

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

**REPORT ON AUDIT OF SPECIAL-PURPOSE
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION--
TRUST INDENTURE BASIS**

For the fiscal year ended June 30, 2009

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INDEPENDENT AUDITORS' REPORT

To the Turnpike Authority of Kentucky
Frankfort, Kentucky

We have audited the accompanying special-purpose financial statements of the Economic Development Revitalization Road Projects of the Turnpike Authority of Kentucky as of and for the year ended June 30, 2009, as listed in the table of contents. These special-purpose financial statements are the responsibility of the Turnpike Authority of Kentucky's management. Our responsibility is to express opinions on these special-purpose 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described more fully in Notes 1 and 2, the Economic Development Revitalization Road Projects of the Turnpike Authority of Kentucky prepares its special-purpose financial statements using accounting practices prescribed or permitted by the 1990 Trust Indenture as supplemented by the First Supplemental Trust Indenture dated as of November 15, 2000, as amended by the First Supplemental Agreement dated as of October 1, 1992; the Second Supplemental Agreement, dated as of April 1, 1993; the Third Supplemental Agreement, dated as of April 1, 1995; the Fourth Supplemental Agreement, dated as of April 1, 1999; the Fifth Supplemental Agreement, dated as of February 1, 2001; the Sixth Supplemental Agreement, dated as of March 1, 2001; the Seventh Supplemental Agreement, dated as of May 1, 2004; the Eighth Supplemental Agreement, dated as of April 1, 2005; the Ninth Supplemental Agreement, dated as of March 1, 2006; the Tenth Supplemental Agreement,

dated as of September 1, 2007 securing the Authority's bonds, which practices differ from accounting principles generally accepted in the United States of America. The effect on the special-purpose financial statements of the variances between these accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of all of the funds of the Economic Development Revitalization Road Projects of the Turnpike Authority of Kentucky at June 30, 2009, and the revenues earned, expenditures incurred and monies transferred by the Construction Fund, Revenue Fund, Debt Service Reserve Fund, Escrow Fund, and the Bond Fund for the year then ended on the basis of accounting described in Notes 1 and 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2009, on our consideration of the Turnpike Authority of Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the special-purpose financial statements of the Economic Development Revitalization Road Projects of the Turnpike Authority of Kentucky, taken as a whole. The accompanying supplemental information on pages 29 and 30 is presented for purposes of additional analysis and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements, and in our opinion, are fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Authority's governing body, management, bondholders and bond trustee and is not intended to be and should not be used by anyone other than these specified parties.

M. E. Elmer, Mitchell & Associates, LLP

October 5, 2009
Morganfield, Kentucky

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LIABILITIES AND NET ASSETS

Construction Fund		
Accounts payable	\$	45,887
Economic Development Revitalization Revenue		
Refunding Bonds		1,220,716,684
Net assets		<u>348,672,054</u>
Total liabilities and net assets - Construction Fund		\$ 1,569,434,625
Revenue Fund		
Unearned revenues		66,000
Due to Bond Service Account		95,122,900
Net assets		<u>131,371</u>
Total liabilities and net assets - Revenue Fund		95,320,271
Debt Service Reserve Fund		
Due to Bond Service Account		41,531,550
Due to Rebate Account		283,997
Net assets		<u>16,903,067</u>
Total liabilities and net assets - Debt Service Reserve Fund		58,718,614
Escrow Fund		
Due to Bond Service Account		11,538,015
Net assets		<u>73,401,440</u>
Total liabilities and net assets - Escrow Fund		84,939,455
Bond Fund		
Bond Service Account		
Accrued interest payable		25,948,883
Net assets (reserved for bond principal payment, July 1, 2009, \$124,615,000)		131,678,105
Capitalized Interest Account		-
Redemption Account		-
Rebate Account		
Due to Revenue Fund		95,122,900
Due to Resource Recovery Roads Trust Indenture		7,059,772
Arbitrage payable		1,185,569
Net assets		<u>176,126</u>
Total liabilities and net assets - Bond Fund		<u>261,171,355</u>
Total liabilities and net assets - All Funds		<u>\$ 2,069,584,320</u>

The accompanying notes are an integral
part of the financial statements

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS OF THE
TURNPIKE AUTHORITY OF KENTUCKY

CONSTRUCTION FUND

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS --TRUST INDENTURE BASIS

for the year ended June 30, 2009

Revenues:		
Investment income	\$	<u>2,571,349</u>
Total revenues		<u>2,571,349</u>
Expenses:		
Amortization of issuance costs		1,343,965
Amortization of bond discount, premium and deferred loss (net)		2,300,318
Construction funds for local governments		<u>6,994,250</u>
Total expenses		<u>10,638,533</u>
Deficiency of revenues over expenses		<u>(8,067,184)</u>
Other financing sources (uses):		
Bonds retired in Bond Service Account		138,965,000
Operating transfers in		529,504
Operating transfers out		<u>(8,365,342)</u>
Total other financing sources (uses)		<u>131,129,162</u>
Excess of revenues and other financing sources over expenses and other financing uses		123,061,978
Net assets, beginning of year		<u>225,610,076</u>
Net assets, end of year	\$	<u><u>348,672,054</u></u>

The accompanying notes are an integral
part of the financial statements

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS OF THE
TURNPIKE AUTHORITY OF KENTUCKY

