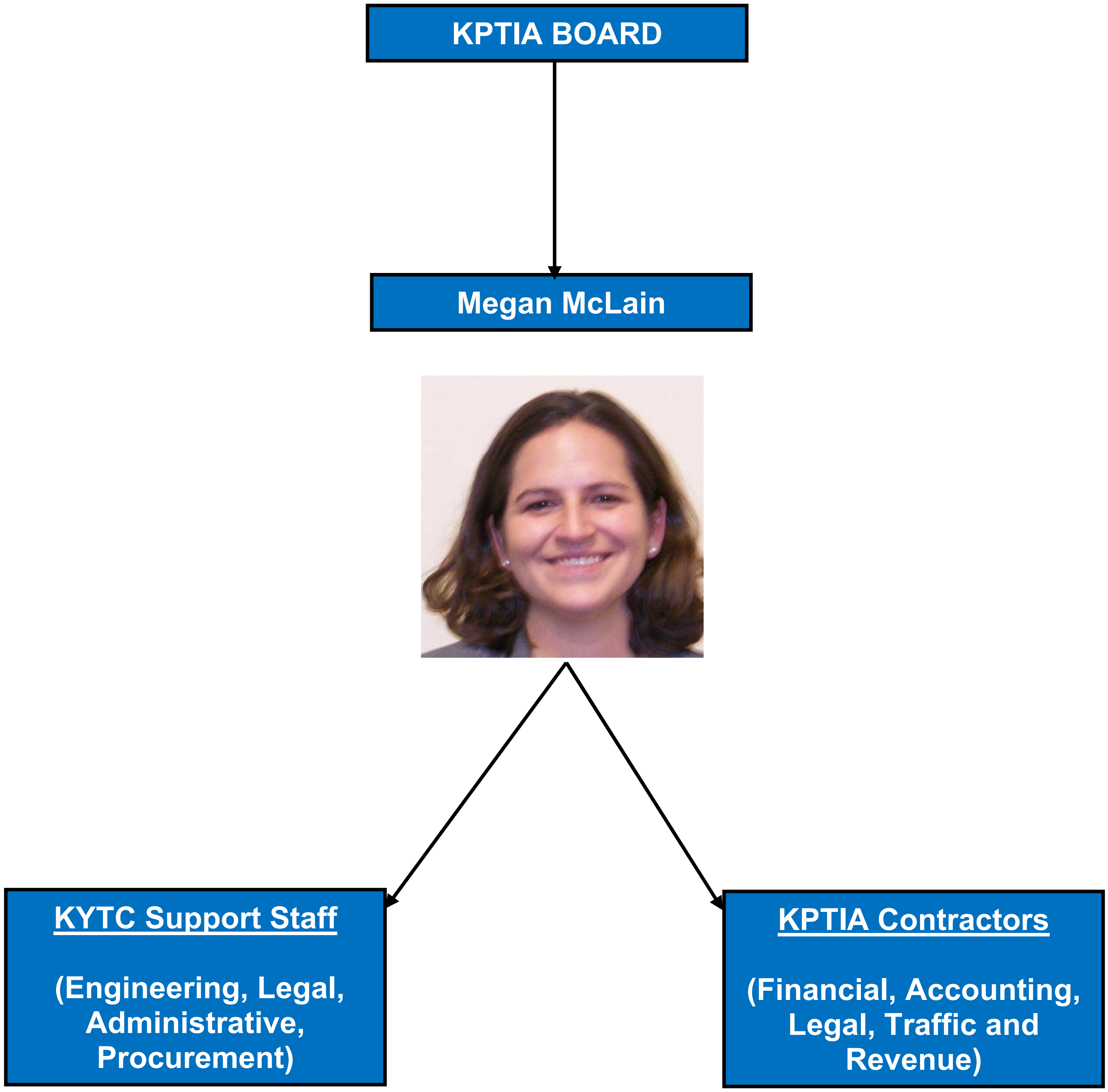
William Boggs

Rebecca Swansubrg

Richard Crist

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

ORGANIZATIONAL CHART



FINANCIAL SECTION

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Kentucky Public Transportation Infrastructure Authority (the "Authority"), a component unit of the Commonwealth of Kentucky, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2019, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Authority as of June 30, 2018 were audited by other auditors, whose report dated December 3, 2018, expressed an unmodified opinion on those statements.

Required Supplementary Information

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

Supplementary Information

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Louisville, Kentucky
December 9, 2019

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, 2019 and 2018. We encourage readers to read it in conjunction with the Authority's financial statements and the accompanying notes.

The Authority is an independent de jure municipal corporation and political subdivision of the Commonwealth of Kentucky (the Commonwealth). The Authority was established in 2009 by the Extraordinary Session of the General Assembly through the enactment of Kentucky Revised Statutes (KRS) Chapter 175B, as amended, to review, approve, and monitor certain significant transportation projects within the Commonwealth and between the Commonwealth and neighboring states and, if necessary, to assist with the operation, financing, and management of those projects. Projects are developed through the approval of financial plans. The Authority is authorized to construct, reconstruct, operate, finance and manage highway projects that are either part of the designated federal interstate system or built to the standards of the interstate system that would be designated as a mega-project by the Federal Highway Administration. The Authority is also authorized to construct, reconstruct, operate, finance, and manage any project which is a fully or partially controlled highway or section of such a highway not designated as part of or built to the standards of the federal highway system, that exceeds $100 million dollars in total costs.

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

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

FINANCIAL HIGHLIGHTS

- Cash and cash equivalents decreased from $2,886,653 to $-0- in 2019 and increased from $-0- to $2,886,653 in 2018.
- Investments increased from $93,951,423 to $116,620,212 in 2019 and increased from $85,645,823 to $93,951,423 in 2018.
- Cash collections from tolling activities increased from $49,959,773 to $56,266,657 in 2019 and from 13,627,325 to $49,959,773 in 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements can be found on pages 18 through 32.

