

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

FINANCIAL STATEMENTS

FOR THE QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015

**KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE
AUTHORITY**

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COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

To the Members of Kentucky Public
Transportation Infrastructure Authority
Kentucky Public Transportation Infrastructure Authority
Frankfort, Kentucky

Management is responsible for the accompanying interim financial statements of the Kentucky Public Transportation Infrastructure Authority (the "Authority"), a component unit of the Commonwealth of Kentucky, which comprise the statements of net position as of September 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the quarters then ended in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the interim financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these interim financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the interim financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these interim financial statements are not designed for those who are not informed about such matters.

Additionally, management has omitted Management Discussion and Analysis and supplemental information related to the modified approach of accounting for infrastructure assets that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements into an appropriate operational, economic, or historic context.

Blue & Co., LLC
Lexington, Kentucky
July 31, 2017

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF NET POSITION SEPTEMBER 30, 2016 AND 2015

	September 30, 2016	September 30, 2015
Assets:		
Current assets:		
Cash and cash equivalents-restricted	\$ 3,398	\$ 123,814,030
Investments-restricted	72,265,055	83,441,235
Accrued interest receivable	70,021	98,437
Total current assets	72,338,474	207,353,702
Noncurrent assets:		
Investments-restricted	15,650,755	95,170,197
Capital assets:		
Right-of-way easements	7,087,960	7,087,960
Infrastructure	44,263,171	23,420,539
Construction in progress	1,017,232,423	888,481,436
Net capital assets	1,068,583,554	918,989,935
Total noncurrent assets	1,084,234,309	1,014,160,132
Total assets	1,156,572,783	1,221,513,834
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	12,614,727	35,493,011
Accrued interest payable	7,999,569	7,999,569
Total current liabilities	20,614,296	43,492,580
Noncurrent liabilities:		
Long term debt, including unamortized net premiums and discounts of \$59,387,354 and \$56,688,199, respectively	757,337,646	760,036,801
Total liabilities	777,951,942	803,529,381
Net position:		
Net investment in capital assets	391,999,119	430,257,802
Unrestricted (deficit)	(13,378,278)	(12,273,349)
Total net position	\$ 378,620,841	\$ 417,984,453

See compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015

	September 30, 2016	September 30, 2015
Operating expenses:		
Maintenance	\$ 26,847,143	\$ 12,101,122
General administration	1,689	180,372
Total operating expenses	26,848,832	12,281,494
Operating loss	(26,848,832)	(12,281,494)
Nonoperating revenues (expenses):		
Interest earned on investments	-0-	48
Intergovernmental revenues	25,743,903	8,953,796
Total nonoperating revenues (expenses)	25,743,903	8,953,844
Contributed capital from Kentucky Transportation Cabinet	10,553,403	498,106
Change in net position	9,448,474	(2,829,544)
Net position, beginning of period	369,172,367	420,813,997
Net position, end of period	\$ 378,620,841	\$ 417,984,453

See compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE QUARTERS ENDED SEPTEMBER 30, 2016 AND 2015

	September 30, 2016	September 30, 2015
Operating activities:		
Payments to service providers	\$ (1,104,929)	\$ (3,327,699)
Net cash flows from operating activities	(1,104,929)	(3,327,699)
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(16,174,952)	(16,174,952)
Acquisition and construction of capital assets	(13,617,635)	(34,922,298)
Net cash flows from capital and related financing activities	(29,792,587)	(51,097,250)
Investing activities:		
Purchase of investments	(194,943)	(1,321)
Proceeds from sales and maturities of investments	28,034,307	53,337,921
Interest received	198,341	251,870
Net cash flows from investing activities	28,037,705	53,588,470
Net change in cash and cash equivalents	(2,859,811)	(836,479)
Cash and cash equivalents, beginning of period	2,863,209	124,650,509
Cash and cash equivalents, end of period	\$ 3,398	\$ 123,814,030
Reconciliation of operating loss to net cash flows from operating activities:		
Operating loss	\$ (26,848,832)	\$ (12,281,494)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	25,743,903	8,953,795
Net cash flows from operating activities	\$ (1,104,929)	\$ (3,327,699)
Supplemental schedule of noncash capital and related financing activities:		
Construction in progress contributed as capital from Kentucky Transportation Cabinet	\$ 16,622,337	\$ 2,025,299
Interest costs capitalized and accrued	\$ 7,225,787	\$ 7,185,783
Capital assets included in accounts payable	\$ 12,614,727	\$ 35,493,011

See compilation report of independent accountants.