REVENUE FUND

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS --TRUST INDENTURE BASIS

for the year ended June 30, 2009

Revenues:	
Lease rentals from Transportation Cabinet	\$ 116,119,107
Supplemental lease income	66,000
Investment income	28,648
Other income	63,043
Total revenues	<u>116,276,798</u>
Expenses:	
Administrative expenses	43,783
Paying agent expenses	10,621
Total expenses	<u>54,404</u>
Excess of revenues over expenses	<u>116,222,394</u>
Other financing sources (uses):	
Operating transfers in	316,869
Operating transfers out	(118,481,813)
Total other financing sources (uses)	<u>(118,164,944)</u>
Deficiency of revenues and other financing sources over expenses and other financing uses	(1,942,550)
Net assets, beginning of year	<u>2,073,921</u>
Net assets, end of year	<u>\$ 131,371</u>

The accompanying notes are an integral
part of the financial statements

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS OF THE
TURNPIKE AUTHORITY OF KENTUCKY

DEBT SERVICE RESERVE FUND

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS --TRUST INDENTURE BASIS

for the year ended June 30, 2009

Revenues:		
Investment income		<u>\$ 1,691,554</u>
Total revenues		<u>1,691,554</u>
Expenses		<u>-</u>
Excess of revenues over expenses		<u>1,691,554</u>
Other financing uses:		
Operating transfers in		-
Operating transfers out		<u>(43,719,835)</u>
Total other financing uses		<u>(43,719,835)</u>
Deficiency of revenues over expenses and other financing uses		(42,028,281)
Net assets, beginning of year		<u>58,931,348</u>
Net assets, end of year		<u><u>\$ 16,903,067</u></u>

The accompanying notes are an integral
part of the financial statements

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS OF THE
TURNPIKE AUTHORITY OF KENTUCKY

ESCROW FUND

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS --TRUST INDENTURE BASIS

for the year ended June 30, 2009

Revenues:	
Investment income	\$ 3,298,227
Total revenues	<u>3,298,227</u>
Expenses	<u>-</u>
Excess of revenues over expenses	<u>3,298,227</u>
Other financing uses:	
Operating transfers in	-
Operating transfers out	<u>(12,188,908)</u>
Total other financing uses	<u>(12,188,908)</u>
Deficiency of revenues over expenses and other financing uses	(8,890,681)
Net assets, beginning of year	<u>82,292,121</u>
Net assets, end of year	<u><u>\$ 73,401,440</u></u>

The accompanying notes are an integral
part of the financial statements

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS OF THE
TURNPIKE AUTHORITY OF KENTUCKY

BOND FUND

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS --TRUST INDENTURE BASIS

for the year ended June 30, 2009

Revenues:		
Investment income	\$	16,725
Other		<u>2,207,577</u>
Total revenues		<u>2,224,302</u>
Expenses:		
Arbitrage tax		529,062
Interest expense		51,750,546
Principal amount of bonds redeemed		<u>138,965,000</u>
Total expenses		<u>191,244,608</u>
Deficiency of revenues over expenses		<u>(189,020,306)</u>
Other financing sources (uses):		
Operating transfers in		182,288,413
Operating transfers out		<u>(378,888)</u>
Total other financing sources (uses)		<u>181,909,525</u>
Deficiency of revenues and other financing sources over expenses and other uses		<u>(7,110,781)</u>
Net assets beginning of year		<u>138,965,012</u>
Net assets, end of year	\$	<u><u>131,854,231</u></u>

The accompanying notes are an integral
part of the financial statements

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Basis of Presentation

As provided by authorizing legislation, the Authority has issued bonds to construct various economic development roads to preserve and enhance the economic viability of the Commonwealth. To set forth obligations and agreements of the Authority with regard to these bonds, the Authority adopted the 1990 Trust Indenture Agreement dated as of October 1, 1990, as supplemented by the First Supplemental Trust Indenture dated as of November 15, 2000, as amended by the First Supplemental Agreement, dated October 1, 1992; the Second Supplemental Agreement, dated as of April 1, 1993; the Third Supplemental Agreement, dated as of April 1, 1995; the Fourth Supplemental Agreement, dated as of April 1, 1999; the Fifth Supplemental Agreement, dated as of February 1, 2001; the Sixth Supplemental Agreement, dated as of March 1, 2001; the Seventh Supplemental Agreement, dated as of May 1, 2004; the Eighth Supplemental Agreement, dated as of April 1, 2005; the Ninth Supplemental Agreement dated as of March 1, 2006; the Tenth Supplemental Agreement dated as of September 1, 2007.

Among other requirements, the Trust Indenture and the Supplemental Agreements set forth various accounting principles which are to be followed by the Authority and which differ in certain respects from accounting principles generally accepted in the United States of America, principally in that the Authority does not capitalize purchases of furniture, fixtures and office equipment in its financial statements and that interest income during construction is treated as a reduction in construction costs. The Authority's special-purpose financial statements are reported in a format which differs from accounting principles generally accepted in the United States of America. Therefore, the accompanying financial statements, which are prepared in accordance with the aforementioned accounting principles are not intended to, and do not, present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

B. Deposits and Investments

The Authority's cash and cash equivalents include all demand deposits and all highly liquid investments with a maturity of three months or less from the date of acquisition.

All investments of the Authority are accounted for at fair value based on quoted market prices.

C. Debt Issuance Costs

Debt issuance costs and discounts on bonds payable are being amortized over the life of the issue using the "interest" method.

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, Continued

D. Supplemental Lease Income

The Trust Indenture Agreement provides for the Authority, at six month intervals, to request sufficient additional funds from the Transportation Cabinet to pay administrative expenses for the succeeding six months. This supplemental lease income is recorded as income in the period for which it is to be expended.