FINANCIAL ANALYSIS OF THE AUTHORITY

Condensed Financial Information
Statements of Net Position
As of June 30

	2019	% Increase (Decrease)	2018	% Increase (Decrease)	2017
Assets:					
Current assets	$ 9,265,467	(44)%	$ 16,533,251	44%	$ 11,469,204
Investments - restricted	116,620,212	24%	93,951,423	10%	85,645,823
Net capital assets	1,109,914,638	0%	1,109,679,167	1%	1,100,224,982
Total assets	1,235,800,317	1%	1,220,163,841	2%	1,197,340,009
Liabilities:					
Current liabilities	22,500,493	14%	19,716,222	6%	18,642,503
Long-term debt	770,484,382	1%	763,166,018	1%	755,292,653
Total liabilities	792,984,875	1%	782,882,240	1%	773,935,156
Net position:					
Net investment in capital assets	456,184,835	(3)%	467,965,893	(6)%	497,417,404
Restricted net position	71,717,880	34%	53,695,540	352%	11,872,949
Unrestricted net position (deficit)	(85,087,273)	1%	(84,379,832)	(2)%	(85,885,500)
Total net position	$ 442,815,442	1%	$ 437,281,601	3%	$ 423,404,853

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

During 2019, the Authority's total cash and cash equivalents and investments increased approximately $19,782,000 from continued tolling receipts offset by debt interest payments.

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

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

	2019	% Increase (Decrease)	2018	% Increase (Decrease)	2017
Operating revenues	$ 51,885,420	3%	$ 50,603,219	102%	$ 25,004,891
Operating expenses	12,082,019	(6)%	12,838,003	(69)%	40,854,801
Operating income/(loss)	39,803,401	5%	37,765,216	(338)%	(15,849,910)
Nonoperating revenues (expenses):					
Interest earned on investments	2,010,231	110%	959,524	369%	204,497
Interest expense	(36,679,388)	0%	(36,817,159)	149%	(14,808,436)
Intergovernmental revenues	164,125	(93)%	2,514,982	(93)%	36,699,324
Total nonoperating revenues (expenses)	(34,505,032)	3%	(33,342,653)	(251)%	22,095,385
Contributed capital from KYTC	235,472	(98)%	9,454,185	(80)%	47,987,011
Change in net position	5,533,841	(60)%	13,876,748	(74)%	54,232,486
Net position, beginning of year	437,281,601	3%	423,404,853	15%	369,172,367
Net position, end of year	$ 442,815,442	1%	$ 437,281,601	3%	$ 423,404,853

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

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

Nonoperating revenues and expenses consist of income from investments, net changes in the fair market value of investments, bond issuance costs, and contributed capital from KYTC. Contributed capital from KYTC represents capitalized expenses paid for the LSIORBP by KYTC that were contributed to the Authority, as the developing authority for the LSIORBP along with contributions of infrastructure. 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.

LONG-TERM DEBT

At June 30, 2019, the Authority had approximately $772,039,000 in bonds and notes payable outstanding, net of unamortized premiums and discounts, which is a increase from $764,166,000 as of June 30, 2018 and a decrease from $755,293,000 as of June 30, 2017. The changes in 2019 and 2018 are a result of the amortized premium and discounts.

The Authority entered into a loan agreement with the U.S. Department of Transportation under the Transportation Infrastructure Finance and Innovation Act (TIFIA) to refund the Subordinate Toll Revenue Bond Anticipation Notes. On June 30, 2017, the TIFIA loan proceeds of $452,200,000 were received and deposited with the Trustee in a redemption fund account and pledged to pay the principal balance of $452,200,000 of the Subordinate Toll Revenue Bond Anticipation Notes when due on July 1, 2017. As a result, the Subordinate Toll Revenue Bond Anticipation Notes were fully redeemed in 2017 and the liabilities have been removed from the statement of net position.

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

The Authority's outstanding debt at June 30:

	2019	% Increase (Decrease)	2018	% Increase (Decrease)	2017
First tier toll revenue bonds	$ 364,525,000	0%	$ 364,525,000	0%	$ 364,525,000
TIFIA loan	451,200,000	0%	452,200,000	0%	452,200,000
Unamortized discounts	(43,685,618)	(17)%	(52,558,982)	(14)%	(61,432,347)
Total	$ 772,039,382	1%	$ 764,166,018	1%	$ 755,292,653

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.

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, 2019 AND 2018

	2019	2018
Assets:		
Current assets:		
Cash and cash equivalents-restricted	$ -0-	$ 2,886,653
Accounts receivable - restricted, net of allowances of $23,055,000 and $11,227,000 respectively	9,265,467	13,646,598
Total current assets	9,265,467	16,533,251
Investments-restricted	116,620,212	93,951,423
Capital assets:		
Right-of-way easements	66,524,387	66,524,387
Infrastructure	1,043,390,251	1,043,154,780
Total capital assets	1,109,914,638	1,109,679,167
Total assets	1,235,800,317	1,220,163,841
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	1,625,587	1,625,587
Due to KYTC	5,488,839	3,240,328
Accrued interest payable	13,831,067	13,850,307
Current portion of long-term debt	1,555,000	1,000,000
Total current liabilities	22,500,493	19,716,222
Noncurrent liabilities:		
Long term debt, including unamortized net discounts of $43,685,618 and $52,558,982	770,484,382	763,166,018
Total liabilities	792,984,875	782,882,240
Net position:		
Net investment in capital assets	456,184,835	467,965,893
Restricted	71,717,880	53,695,540
Unrestricted (deficit)	(85,087,273)	(84,379,832)
Total net position	$ 442,815,442	$ 437,281,601

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, 2019 AND 2018

	2019	2018
Operating revenues:		
Tolls, net	$ 45,149,364	$ 44,685,064
Fees, net	6,736,056	5,918,155
Total operating revenue	51,885,420	50,603,219
Operating expenses:		
Roadway operations and maintenance	1,976,200	3,827,451
Toll operations and maintenance	9,141,369	8,351,973
General administration	964,450	658,579
Total operating expenses	12,082,019	12,838,003
Operating income (loss)	39,803,401	37,765,216
Nonoperating revenues (expenses):		
Interest earned on investments	2,010,231	959,524
Interest expense	(36,679,388)	(36,817,159)
Intergovernmental revenues	164,125	2,514,982
Total nonoperating revenues (expenses)	(34,505,032)	(33,342,653)
Contributed capital from KYTC	235,472	9,454,185
Change in net position	5,533,841	13,876,748
Net position, beginning of year	437,281,601	423,404,853
Net position, end of year	$ 442,815,442	$ 437,281,601