E. Other Revenue Sources

The Authority occasionally receives income from the sale of excess or surplus property acquired for construction of roads. Also, the Authority receives excess earnings from funds previously escrowed for bond defeasance. These revenues from other sources are recognized when received.

F. Cash and Short-Term Investments

The carrying amount approximates fair value because of the short maturity of those items.

G. Long-Term Investments

The fair value of the Authority's long-term investments is based on the quoted market prices as of June 30, 2009.

2. General Information

Purpose

Economic Development Road Revenue Bonds (Revitalization Projects), Series 1990 (the "Bonds") were issued by The Turnpike Authority of Kentucky (the "Authority") pursuant to the October 1, 1990 Trust Indenture as supplemented by the First Supplemental Trust Indenture dated as of November 15, 2000 (the "Indenture") for the purpose of financing the cost of economic development road revitalization projects, including the construction, reconstruction or relocation of certain roads designated by the Transportation Cabinet of the Commonwealth (the "Cabinet") as Economic Development Revitalization Road Projects.

Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 1992 (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a Series 1992 Resolution adopted on October 8, 1992 to provide for the refinancing of certain 1986 and 1987 Economic Development Road Revenue Bonds and certain 1990 Economic Development Road Revenue Bonds (Revitalization Projects).

Economic Development Road Revenue and Revenue Refunding Bonds (Revitalization Projects), Series 1993 (the "Bonds") were issued by The Turnpike Authority of Kentucky

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

2. General Information, Continued

Purpose, Continued

pursuant to a Series 1993 Resolution adopted on April 16, 1993 to provide for the financing of certain Economic Development Road Projects, and refinancing certain 1990 Economic Development Road Revenue Bonds (Revitalization Projects).

Economic Development Road Revenue and Revenue Refunding Bonds (Revitalization Projects), Series 1995 (the "Bonds") were issued by the Turnpike Authority of Kentucky pursuant to a Series 1995 Resolution adopted on April 21, 1995 to provide for the financing of certain Economic Development Road Projects and refinancing of certain 1986 and 1987 Economic Development Road Revenue Bonds.

Economic Development Road Revenue Bonds (Revitalization Projects), Series 2000 (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a Series 2000 Resolution adopted on November 16, 2000 to provide for the financing of certain Economic Development Road Projects and refund certain of the outstanding project notes of the Kentucky Asset/Liability Commission and pay certain costs of issuance of the 2000 Bonds.

Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 2001A (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2001 Series A Resolution adopted on February 1, 2001 to refund certain 1993 and 1995 Economic Development Road Revenue Bonds (Revitalization Projects).

Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 2001B (the "Bonds") were issued by the Turnpike Authority of Kentucky pursuant to a 2001 Series B Resolution adopted on February 22, 2001 to refund certain Series 2000 Economic Development Road Revenue Bonds.

Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 2004A (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2004 Series A Resolution adopted on May 4, 2004 to refund certain revenue bonds previously issued by the Authority.

Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 2004B (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2004 Series B Resolution adopted on May 4, 2004 to refund certain revenue bonds previously issued by the Authority.

Economic Development Road Revenue Refunding Bonds (Revitalization Projects), Series 2005A (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2005 Series A Resolution adopted on March 28, 2005 to refund certain revenue bonds previously issued by the Authority.

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

2. General Information, Continued

Purpose, Continued

Economic Development Road Revenue Bonds (Revitalization Projects), Series 2005B (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2005 Series B Resolution adopted on March 28, 2005 to provide for the financing of certain Economic Development Road Projects.

Economic Development Road Revenue Bonds (Revitalization Projects), Series 2006A (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2006 Series Resolution adopted on February 3, 2006 to provide for the financing of certain Economic Development Road Projects.

Economic Development Road Revenue Bonds (Revitalization Projects), Series 2006B (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2006 Series Resolution adopted on February 3, 2006 to provide for the financing of certain Economic Development Road Projects.

Economic Development Road Revenue Bonds (Revitalization Projects), Series 2008A (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2008 Series A Resolution adopted on June 23, 2008 to provide for the financing of certain Economic Development Road Projects and to refund a portion of the outstanding Kentucky Asset/Liability Commission Project Notes, 2007 Road Fund Series A.

Economic Development Road Revenue Bonds (Revitalization Projects), Series 2009A (the "Bonds") were issued by The Turnpike Authority of Kentucky pursuant to a 2009 Series A Resolution adopted on March 9, 2009 to provide for the financing of certain Economic Development Road Projects, to refund the outstanding Kentucky Asset/Liability Commission Project Notes, 2007 Road Fund Series A, and to pay for certain capitalized interest.

The Authority

The Authority constitutes a de jure municipal corporation and political subdivision of the Commonwealth of Kentucky. The Authority is a blended component unit of the Commonwealth of Kentucky. It is authorized and empowered, under the terms of written agreements with the Cabinet, to initiate, plan, implement, acquire, construct and finance toll road projects, resource recovery road projects and economic development road projects, to lease such projects to the Cabinet, to issue revenue bonds to finance such projects and to refund such revenue bonds.

These financial statements include only the activities of the Economic Development Road Projects bond issues and are not intended to present the activities of the Turnpike Authority of the Commonwealth of Kentucky, as a whole.