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

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating activities:		
Receipts from patrons	$ 56,266,657	$ 49,959,773
Payments to service providers	(9,669,489)	(9,550,243)
Net cash flows from operating activities	46,597,168	40,409,530
Capital and related financing activities:		
Principal paid on capital debt	(1,000,000)	-0-
Interest paid on long-term debt outstanding	(27,772,084)	(30,268,439)
Net cash flows from capital and related financing activities	(28,772,084)	(30,268,439)
Investing activities:		
Purchase of investments	(118,957,033)	(29,090,764)
Proceeds from sales and maturities of investments	96,235,066	20,785,304
Interest received	2,010,230	1,051,022
Net cash flows from investing activities	(20,711,737)	(7,254,438)
Net change in cash and cash equivalents	(2,886,653)	2,886,653
Cash and cash equivalents, beginning of year	2,886,653	-0-
Cash and cash equivalents, end of year	$ -0-	$ 2,886,653
Reconciliation of cash presentation to cash and cash equivalents:		
Cash and cash equivalents - restricted	$ -0-	$ 2,886,653
Total cash and cash equivalents	$ -0-	$ 2,886,653
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	$ 39,803,401	$ 37,765,216
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	164,125	2,514,982
Changes in assets and liabilities		
Accounts receivable	4,381,131	(2,269,032)
Accounts payable	-0-	1,625,587
Amounts due to KYTC	2,248,511	772,777
Net cash flows from operating activities	$ 46,597,168	$ 40,409,530
Supplemental schedule of noncash capital and related financing activities:		
Construction in progress contributed as capital from KYTC	$ 235,472	$ 9,454,185

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

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 six voting members; Chairman Greg Thomas, Vice Chair William Jordan Lanham, William Boggs, Rebecca Swansubrg, and Richard Crist. 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 LSIORB 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

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.

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

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

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable are reported at their net realizable value.

Investments

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

Capital Assets

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

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

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. No interest was capitalized during 2019 or 2018.

Amortization of Bond Premium and Discount

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

Operating Revenues and Expenses

Balances classified as operating revenues and expenses are those which comprise the Authority's principal ongoing operations. Other revenues and expenses are classified as nonoperating. Toll revenues are recognized when, after a vehicle passes through a LSIORB tolling point, the vehicle’s license plate and registered owner are identified or when a transponder associated with a pre-paid account passes through a tolling point. The Tolling Body set the toll policy and business rules for the toll system. These documents allow for some reductions to operating revenues. Allowable reductions include a discount of tolls and waiver of fees to incentivize customers to open a pre-paid transponder account. There are also other allowable circumstances in which fees can be waived or reduced for customers. Total allowable reductions for the year’s ended June 30, 2019 and 2018 were approximately $7,366,000 and $8,733,000, respectively. Adjustment for uncollectible accounts for the year ended June 30, 2019 was $10,253,200 and $7,799,894 for toll and fee revenue, respectively. Adjustment for uncollectible accounts for the year ended June 30, 2018 were $5,346,341 and $4,714,640 for toll and fee revenue, respectively. Operating expenses consist primarily of operations, administrative, maintenance, renewal and replacement costs, and business development and marketing costs. All revenue and expenses not meeting these definitions are recorded as nonoperating revenues and expenses.

Contributed Capital

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

Reclassification

Certain reclassifications have been made to prior year financial statements in order for them to be in conformity with the current year presentation. Certain restricted assets were previously used to reduce unrestricted (deficit) and net investment in capital net positions. Total net position, the change in net position were unchanged due to these reclassifications.

3. CASH DEPOSITS

The carrying amount and bank balance of the Authority's deposits with local financial institutions was $-0- and $2,886,653 at June 30, 2019 and 2018, respectively. Custodial credit risk of deposits is the risk that in the event of a bank failure, the Authority's deposits may not be returned that are in the possession of an outside party. As of June 30, 2019 and 2018, the Authority's investments are neither insured nor registered, but are held by the Authority's custodial agent for the benefit of the Authority.

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 funds are held with the bond trustee, Bank of New York Mellon. At June 30, 2019 and 2018, all investments with the Bank of New York Mellon were in Fidelity Treasury Money Market Funds.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019 and 2018, the Authority's investments are neither insured nor registered, but are held by the Authority's custodial agent for the benefit of the Authority.

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

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

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

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:

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

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

The following table sets forth by level, within the hierarchy, the Authority's assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and 2018 are as follows:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	$ 116,620,212	$ -0-	$ -0-	$ 116,620,212

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	$ 93,951,423	$ -0-	$ -0-	$ 93,951,423

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 2019 or 2018.

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.

6. REVENUE BOND FUND ACCOUNTS

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash and mutual funds at June 30, 2019, are summarized below:

	Mutual Funds	Cash	Total
Authority System Revenue Fund	$ 3,143,706	$ -0-	$ 3,143,706
Debt Service Funds	62,495,602	-0-	62,495,602
M&R Reserve Fund	5,178,093	-0-	5,178,093
General Reserve Fund	33,890,184	-0-	33,890,184
Capitalized Interest Fund	2,854	-0-	2,854
Tolling O&M Reserve Fund	5,736,119	-0-	5,736,119
General O&M Reserve Fund	6,173,654	-0-	6,173,654
Total	$ 116,620,212	$ -0-	$ 116,620,212

Components of the Toll Revenue Bond Fund and Toll Revenue Bond Anticipation Notes accounts by cash and mutual funds at June 30, 2018, are summarized below:

	Mutual Funds	U.S. Treasuries	Total
Authority System Revenue Fund	$ -0-	$ 2,885,510	$ 2,885,510
Debt Service Funds	57,474,557	1,143	57,475,700
M&R Reserve Fund	4,294,286	-0-	4,294,286
General Reserve Fund	17,759,176	-0-	17,759,176
Capitalized Interest Fund	5,180,482	-0-	5,180,482
Tolling O&M Reserve Fund	6,633,461	-0-	6,633,461
General O&M Reserve Fund	2,609,461	-0-	2,609,461
Total	$ 93,951,423	$ 2,886,653	$ 96,838,076

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

A. Authority System Revenue Fund - This fund receives all Pledged Receipts and other moneys received by the Authority except for funds required to be deposited into another fund by the General Trust Indenture. Funds received into the authority system revenue fund are allocated, based on priority as defined in the General Trust Indenture to the funds below.