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

2. General Information, Continued

Security

The Bonds are special obligations of the Authority secured by and payable solely from monies pledged for the payment thereof under the 1990 Trust Indenture as supplemented by the First Supplemental Trust Indenture dated as of November 15, 2000 (the "Indenture") as amended by the First Supplemental Agreement, dated as of October 1, 1992; the Second Supplemental Agreement, dated as of April 1, 1993; the Third Supplemental Agreement, dated as of April 1, 1995; the Fourth Supplemental Agreement, dated as of April 1, 1999; the Fifth Supplemental Agreement, dated as of February 1, 2001; the Sixth Supplemental Agreement, dated as of March 1, 2001; the Seventh Supplemental Agreement, dated as of May 1, 2004; the Eighth Supplemental Agreement, dated as of April 1, 2005; the Ninth Supplemental Agreement, dated as of March 1, 2006; and the Tenth Supplemental Agreement, dated as of September 1, 2007. Subject only to the provisions of the Trust Indenture, the First Supplemental Trust Indenture, the 1992, 1993, 1995, 1999, 2001, 2004, 2005, 2006 and 2007 Supplemental Agreements, permitting the application of such monies for or to the purposes and on the terms and conditions set forth therein, such monies are pledged for the payment of principal and premium, if any, and interest on the Bonds, all funds (and all accounts thereof) established pursuant to the Trust Indenture. There are to be deposited in such funds, (i) proceeds derived from the sale of the Bonds, (ii) monies received by the Authority as rental payments from the Cabinet under the Lease, the First Supplemental Lease, dated October 1, 1992; the Second Supplemental Lease, dated as of April 1, 1993; the Third Supplemental Lease, dated as of April 1, 1995; the Fourth Supplemental Lease, dated as of October 1, 1999, which has been amended by a First Amendment to Financing/Fourth Supplemental Lease Agreement, dated as of November 15, 2000; the Fifth Supplemental Lease, dated as of February 1, 2001; the Sixth Supplemental Lease, dated as of March 1, 2001; a Financing/Seventh Supplemental Lease Agreement, dated as of May 1, 2004; the Eighth Supplemental Lease, dated as of April 1, 2005; the Ninth Supplemental Lease, dated as of March 1, 2006; a Financing/Tenth Supplemental Lease Agreement, dated September 1, 2007; a First Amendment to Financing/Tenth Supplemental Lease Agreement, dated as of August 1, 2008 and a Second Amendment to Financing/Tenth Supplemental Lease Agreement, dated as of April 1, 2009; and (iii) during such times as the lease shall not be in effect, the Transportation Cabinet must collect from the Commonwealth and pay over to the Authority motor fuel taxes and surtaxes collected by the Commonwealth on gasoline and other motor fuels consumed on the Economic Development Revitalization Projects not directed by law or previous binding contract to be applied to uses other than payment of the principal of and interest on the Bonds.

The Authority does not expect that it will have a source of revenues sufficient to pay Bonds if required rentals are not received under the lease. There is no indication that the required rentals will not be received.

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

2. General Information, Continued

Security, Continued

The Authority does not have any taxing power. The Bonds do not constitute a debt of the Commonwealth, and neither the faith and credit nor the taxing authority of the Commonwealth is pledged to the payment of the principal or interest on the Bonds.

Trust Indenture

In connection with the issuance of the Bonds, the Authority entered into the Indenture with PNC Bank of Kentucky, Louisville, Kentucky (the "Trustee") (formerly Citizens Fidelity Bank and Trust).

The Indenture (dated as of October 1, 1990), as supplemented by a First Supplemental Trust Indenture dated as of November 15, 2000 (and subsequent amendments shown in Footnote 1A) between the Authority and Chase Manhattan Trust Company N. A., Louisville, Kentucky, as trustee, contain provisions establishing funds and accounts for segregation of assets and restricting the use of the proceeds of Bonds as well as other funds received. Cash and marketable securities of the various funds and accounts are restricted for the following purposes:

Construction Fund - construction costs are to include costs of preliminary studies, land acquisition (less consideration received for land sold), engineering, legal, administrative and maintenance expenses during construction (less interest earned on unexpended construction funds). Construction costs are not being amortized.

The Construction Fund has incurred debt to finance not only the construction of roads as provided in the indenture, but has also borrowed funds to defease and partially defease bonds issued under this indenture and other indentures. When funds are borrowed to defease or partially defease bonds issued under other indentures, this causes an outflow of funds and can result in a negative fund balance.

The Construction Fund has also incurred debt to finance the construction and improvement of roads owned by various local governments in the Commonwealth of Kentucky. When these funds are expended this outflow of funds can result in a negative fund balance;

Revenue Fund - a depository for collections of monies received under lease agreements with the Cabinet. Transfers are made from this fund according to funding requirements of the Indenture. The Revenue Fund also has an operating account for payment of administrative costs;

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

2. General Information, Continued

Trust Indenture, Continued

Debt Service Reserve Fund - assets held as a reserve for payment of Bond principal and interest if monies in the Bond Service Account are insufficient to make required payments;

Escrow Fund - this Fund was established October 1, 1992 as a depository for certain payments required under the First Supplemental Lease dated October 1, 1992 which will be used to purchase certain United States Government obligations in the amounts and on the dates as set forth in the Escrow Agreement dated October 1, 1992;

Bond Fund

Capitalized Interest Account - payment of Bond interest as may be provided in a Series Resolution;

Bond Service Account - payment of Bond principal and interest;

Redemption Account - retirement of bonds, and;

Rebate Account - this Account was established October 1, 1990 as a depository for amounts required to be paid to the United States of America pursuant to Section 148(F) of the Internal Revenue Code as determined by the Authority's rebate consultant.