B. Project Funds - Funds deposited into the project funds shall be expended only for the purpose of paying costs of the Project.

C. Cost of Issuance Fund - Designated to pay the costs of issuance established for each series, as specified in the respective Series Trust Indentures.

D. Debt Service Funds

   a) First Tier Debt Service Account - Designated to pay the principal and interest on the First Tier Bonds.

   b) First Tier Common Debt Service Reserve Account and within such Account, a "Proceeds Subaccount" and a "Revenue Subaccount" - Designated a reserve for the payment of principal and interest on First Tier Bonds that are not TIFIA Bonds when funds for that purpose are available in the First Tier Debt Service Account.

   c) Second Tier Debt Service Account - Designated to pay the principal and interest on the Second Tier Bonds.

   d) Second Tier Common Debt Service Reserve Account - Designated a reserve for the payment of principal and interest on Second Tier Bonds when funds for that purpose are available in the Second Tier Debt Service Account.

   e) Third Tier Debt Service Account - Designated to pay the principal and interest on the Third Tier Bonds.

   f) Third Tier Common Debt Service Reserve Account - Designated a reserve for the payment of principal and interest on Third Tier Bonds when funds for that purpose are available in the Third Tier Debt Service Account.

E. Redemption Fund - Designated for the redemption of outstanding bonds or bond anticipation obligations.

F. Tolling Operation & Maintenance (O&M) Reserve Fund - Designated to pay Toll System Collection Expenses for the current fiscal year as reflected in the Authority System Budget.

G. General O&M Reserve Fund - Designated to pay General O&M Expenses for the current fiscal year as reflected in the Authority System Budget.

H. M&R Reserve Fund - Designated to pay M&R Expenses for the current fiscal year as reflected in the then-current capital improvement program and Authority System Budget and to pay any other M&R expenses that must be incurred to restore or maintain any portion of the Authority System in a safe operating condition. M&R expenses represent lifecycle costs and/or capital costs necessary to continue to maintain the Authority System in good operating order and that are not normally recurring costs.

I. Lease Payment Fund - Funds designated to pay amounts due from the Authority to KYTC under the Lease Agreement.

J. General Reserve Fund - Designated to pay expenses relating to the Authority System, providing for debt service on bonds or as may otherwise be permitted by the Act or required by the Development Agreement, Lease Agreement, or the Inter-local Agreement, including, but not limited to fees and expenses of credit providers, hedge termination payments, and the payment of the debt service on any subordinated bonds.

K. Rebate Fund - Designated for the collection and payment of earnings from "non-purpose investments" in excess of the amount which said investments would have earned at a rate equal to the "yield" on the applicable bonds, plus any income attributable to such excess.

L. Capitalized Interest Fund - Designated for the payment of interest, when due, on the bonds and notes.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Infrastructure	$ 1,043,154,780	$ 235,471	$ -0-	$ 1,043,390,251
Right-of-way easements	66,524,387	-0-	-0-	66,524,387
Total capital assets	$ 1,109,679,167	$ 235,471	$ -0-	$ 1,109,914,638

Capital asset activity for the year ended June 30, 2018 is as follows:

	June 30, 2017	Increases	Decreases	June 30, 2018
Infrastructure	$ 1,033,723,800	9,430,980	-0-	1,043,154,780
Right-of-way easements	66,501,182	23,205	-0-	66,524,387
				-0-
Total capital assets	$ 1,100,224,982	$ 9,454,185	$ -0-	$ 1,109,679,167

8. LONG-TERM LIABILITIES

Long-term debt consists of the following at June 30, 2019 and 2018:

	2019	2018
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
Transportation Infrastructure Finance and Innovation Act loan (see following page for further detail)	451,200,000	452,200,000
Total	815,725,000	816,725,000
Less current portion	(1,555,000)	(1,000,000)
Less unamortized discount	(43,685,618)	(52,558,982)
	$ 770,484,382	$ 763,166,018

The Series 2013 Bonds and Series 2013 Bond Anticipation Notes above represent the debt of the Authority. The debt is secured by the Trust Estate, as defined by the General Trust Indenture, which primarily consists of all pledged receipts (the Authority's 50% share of toll revenues and certain investment earnings), and all moneys and securities on deposit in the funds and accounts established by the General Trust Indenture. In the event that toll revenues are insufficient to make the operations and maintenance deposits required in the General Trust Indenture, the Authority entered into a lease agreement (the Lease) with KYTC, whereby KYTC is obligated to pay rent, as defined in the Lease, to satisfy the required operation and maintenance deposits. Rent, as defined in the lease, shall represent a loan to the Authority and bear interest at a rate of 5.0%. The loan is payable by the Authority from the pledged receipts and shall be due in amounts available to make such payments in accordance with Section 504 of the General Trust Indenture. As of June 30, 2019, no rent payments have been made by the KYTC under the terms of the lease.

The TIFIA loan is a direct borrowing that bears interest at 3.9% with principal and interest due semi-annually beginning July 1, 2018, through July 1, 2051. The TIFIA loan is secured by the Trust Estate, which includes all property, rights, and other assets assigned to the Trustee. The outstanding TIFIA loan from direct borrowings related to business-type activities also contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. All outstanding notes from direct borrowings and direct placements contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the KPITA is unable to make payment.

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

	Bonds		Notes from direct borrowings	
	Principal	Interest	Principal	Interest
2020	555,000	10,299,463	1,000,000	17,487,001
2021	3,955,000	10,299,463	1,000,000	17,448,254
2022	5,910,000	10,299,463	1,000,000	17,409,401
2023	7,305,000	10,299,463	1,000,000	17,370,601
2024	8,180,000	14,908,345	1,053,871	17,330,747
2025-2029	10,550,000	97,586,138	6,829,820	85,984,327
2030-2034	21,505,000	97,401,338	32,624,438	82,593,772
2035-2039	37,380,000	90,139,999	77,546,475	72,191,365
2040-2044	62,170,000	73,576,628	107,683,279	53,700,061
2045-2049	87,965,000	49,212,431	130,378,036	30,694,908
2049-2053	119,050,000	18,656,050	91,084,082	5,376,500
Total	$ 364,525,000	$ 482,678,781	$ 451,200,000	$ 417,586,935

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2019:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Due within one year
TIFIA loan - direct borrowing	$ 452,200,000	$ -0-	$ (1,000,000)	$ 451,200,000	$ 1,000,000
Bonds principal payable	364,525,000	-0-	-0-	364,525,000	555,000
Unamortized discounts	(52,558,982)	-0-	(8,873,364)	(43,685,618)	-0-
	$ 764,166,018	$ -0-	$ (9,873,364)	$ 772,039,382	$ 1,555,000

The following summarizes long-term debt activity of the Authority for the year ended June 30, 2018:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018	Due within one year
TIFIA loan - direct borrowing	$ 452,200,000	$ -0-	$ -0-	$ 452,200,000	$ 1,000,000
Bonds principal payable	364,525,000	-0-	-0-	364,525,000	-0-
Unamortized discounts	(61,432,347)	-0-	(8,873,365)	(52,558,982)	-0-
	$ 755,292,653	$ -0-	$ (8,873,365)	$ 764,166,018	$ 1,000,000

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

Restricted assets consist of the following at June 30, 2019 and 2018:

	2019	2018
Restricted for debt service	$ 62,498,456	$ 62,656,182
Restricted for maintenance reserves	17,087,866	13,537,208
Restricted for other Authority funds	46,299,357	34,291,284
Total	$ 125,885,679	$ 110,484,674

10. RELATED PARTY TRANSACTIONS

KYTC paid certain invoices on behalf of the Authority totaling $164,125 and $2,514,982 for the years ended June 30, 2019 and 2018, respectively, which are included in intergovernmental revenues on the statement of revenues, expenses, and changes in net position. Additionally, KYTC paid certain invoices on behalf of the Authority totaling $5,488,839 and $3,240,328 for the years ended June 30, 2019 and 2018, which are reimbursable to KYTC.

The Authority received $235,472 and $9,454,185 in capital contributions from KYTC during the years ended June 30, 2019 and 2018, respectively. The contributions in both years related to construction work completed on Kentucky roads, bridge approaches, and right-of-way related to the bridge construction project.

The Authority received the benefit of accounting, legal, administrative and consultant services from the Finance and Administration Cabinet for 2019 and 2018. 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 2019 and 2018, KYTC paid for all services provided by COT. KYTC did not assess a fee to the Authority for their respective portion of the charges and will not request reimbursement from the Authority.

11. RISK MANAGEMENT

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

12. COMMITMENTS

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

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

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

<u>TSP Contract:</u> As authorized by Joint Board Resolution JB 2015-4, the Indiana Finance Authority entered into a contract with Kapsch TraffiCom for the operation of the toll system. The toll operations contract will expire 2023. The Commonwealth parties are equally responsible with the Indiana parties for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately $7,111,000 and $2,400,000 for the installation work performed during the year ended June 30, 2019, and 2018, respectively. This total is included in toll operations and maintenance for the LSIORBP for project.

<u>Toll Oversight:</u> 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 oversite and inspection of the installation and operations of the toll system. The oversight and inspection contract expired in December 2018 and was replaced with a contract with HNTB that is set to expire on December 20, 2023. The Commonwealth parties are equally

responsible with the Indiana parties for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately $957,000 and $600,000 for work performed under these contracts during the year ended June 30, 2019 and 2018, respectively. This total is included in the construction costs for the LSIORBP as toll operations and maintenance.

Toll Marketing: As authorized by Joint Board resolution JB 2014-4, the Kentucky Transportation Cabinet entered into an agreement with C2 Strategic Communications for work related to marketing and communications for the toll system. The toll marketing contract will expire in December of fiscal year 2020. Until December of 2017, this work was performed under a previous contract with New West. The Commonwealth parties are equally responsible with Indiana for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately $248,000 and $300,000 for work performed under these contracts in the years ended June 30, 2019 and 2018, respectively. These costs are included in toll operations and maintenance expense.

Revenue Control Manager: As authorized by Joint Board resolution JB 2015-2, the Cabinet entered into an agreement with KPMG to provide revenue control manager services for the toll system. The revenue control manager contract will expire in fiscal year 2020. The Commonwealth parties are equally responsible with Indiana for the direction of this work and the payment of these costs. The Commonwealth parties paid approximately $366,000 and $300,000 for the work performed under this contract in the years ended June 30, 2019 and 2018, respectively. Revenue control manager costs are included in toll operations and maintenance expense.

13. RECENTLY ADOPTED ACCOUNTING PROUNCEMENTS

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The note disclosures have been updated to reflect implementation of this standard.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Pavement

Measurement Scale

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

Condition	PCI
Good	Greater than +0.4
Fair	Between 0.0 and 0.4
Poor	Less than 0.0

Established Minimum Condition Level

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

Assessed Conditions

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

Condition	2018	2017	2016	2015
Good	90.8%	90.8%	90.3%	90.3%
Fair	9.2%	9.2%	9.7%	9.7%
Poor	0.0%	0.0%	0.0%	0.0%

Bridges

Measurement Scale

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

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

Established Minimum Condition Level

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

Assessed Conditions

Prior to May 20, 2017, 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 under clearance, water adequacy, or approach roadway alignment is classified as “functionally obsolete.” A functionally obsolete bridge cannot properly accommodate the current traffic.

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 2014 and was not reported in 2015. 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 2016 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 were continued and required maintenance was performed to insure all bridges are safe for traffic.

The following table reports the percentage of bridges whose condition was assessed as “structurally deficient” in the corresponding year:

Calendar Year	Structurally Deficient	Deck Area Structurally deficient
2014	43.0%	42.0%
2015	Not reported due to ongoing construction	
2016	2.1%	10.4%

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

Condition	2018	2017
Good	82.0%	80.2%
Fair	18.0%	19.8%
Poor	0.0%	0.0%

Estimated Actual Costs to Maintain

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

	Budget	Actual	Over (Under)
Fiscal Year 2016	$ -0-	$ 59,716,861	N/A
Fiscal Year 2017	$ -0-	$ 38,540,320	N/A
Fiscal Year 2018	$ 1,139,660	3,153,315	$ 2,013,655
Fiscal Year 2019	$ 4,069,400	$ 1,976,200	$ (2,093,200)
Fiscal Year 2020	$ 1,279,860	N/A	N/A

Note: Estimated costs for roadways were not developed for the years ended June 30, 2017, and 2016 by the Authority as the date of transfer of assets was uncertain and given the significant expansion and the extensive reconstruction of the site that continued throughout the majority of the fiscal year ended June 30, 2017.