3. Concentration of Credit Risk

At June 30, 2009, the Authority maintained deposits of \$198,453 with banks which was fully insured by Federal Depository Insurance. The Authority also maintained \$81,702,113 of investments with the State Investment Pool of the State Investment Commission of the Commonwealth of Kentucky.

The State Investment Commission ("The Commission") is charged with the oversight of the Commonwealth's investment programs pursuant to KRS 42.500.

The Commission delegates the day to day management of the Commonwealth's investments to the Office of Financial Management ("OFM"). The purpose of the investment pools is to provide: economies of scale that enhance yield, ease of administration for both the user agencies and OFM and increase accountability and control. All investments shall be permitted investments as defined in KRS 42.500 and as further limited by 200 KAR Chapter 14. Funds residing in the pools are available to be spent at any time. Investments are held by the U. S. Bank. The Commonwealth has a custodial agreement with U. S. Bank, which clears all security transactions. The Commonwealth has tri-party custodial accounts with Bank of New York

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

3. Concentration of Credit Risk, Continued

and J. P. Morgan Chase to facilitate the execution of repurchase agreements. The information concerning these investment pools has been obtained from OFM. The Authority had no collateral or insurance as security for the balances with the State Investment Commission at June 30, 2009.

4. Investments

Investments are included in the balance sheet in the captions "Marketable securities" and "Cash equivalents." As of June 30, 2009, the Economic Development Revitalization Projects of the Turnpike Authority of Kentucky had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
U. S. Government Money Market	\$ 111,662,728	\$ 111,662,728	\$ -	\$ -
State Investment Pool	81,702,113	32,747	81,669,366	-
U. S. Government Strips	69,952,400	69,952,400	-	-
U. S. Government State and Local Government T-Bond	14,595,571	-	14,595,571	-
Commercial Paper	58,709,039	58,709,039	-	-
	<u>\$ 336,621,851</u>	<u>\$ 240,356,914</u>	<u>\$ 96,264,937</u>	<u>\$ -</u>

Interest Rate Risk

The State Investment Pools are managed within statute, administrative regulation and under review of the State Investment Commission. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy requires, at a minimum, an annual review of the investment maturities. The Authority had \$151,621,766 of investments at June 30, 2009 that were subject to interest rate risk.

Credit Risk

The Economic Development Revitalization Projects indenture limits investments to U. S. Government backed securities, any corporation of the U. S. Government, Certificates of Deposit and Bankers Acceptances issued by highly rated banks, commercial paper in the highest rating category, and securities issued by a state or local government rated in one of the three highest categories by a nationally-recognized rating agency, and any other investment permitted by Kentucky Revised Statute 42.500. The Commercial Paper held by the Authority

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

4. Investments, Continued

Credit Risk Continued

at June 30, 2009, in the amount of \$58,709,039, had a rating of A-1+/P-1 by Moody's rating service which is a short term rating for instruments of 270 days or less. The Authority had \$58,709,039 of investments at June 30, 2009 that were subject to credit risk.

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. Of the Economic Development Revitalization Project's \$336,621,851 in investments at June 30, 2009, \$254,919,738 of securities and money market funds are held by the Trustee counterparty, not in the name of the Turnpike Authority were subject to custodial credit risk. In addition, \$81,702,113 was held in the State Investment Pool of the Commonwealth of Kentucky (see Footnote 3).

Concentration of Credit Risk

More than 5% of the Economic Development Revitalization Project's investments are in Morgan Stanley 90 day commercial paper. This investment amounted to 17.44% of the Economic Development Revitalization Project's total investments. The value at June 30, 2009 was \$58,709,039.

5. Economic Development Revitalization Revenue Bonds

At June 30, 2009, Economic Development Revitalization Project Bonds outstanding were as follows:

1992 Series

Capital Appreciation Serial Bonds, 6.60%,
scheduled maturity is January 1, 2010. \$79,545,000

1993 Series

Serial Bonds, 5.50%
Final scheduled maturity is July 1, 2009. 40,420,000

2000 Series

Serial Bonds, 4.625% to 5.75%, due annually in
amounts ranging from \$135,000 to \$19,885,000.
Final scheduled maturity is July 1, 2013. 41,205,000

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

2001 Series A

Serial Bonds, 4.20% to 5.50%, due annually in amounts ranging from \$8,225,000 to \$46,420,000. Final scheduled maturity is July 1, 2015.

152,960,000

2001 Series B

Serial Bonds, 4.90% to 5.25%, due annually in amounts ranging from \$14,005,000 to \$16,260,000. Final scheduled maturity is July 1, 2019.

60,475,000

2004 Series A

Serial Bonds, 4.00% to 5.00%, scheduled maturity is July 1, 2010.

16,180,000

2004 Series B

Serial Bonds, 2.00% to 5.25%, due annually in amounts ranging from \$70,000 to \$10,815,000. Final scheduled maturity is July 1, 2015.

40,700,000

2005 Series A

Serial Bonds, 3.125% to 4.00%, due annually in amounts ranging from \$2,295,000 to \$2,830,000. Final scheduled maturity is July 1, 2015.

17,800,000

2005 Series B

Serial Bonds, 3.00% to 5.00%, due annually in amounts ranging from \$7,715,000 to \$16,320,000. Final scheduled maturity is July 1, 2025.

193,985,000

2006 Series A

Serial Bonds, 4.00% to 5.00%, due annually in amounts ranging from \$225,000 to \$8,445,000. Final scheduled maturity is July 1, 2026.

60,170,000

2006 Series B

Serial Bonds, 4.20% to 5.000%, due annually in amounts ranging from \$2,980,000 to \$15,570,000. Final scheduled maturity is July 1, 2026.