STATISTICAL SECTION

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATISTICAL SECTION
JUNE 30, 2019

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.

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

These schedules (4 through 10) contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services it provides and the activities it performs.

This schedule (11) presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

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

These schedules (15 and 16) offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

Schedule 1
Net Position by Component
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Net investment in capital assets	$ 456,184,835	$ 467,965,893	$ 481,242,452	$ 437,834,799	$ 429,759,696
Restricted	71,717,880	53,695,540	11,872,949	-0-	-0-
Unrestricted	(85,087,273)	(84,379,832)	(69,710,548)	(68,662,432)	(8,945,699)
Total net position	$ 442,815,442	$ 437,281,601	$ 423,404,853	$ 369,172,367	$ 420,813,997

Schedule 2
Changes in Net Position
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Operating Revenue					
Tolls	$ 45,149,364	$ 44,685,064	$ 25,004,891	$ -0-	$ -0-
Fees	6,736,056	5,918,155	-0-	-0-	-0-
Total operating revenues	51,885,420	50,603,219	25,004,891	-0-	-0-
Operating Expenses					
Roadway operations and maintenance	1,976,200	3,827,451	38,540,320	-0-	-0-
Toll operations and maintenance	9,141,369	8,351,973	2,026,340	59,716,861	4,912,755
General administration	964,450	658,579	288,141	793,141	348,104
Total operating expenses	12,082,019	12,838,003	40,854,801	60,510,002	5,260,859
Operating income (loss)	39,803,401	37,765,216	(15,849,910)	(60,510,002)	(5,260,859)
Nonoperating revenues (expenses)					
Interest earned on investments	2,010,231	959,524	204,497	128	241
Interest expense	(36,679,388)	(36,817,159)	(14,808,436)	-0-	-0-
Intergovernmental revenues	164,125	2,514,982	36,699,324	793,141	348,104
Total nonoperating revenues (expenses)	(34,505,032)	(33,342,653)	22,095,385	793,269	348,345
Contributed Capital for KYTC	235,472	9,454,185	47,987,001	8,075,103	91,947,020
Contributions to KYTC	-0-	-0-	-0-	-0-	(33,979,865)
Change in net position	5,533,841	13,876,748	$ 54,232,476	$ (51,641,630)	$ 87,034,506

Schedule 3
Downtown Crossing Cash Flows
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Operating activities:					
Receipts from patrons	$ 56,266,657	$ 49,959,773	$ 13,627,325	$ -0-	$ -0-
Payments to service providers	(9,669,489)	(9,550,243)	(13,869,795)	(59,716,861)	(4,912,755)
Net cash flows from operating activities	46,597,168	40,409,530	(242,470)	(59,716,861)	(4,912,755)
Capital and related financing activities					
Principal paid on capital debt	(1,000,000)	-0-	-0-	-0-	-0-
Other financing use - payment to refuned bond escrow agent	-0-	-0-	(452,200,000)	-0-	-0-
Other financing source - TIFIA loan proceeds	-0-	-0-	452,200,000	-0-	-0-
Payments to service providers	-0-	-0-	-0-	-0-	(22,656,514)
Interest paid on long-term debt outstanding	(27,772,084)	(30,268,439)	(32,349,904)	(32,349,904)	(33,338,373)
Acquisition and construction of capital assets	-0-	-0-	(856,167)	(146,510,895)	(231,375,144)
Net cash flows from capital and related financing activities	(28,772,084)	(30,268,439)	(33,206,071)	(178,860,799)	(287,370,031)
Investing activities					
Purchase of investments	(118,957,033)	(29,090,764)	(14,101,167)	(442,891)	(250,895)
Proceeds from sales and maturities of investments	96,235,066	20,785,304	44,209,259	116,637,007	311,612,483
Interest received	2,010,230	1,051,022	477,240	593,710	1,127,747
Net cash flows from investing activities	(20,711,737)	(7,254,438)	30,585,332	116,787,826	312,489,335
Net change in cash and cash equivalents	(2,886,653)	2,886,653	(2,863,209)	(121,789,834)	20,206,549
Cash and cash equivalents, beginning of year	2,886,653	-0-	2,863,209	124,653,043	104,446,494
Cash and cash equivalents, end of year	$ -0-	$ 2,886,653	$ -0-	$ 2,863,209	$ 124,653,043

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

	2019	2018	2017	2016	2015
Toll revenues:					
Prepaid accounts billing	$ 70,732,627	$ 62,358,815	$ 28,883,046	$ -0-	$ -0-
Video billing	40,072,500	37,703,996	17,721,237	-0-	-0-
Percentages of toll revenues:					
Prepaid accounts billing	64%	62%	62%	-0-%	-0-%
Video billing	36%	38%	38%	-0-%	-0-%
Toll transactions:					
Prepaid accounts billing	22,177,336	19,657,178	9,213,323	-0-	-0-
Video billing	8,853,647	8,518,009	3,968,830	-0-	-0-
Percentages of toll transactions:					
Prepaid accounts billing	71%	70%	70%	-0-%	-0-%
Video billing	29%	30%	30%	-0-%	-0-%
Downtown Crossing Revenue:					
Class 1	$ 49,703,897	$ 44,938,356	$ 21,528,518	$ -0-	$ -0-
Class 2	7,486,012	6,989,340	3,383,481	-0-	-0-
Class 3	27,912,860	27,212,942	13,739,049	-0-	-0-
Total	85,102,769	79,140,637	38,651,048	-0-	-0-
East End Crossing Revenue:					
Class 1	$ 14,658,750	12,715,925	5,030,523	-0-	-0-
Class 2	1,840,398	1,458,570	567,572	-0-	-0-
Class 3	9,203,210	6,747,679	2,355,140	-0-	-0-
Total	$ 25,702,358	20,922,174	7,953,235	-0-	-0-
Total Toll Revenue	$ 110,805,127	$ 100,062,811	$ 46,604,283	$ -0-	$ -0-
Downtown Crossing Transactions:					
Class 1	19,337,169	17,586,236	8,530,248	-0-	-0-
Class 2	1,412,221	1,333,508	637,798	-0-	-0-
Class 3	2,664,331	2,667,440	1,359,941	-0-	-0-
Total	23,413,721	21,587,184	10,527,987	-0-	-0-
East End Crossing Transactions:					
Class 1	6,394,298	5,645,133	2,311,910	-0-	-0-
Class 2	339,490	278,002	107,849	-0-	-0-
Class 3	883,474	664,868	234,407	-0-	-0-
Total	7,617,262	6,588,003	2,654,166	-0-	-0-
Total Toll Revenue	31,030,983	28,175,187	13,182,153	-0-	-0-