146,630,000

2008 Series A

Serial Bonds, 3.25% to 5.00%, due annually in amounts ranging from \$8,510,000 to \$17,090,000. Final scheduled maturity is July 1, 2028.

195,665,000

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

2009 Series A

Serial Bonds, 2.50% to 5.00%, due annually in amounts ranging from \$5,395,000 to \$10,755,000.

Final scheduled maturity is July 1, 2027. 130,160,000

Term Bonds, 5.00% due annually in amounts ranging from \$11,290,000 to \$11,855,000. Final scheduled maturity is July 1, 2029. 23,145,000

1,199,040,000

Unamortized bond premium 29,639,874
 Unamortized bond discount (3,381,284)
 Deferred amount on refunding (4,581,906)

\$ 1,220,716,684

The debt principal and interest requirements for the years ending June 30 are:

	Principal	Interest	Total
2010	\$ 204,160,000	\$ 47,943,755	\$ 252,103,755
2011	79,485,000	44,036,638	123,521,638
2012	54,725,000	41,401,320	96,126,320
2013	52,455,000	38,893,703	91,348,703
2014	64,875,000	35,807,846	100,682,846
2015-2019	273,450,000	140,119,302	413,569,302
2020-2024	250,340,000	77,811,528	328,151,528
2025-2029	207,695,000	19,518,674	227,213,674
2030-2034	11,855,000	-	11,855,000
	\$ 1,199,040,000	\$ 445,532,766	\$ 1,644,572,766

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

The following is a summary of long-term debt activity of the Economic Development Revitalization Projects for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Repayments	Amortization	Balance June 30, 2009	Due Within One Year
Bonds Payable	\$ 989,035,000	\$ 348,970,000	\$ (138,965,000)	\$ -	\$ 1,199,040,000	\$ 204,160,000
Bond Premium	21,322,866	12,182,165	-	(3,865,157)	29,639,874	
Bond Discount	(7,975,916)	-	-	4,594,632	(3,381,284)	
Deferred Loss	(6,152,749)	-	-	1,570,843	(4,581,906)	
 Total	 \$ 996,229,201	 \$ 361,152,165	 \$ (138,965,000)	 \$ 2,300,318	 \$ 1,220,716,684	

Redemption Provisions

1992 Bonds

The 1992 Bonds are not subject to redemption prior to maturity.

1993 Bonds

Current Interest Bonds. The Current Interest Bonds are subject to optional redemption prior to maturity, as set forth below:

Optional Redemption. The Current Interest Bonds maturing on or before July 1, 2009 are not subject to optional redemption prior to maturity. The Current Interest Term Bonds stated to mature on July 1, 2011 will be subject to optional redemption on and after July 1, 2003, as a whole at any time or in part on any Interest Payment Date, at the following redemption prices expressed as percentages of principal amount together with accrued interest to the redemption date:

1993 Bonds, Continued

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
July 1, 2003 to June 30, 2004	102%
July 1, 2004 to June 30, 2005	101%
July 1, 2005 and thereafter	100%

Selection of Bonds. If less than all of the Current Interest Bonds of a maturity are called for redemption, the particular Current Interest Bond so called to be redeemed will be selected by the Trustee at the direction of the Authority in such manner as the Authority, in its discretion, may deem proper.

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

Redemption Provisions, Continued

1993 Bonds, Continued

Notice of Redemption. At least 30 days but not more than 60 days prior to the redemption date for any Current Interest Bonds, the Trustee will give notice by first class mail to the registered owners of Current Interest Bonds to be redeemed containing the information described in the Indenture, including any conditions to such redemption.

1995 Bonds

The 1995 Bonds are subject to optional redemption prior to maturity, as set forth below:

Optional Redemption. The 1995 Bonds stated to mature on July 1, 2006 and on and after July 1, 2009 will be subject to redemption at the option of the Authority on and after July 1, 2005 as a whole at any time or in part on any Interest Payment Date at the following redemption prices expressed as percentages of principal amount together with accrued interest to the redemption date:

<u>Redemption Period (both dates inclusive)</u>	<u>Redemption Price</u>
July 1, 2005 to June 30, 2006	102%
July 1, 2006 to June 30, 2007	101%
July 1, 2007 and thereafter	100%

The 1995 Bonds maturing on July 1, 2007 and July 1, 2008 are not subject to optional redemption prior to maturity.

Selection of Bonds. If less than all of the 1995 Bonds of a maturity are called for redemption, the particular 1995 Bonds so called to be redeemed (i) will be determined in accordance with the DTC procedures described above under "DESCRIPTION OF 1995 BONDS -- Book-Entry-Only System" or (ii) if the Authority determines to discontinue use of the Book-Entry System, will be selected by the Trustee at the direction of the Authority in such a manner as the Authority, in its discretion, may deem proper.

Notice of Redemption. At least 30 days but not more than 60 days prior to the redemption date for the 1995 Bonds, the Trustee will give notice by first class mail to the registered owner of the 1995 Bonds to be redeemed containing the information described in the Indenture, including any conditions to such redemption.

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

Redemption Provisions, Continued

2000 Bonds

The 2000 Bonds are subject to optional redemption prior to maturity, as set forth below:

Optional Redemption. The 2000 Bonds maturing on or after July 1, 2011 will be subject to redemption at the option of the Authority on and after January 1, 2011 as a whole at any time or in part on any Interest Payment Date, at a redemption price of 100 percent of the principal amount, together with accrued interest to the redemption date.