Schedule 5
Percentage of River Link Traffic by IAG Agency

	2019		2018		2017	
	Toll transactions:	**Percentage:**	**Toll transactions:**	**Percentage:**	**Toll transactions:**	**Percentage:**
E-ZPass New York	2,569,944	8%	2,288,835	8%	1,102,564	8%
Illinois State Toll Highway Authority	1,943,144	6%	1,852,367	7%	873,782	7%
E-ZPass Maryland	197,445	1%	132,116	0%	52,887	0%
E-ZPass ITRCC	169,295	1%	155,790	1%	71,355	1%
E-ZPass MassDOT	90,967	0%	160,433	1%	71,371	1%

Schedule 6
Toll Rates

July 1, 2019 - June 30, 2020

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
Discount program	$ 1.06	$ N/A	$ N/A
Transponder	2.10	5.26	10.51
Registered Video	3.16	6.30	11.56
Other Video	4.20	7.36	12.61

July 1, 2018 - June 30, 2019

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
Discount program	$ 1.03	$ N/A	$ N/A
Transponder	2.05	5.13	10.25
Registered Video	3.07	6.15	11.28
Other Video	4.10	7.18	12.30

December 30 2016 - June 30, 2018

	2 Axle up to 7 ½ Feet	2 Axle more than 7 ½ feet, 3 Axle, and 4 Axle	5 or More Axles
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 commenced in December 2016. 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%.

Schedule 7
Capital Asset Statistics
Last Five Fiscal Years

Year	2019	2018	2017	2016	2015
Lane miles:	56.1	56.1	56.1	15.9	15.9
Right-of-Way Area (acres):	367	367	367	367	367
Bridge Structures:	47	47	42	24	24

Schedule 8
Payments and Repayments of Rent
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Rent payments received	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Repayments of rent	-0-	-0-	-0-	-0-	-0-
Amount owed for repayment of rent	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Schedule 9
Insurance in Force

Insurance	Policy Term	Coverage	Deductible	Annual or Last Premium
XL Catlin Bridge Property Damage and Loss of Tall Revenue	08/07/2019-08/07/2020	$50,000,000 limit/per occurance	$ 10,000,000	$ 391,074

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.

Schedule 10
Employees and Contractors by Function
Last Five Fiscal Years

Employees	2019	2018	2017	2016	2015
Full-time	-0-	-0-	-0-	-0-	-0-
Part-time	-0-	-0-	-0-	-0-	-0-
Contractors:	3	3	3	3	3
Accounting	1	1	1	1	1
Legal	1	1	1	1	1
Financial Advisor	1	1	1	1	1

Note: The Authority does not have any employees, but uses the services of KYTC employees for operations in addition to contracted services.

Schedule 11
Ratios of Outstanding Debt
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Net revenue bonds outstanding	$ 320,839,382	$ 311,966,018	$ 303,092,653	$ 294,219,288	$ 285,321,613
Net revenue bond anticipation notes outstanding	-0-	-0-	-0-	463,796,834	475,393,664
Transportation Infrastructure Finance and Innovation Act loan	451,200,000	452,200,000	452,200,000	-0-	-0-
Total outstanding debt	$ 772,039,382	$ 764,166,018	$ 755,292,653	$ 758,016,122	$ 760,715,277
Toll transactions:					
Prepaid billing	22,177,336	19,657,178	9,213,323	-0-	-0-
Video billing	8,853,647	8,518,009	3,968,830	-0-	-0-
Total transactions	31,030,983	28,175,187	13,182,153	-0-	-0-
Debt per prepaid transaction	35	39	82	N/A	N/A
Debt per video billing transaction	87	90	190	N/A	N/A
Debt per total transaction	25	27	57	N/A	N/A

Schedule 12
Pledged-Revenue Coverage
Last Five Fiscal Years

	2018	2017	2016	2015	2014
Operating revenues	$ 45,149,364	$ 44,685,064	$ -0-	$ -0-	$ -0-
Operating expenses (1)	12,082,019	12,838,003	-0-	-0-	-0-
Net revenues available for debt service	$ 33,067,345	$ 31,847,061	$ -0-	$ -0-	$ -0-
Debt service for revenue bonds outstanding:					
Principal	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Interest	-0-	-0-	-0-	-0-	-0-
Total current debt service	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Debt service for revenue bond anticipation notes outstanding:					
Principal	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Interest	-0-	-0-	-0-	-0-	-0-
Total current debt service	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-
Debt service coverage	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.