Selection of Bonds. If less than all of the 2000 Bonds of a maturity are called for redemption, the particular 2000 Bonds so called to be redeemed (i) will be determined in accordance with certain DTC procedures or (ii) if the Authority determines to discontinue use of the Book-Entry system, will be selected by the Trustee at the direction of the Authority in such manner as the Authority, in its discretion, may deem proper.

Notice of Redemption. At least 30 days but not more than 60 days prior to the redemption date for any 2000 Bonds, the Trustee will give notice by first class mail to the registered owners of 2000 Bonds to be redeemed containing the information described in the Indenture, including any conditions to such redemption.

2001A Bonds

The 2001A Bonds are not subject to optional redemption prior to maturity.

2001B Bonds

The 2001B Bonds are subject to optional redemption prior to maturity, as set forth below:

Optional Redemption. The 2001B Bonds will be subject to redemption at the option of the Authority on and after July 1, 2011 as a whole at any time or in part on any Interest Payment Date, at a redemption price of 100 percent of the principal amount, together with accrued interest to the redemption date.

Selection of Bonds. If less than all of the 2001B Bonds of a maturity are called for redemption, the particular 2001B Bonds so called to be redeemed (i) will be determined in accordance with procedures described in the Indenture or (ii) if the Authority determines to discontinue use of the Book-Entry system, will be selected by the Trustee at the direction of the Authority in such manner as the Authority, in its discretion, may deem proper.

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

Redemption Provisions, Continued

2001B Bonds, Continued

Notice of Redemption. At least 30 days but not more than 60 days prior to the redemption date for any 2001B Bonds, the Trustee will give notice by first class mail to the registered owners of 2001B Bonds to be redeemed containing the information described in the Indenture, including any conditions to such redemption.

2004A Bonds

The 2004A Bonds are not subject to redemption prior to maturity.

2004B Bonds

The 2004B Bonds are not subject to redemption prior to maturity.

2005A Bonds

The 2005A Bonds are not subject to redemption prior to maturity.

2005B Bonds

The 2005B Bonds are subject to optional redemption prior to maturity as set forth below:

Optional Redemption. The 2005B Bonds maturing on and after July 1, 2016 are subject to redemption prior to maturing in whole or in part, in the amount of \$5,000 or integral multiples thereof, on any date on or after July 1, 2015 at the redemption prices equal to 100% of principal amount redeemed plus accrued interest to the redemption date.

Selection of Bonds. If less than all of the Series B Bonds are to be called for redemption, The Authority will determine the maturities of the Series B Bonds to be redeemed. If less than all of the Series B Bonds of a single maturity are to be redeemed, the selection of the Series B Bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will, so long as the Series B Bonds remain in Book-Entry Form, be made by the Depository and the Participants (currently by way of a lottery process), and otherwise will be made at random by the Trustee, in such manner as the Trustee, in its discretion, may determine.

Notice of Redemption. Notice of call for any redemption of the Series B Bonds will be given by the Trustee on behalf of the Authority, by mailing a copy of the redemption notice, at least 30 days prior to the date fixed for redemption, to the Holders of the Series B Bonds to be redeemed as shown on the bond register for those Series B Bonds at the close of business on the 25th day preceding such mailing.

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

Redemption Provisions, Continued

2006 Bonds

The 2006 Bonds are subject to optional redemption prior to maturity as set forth below:

Optional Redemption. The 2006 Bonds maturing on and after July 1, 2017 are subject to redemption prior to maturity in whole or in part, in the amount of \$5,000 or integral multiples thereof, on any date on or after July 1, 2016 at the redemption prices equal to 100% of principal amount redeemed plus accrued interest to the redemption date.

Selection of Bonds. If less than all of the 2006 Bonds are to be called for redemption, the Authority will determine the maturities of the 2006 Bonds to be redeemed. If less than all of the 2006 Bonds of a single maturity are to be redeemed, the selection of the 2006 Bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will, so long as the 2006 Bonds remain in Book-Entry Form, be made by the Depository and the Participants (currently by way of a lottery process), and otherwise will be made at random by the Trustee, in such manner as the Trustee, in its discretion, may determine.

Notice of Redemption. Notice of call for any redemption of the 2006 Bonds will be given by the Trustee on behalf of the Authority, by mailing a copy of the redemption notice, at least 30 days prior to the date fixed for redemption, to the Holders of the 2006 Bonds to be redeemed as shown on the bond register for those 2006 Bonds at the close of business on the 25th day preceding such mailing.

2008 Series A Bonds

The 2008 Series A Bonds are subject to optional redemption prior to maturity as set forth below:

Optional Redemption. The 2008A Bonds maturing on and after July 1, 2019 are subject to redemption prior to maturity in whole or in part, in the amount of \$5,000 or integral multiples thereof, on any date on or after July 1, 2018 at the redemption prices equal to 100% of principal amount redeemed plus accrued interest to the redemption date.

Selection of Bonds. If less than all of the 2008A Bonds are to be called for redemption, the Authority will determine the maturities of the 2008A Bonds to be redeemed. If less than all of the 2008A Bonds of a single maturity are to be redeemed, the selection of the 2008A Bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will, so long as the 2008A Bonds remain in Book-Entry Form, be made by the Depository and the Participants (currently by way of a lottery process), and otherwise will be made at random by the Trustee, in such manner as the Trustee, in its discretion, may determine.