Schedule 13
Pledged Receipts
Last Five Fiscal Years

	2019	2018	2017	2016	2015
Operating Revenue	$ 51,885,420	$ 50,603,219	$ 25,004,891	$ -0-	$ -0-
Nonoperating revenues					
Lease paymemnts received	-0-	-0-	-0-	-0-	-0-
Interest earned on investments	2,010,231	959,524	134	0	-0-
Total nonoperating revenues					
Total pledged receipts	$ 53,895,651	$ 52,613,450	$ 25,964,415	$ 134	$ -0-

Schedule 14
Largest Toll Payers
Last Five Fiscal Years

Toll Payer	2019	2018	2017	2016	2015
M&M Cartage Co. Inc.	$ 415,537	$ 452,168	$ 231,016	-0-	-0-
UPS	$ 322,370	$ 234,045	$ 76,615	-0-	-0-
Bagshaw Trucking Inc.	$ 178,826	$ 164,132	$ 48,915	-0-	-0-
Mister P Express Inc.	*	$ 162,515	$ 92,629	-0-	-0-
Rush Trucking	$ 159,762	$ 133,857	$ 55,711	-0-	-0-
Kentuckiana Trucking Inc.	$ 145,348	$ 129,380	*	-0-	-0-
Midwest Logistics Systems LLC	$ 141,262	$ 99,731	$ 62,242	-0-	-0-
The Paregrine Transportion Company	$ 130,580	$ 106,382	$ 53,912	-0-	-0-
Sodrel Truck Lines	$ 117,819	$ 91,114	$ 41,709	-0-	-0-
Eco-Tech LLC	$ 108,845	$ 95,894	*	-0-	-0-
Trimpe Trucking	$ 105,370	*	$ 39,156	-0-	-0-

Note: Tolls commenced in December 2016.

Schedule 15
Population and Commuting Statistics
Last Three Fiscal Years

Year	County	Population	Per Capita Income	Total Personal Income (000s)	% Rate of Unemployment
2017	Bullitt, KY	90,246	$ 39,440	$ 3,164,935	4.2%
	Clark, IN	116,973	$ 42,121	$ 4,926,998	3.5%
	Floyd, IN	77,071	$ 54,129	$ 4,171,742	3.4%
	Harrison, IN	39,898	$ 40,212	$ 1,604,380	3.5%
	Jefferson, KY	771,158	$ 49,034	$ 37,813,140	4.4%
	Oldham, KY	66,415	$ 59,412	$ 3,945,877	3.5%
	Scott, IN	23,870	$ 36,397	$ 868,803	3.8%
2016	Bullitt, KY	79,151	$ 37,848	$ 2,995,710	4.3%
	Clark, IN	116,031	$ 41,026	$ 4,760,309	4.2%
	Floyd, IN	76,990	$ 50,648	$ 3,899,358	4.2%
	Harrison, IN	39,826	$ 38,522	$ 1,534,170	4.0%
	Jefferson, KY	765,352	$ 47,361	$ 36,247,796	4.7%
	Oldham, KY	56,222	$ 57,746	$ 3,685,943	3.6%
	Scott, IN	23,730	$ 34,889	$ 827,920	5.1%
2015	Bullitt, KY	78,653	$ 36,641	$ 2,881,948	4.6%
	Clark, IN	115,090	$ 40,788	$ 4,694,295	4.4%
	Floyd, IN	76,761	$ 49,204	$ 3,776,944	4.3%
	Harrison, IN	39,639	$ 37,480	$ 1,534,170	4.4%
	Jefferson, KY	763,509	$ 46,396	$ 35,424,025	5.0%
	Oldham, KY	54,939	$ 64,926	$ 3,550,493	4.3%
	Scott, IN	23,707	$ 33,808	$ 801,487	5.5%

Note: Data is as of December 31st of the year presented. Data for December 31, 2018, 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

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

Employer	2018			2017			2016			2015		
	Numbers of Employees	Rank	Percentage of Total Employement	Numbers of Employees	Rank	Percentage of Total Employement	Numbers of Employees	Rank	Percentage of Total Employement	Numbers of Employees	Rank	Percentage of Total Employement
United Parcel Services	21,233	1	3%	22,354	1	3%	22,080	1	3%	22,189	1	4%
Jefferson County Public Schools	14,476	2	2%	14,553	2	2%	14,739	2	2%	14,719	2	2%
Ford Motor Co.	12,600	3	2%	12,600	3	2%	12,990	3	2%	9,028	5	1%
Norton Healthcare Inc	12,247	4	2%	11,944	5	2%	11,389	5	2%	10,739	4	2%
Humana Inc.	12,000	5	2%	12,500	4	2%	12,500	4	2%	12,900	3	2%
University of Louisville	6,933	6	1%	7,065	6	1%	6,375	7	1%	6,264	6	1%
Amazon.com LLC	6,500	7	1%	6,500	8	1%	6,500	6	1%	6,000	7	1%
Louisville/Jefferson County Metro Government Services	6,226	8	1%	6,192	9	1%	5,488	9	1%	5,584	8	1%
Baptist Healthcare Systems Inc.	6,159	9	1%	6,786	7	1%	*	*	*	*	*	*
GE Appliances & Lighting	6,000	10	1%	6,000	10	1%	6,000	8	1%	6,000	7	1%
KentuckyOne Health Inc.	6,000	11	1%	6,000	10	1%	6,000	8	1%	6,000	7	1%
The Kroger Co.	*	*	*	*	*	*	4,995	10	1%	4,892	9	1%

Employer	2014			2013			2012		
	Numbers of Employees	Rank	Percentage of Total Employement	Numbers of Employees	Rank	Percentage of Total Employement	Numbers of Employees	Rank	Percentage of Total Employement
United Parcel Services	20,931	1	0.00%	20,047	1	0.00%	20,117	1	0.00%
Jefferson County Public Schools	14,676	2	0.00%	14,269	2	0.00%	14,336	2	0.00%
Ford Motor Co.	8,987	5	0.00%	8,347	6	0.00%	8,696	5	0.00%
Norton Healthcare Inc	10,245	4	0.00%	9,666	4	0.00%	9,658	4	0.00%
Humana Inc.	12,371	3	0.00%	11,235	3	0.00%	11,000	3	0.00%
University of Louisville	6,161	7	0.00%	6,187	7	0.00%	6,273	6	0.00%
Amazon.com LLC	*	*	*	*	*	*	*	*	*
Louisville/Jefferson County Metro Government Services	5,654	8	0.00%	5,651	9	0.00%	5,689	8	0.00%
Baptist Healthcare Systems Inc.									
GE Appliances & Lighting	6,230	8	0.00%	6,000	8	0.00%	5,000	10	0.00%
KentuckyOne Health Inc.	5,602	9	0.00%	8,893	5	0.00%	5,898	7	0.00%
The Kroger Co.	5,417	10	0.00%	5,152	10	0.00%	5,298	9	0.00%

Note: FY 2019 data has not yet been released. Data is as of December 31st of the year presented.

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