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY

NOTES TO FINANCIAL STATEMENTS

5. Economic Development Revitalization Revenue Bonds, Continued

Redemption Provisions, Continued

2008 Series A Bonds, Continued

Notice of Redemption. Notice of call for any redemption of the 2008A Bonds will be given by the Trustee on behalf of the Authority, by mailing a copy of the redemption notice, at least 30 days prior to the date fixed for redemption, to the Holders of the 2008A Bonds to be redeemed as shown on the bond register for those 2008A Bonds at the close of business on the 15th day preceding such mailing.

2009 Series A Bonds

The 2009 Series A Bonds are subject to optional redemption prior to maturity as set forth below:

Optional Redemption. The 2009A Bonds maturing on and after July 1, 2020 are subject to redemption prior to maturity in whole or in part, in the amount of \$5,000 or integral multiples thereof, on any date on or after July 1, 2019 at the redemption prices equal to 100% of principal amount redeemed plus accrued interest to the redemption date.

Selection of Bonds. If less than all of the 2009A Bonds are to be called for redemption, the Authority will determine the maturities of the 2009A Bonds to be redeemed. If less than all of the 2009A Bonds of a single maturity are to be redeemed, the selection of the 2009A Bonds to be redeemed, or portions thereof in the amounts of \$5,000 or any integral multiple thereof, will, so long as the 2009A Bonds remain in Book-Entry Form, be made by the Depository and the Participants (currently by way of a lottery process), and otherwise will be made at random by the Trustee, in such manner as the Trustee, in its discretion, may determine.

Notice of Redemption. Notice of call for any redemption of the 2009A Bonds will be given by the Trustee on behalf of the Authority, by mailing a copy of the redemption notice, at least 30 days prior to the date fixed for redemption, to the Holders of the 2009A Bonds to be redeemed as shown on the bond register for those 2009A Bonds at the close of business on the 15th day preceding such mailing.

6. Encumbrances

At June 30, 2009 there were encumbrances outstanding at the Transportation Cabinet for construction costs on the Economic Development Revitalization Projects in the amount of approximately \$51,541,000 which the Authority will be responsible for in future years.

**ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY**

NOTES TO FINANCIAL STATEMENTS

7. Prior-year Defeasance of Debt

In the current and prior fiscal years, the Authority defeased certain bonds by placing monies in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. As of June 30, 2009, approximately \$181 million of bonds outstanding are considered defeased.

8. Subsequent Events

The Authority authorized the issuance of Bonds (2009 Series B Bonds) not to exceed \$250,000,000 at the June 18, 2009 meeting. Bonds are expected to be sold within the next 12 months in order to finance the costs of economic development road projects. As of June 30, 2009 none of these bonds had been issued.

9. Derivative Agreement

The Authority has entered into a "Debt Service Reserve Fund Agreement" with a financial institution. During the term of the agreement, the Authority receives a fixed interest rate (5.842% at June 30, 2009) on certain commercial paper issued by the financial institution and held in the Debt Service Reserve Fund. The Authority's objective is to provide protection against market driven decreases in variable interest rates.

The agreement was effective February 27, 2001 and matures on January 1, 2010. As of June 30, 2009, it contained a notional value of \$57,054,000 with a 5.842% fixed rate of interest and was a derivative asset for the Authority with a fair value of \$653,246.

The agreement requires the financial institution to deliver collateral having a market value equal to five percent (5.00%) of the then-current scheduled reserve amount if the long-term senior unsecured debt rating of the financial institution falls below certain levels as determined by Moody's. Upon termination of the agreement, prior to maturity, the gain or loss determined by the derivative fair value would be realized.

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION
 ECONOMIC DEVELOPMENT REVITALIZATION ROAD PROJECTS
 OF THE TURNPIKE AUTHORITY OF KENTUCKY

BOND FUND-COMBINING SCHEDULE OF ACCOUNTS

STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN NET ASSETS -- TRUST INDENTURE BASIS

for the year ended June 30, 2009

	Bond Service Account	Capitalized Interest Account	Redemption Account	Rebate Account	Total Bond Fund
Revenues:					
Investment income	\$ 9,384	\$ -	\$ -	\$ 7,341	\$ 16,725
Other	2,207,577	-	-	-	2,207,577
Total revenues	2,216,961	-	-	7,341	2,224,302
Expenses:					
Arbitrage tax	-	-	-	529,062	529,062
Interest expense	51,750,546	-	-	-	51,750,546
Principal amount of bonds redeemed	138,965,000	-	-	-	138,965,000
Total expenses	190,715,546	-	-	529,062	191,244,608
Deficiency of revenues over expenses	(188,498,585)	-	-	(521,721)	(189,020,306)
Other financing sources (uses):					
Operating transfers in	181,211,678	-	-	1,076,735	182,288,413
Operating transfers out	-	-	-	(378,888)	(378,888)
Total other financing sources (uses)	181,211,678	-	-	697,847	181,909,525
Excess (deficiency) of revenues and other financing sources over expenses and other uses	(7,286,907)	-	-	176,126	(7,110,781)
Net assets, beginning of year	138,965,012	-	-	-	138,965,012
Net assets, end of year	\$ 131,678,105	\$ -	\$ -	\$ 176,126	\$ 131,854,231

SUPPLEMENTAL INFORMATION

ECONOMIC DEVELOPMENT REVITALIZATION PROJECTS
OF THE TURNPIKE AUTHORITY OF KENTUCKY

CONSTRUCTION FUND -
SCHEDULE OF PROJECT COSTS

January 1, 1991 to June 30, 2009

Design	\$ 18,453,646
Construction	1,345,194,062
Right-of-way	47,666,709
Utilities	<u>69,495,296</u>
Total all projects	<u>\$ 1,480,809,713</u>