

**KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY**

FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2017 AND 2016

**KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE
AUTHORITY**

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COMPILATION REPORT OF INDEPENDENT ACCOUNTANTS

To the Members
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 March 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position and cash flows for the three and nine months 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
August 29, 2019

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF NET POSITION MARCH 31, 2017 AND 2016

	2017	2016
Assets:		
Current assets:		
Cash and cash equivalents-restricted	\$ -0-	\$ 36,723,322
Investments-restricted	73,882,444	83,086,885
Accounts receivable, net - restricted	7,830,963	-0-
Accrued interest receivable	-0-	87,159
Total current assets	81,713,407	119,897,366
Noncurrent assets:		
Investments-restricted	-0-	60,158,259
Capital assets:		
Right-of-way easements	66,501,182	11,723,211
Infrastructure	1,030,175,280	145,008,098
Construction in progress	-0-	850,198,050
Net capital assets	1,096,676,462	1,006,929,359
Total noncurrent assets	1,096,676,462	1,067,087,618
Total assets	\$ 1,178,389,869	\$ 1,186,984,984
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	\$ -0-	\$ 14,113,612
Accrued interest payable	7,724,597	8,087,476
Due to KYTC	824,441	-0-
Total current liabilities	8,549,038	22,201,088
Noncurrent liabilities:		
Long term debt, net	755,995,443	758,687,224
Total noncurrent liabilities	755,995,443	758,687,224
Total liabilities	764,544,481	780,888,312
Net position:		
Net investment in capital assets	482,021,130	431,697,898
Unrestricted (deficit)	(68,175,742)	(25,601,226)
Total net position	\$ 413,845,388	\$ 406,096,672

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

	2017	2016
Operating revenues:		
Tolls	\$ 9,765,879	\$ -0-
Operating expenses:		
Roadway operations and maintenance	1,785,380	16,655,607
Toll operations and maintenance	602,213	-0-
General administration	271,661	111,755
Total operating expenses	2,659,254	16,767,362
Operating income (loss)	7,106,625	(16,767,362)
Nonoperating revenues (expenses):		
Interest earned on investments	41,887	80
Interest expense	(7,060,870)	-0-
Intergovernmental revenues	1,507,377	111,755
Total nonoperating revenues (expenses)	(5,511,606)	111,835
Contributed capital from KYTC	7,775,257	8,584,593
Change in net position	9,370,276	(8,070,934)
Net position, beginning of period	404,475,112	414,167,606
Net position, end of period	\$ 413,845,388	\$ 406,096,672

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE NINE MONTHS ENDED MARCH 31, 2017 AND 2016

	2017	2016
Operating revenues:		
Tolls	\$ 9,765,879	\$ -0-
Operating expenses:		
Roadway operations and maintenance	34,843,661	39,243,330
Toll operations and maintenance	602,213	-0-
General administration	273,350	648,122
Total operating expenses	35,719,224	39,891,452
Operating loss	(25,953,345)	(39,891,452)
Nonoperating revenues (expenses):		
Interest earned on investments	41,887	129
Interest expense	(7,060,870)	-0-
Intergovernmental revenues	33,459,018	648,122
Total nonoperating revenues (expenses)	26,440,035	648,251
Contributed capital from KYTC	44,186,331	24,525,876
Change in net position	44,673,021	(14,717,325)
Net position, beginning of period	369,172,367	420,813,997
Net position, end of period	\$ 413,845,388	\$ 406,096,672

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

	2017	2016
Operating activities:		
Receipts from patrons	\$ 1,934,916	\$ -0-
Payments to service providers	(327,436)	(9,180,396)
Net cash flows from operating activities	1,607,480	(9,180,396)
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(16,174,952)	(16,174,952)
Acquisition and construction of capital assets	-0-	(24,770,335)
Net cash flows from capital and related financing activities	(16,174,952)	(40,945,287)
Investing activities:		
Purchase of investments	(2,688,121)	(417,849)
Proceeds from sales and maturities of investments	17,077,064	33,725,604
Interest received	178,529	311,027
Net cash flows from investing activities	14,567,472	33,618,782
Net change in cash and cash equivalents	-0-	(16,506,901)
Cash and cash equivalents, beginning of period	-0-	53,230,223
Cash and cash equivalents, end of period	\$ -0-	\$ 36,723,322
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ 7,106,625	\$ (16,767,362)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	1,507,377	111,755
Changes in assets and liabilities		
Accounts receivable	(7,830,963)	-0-
Amounts due to KYTC	824,441	-0-
Accounts payable and accrued expenses	-0-	7,475,211
Net cash flows from operating activities	\$ 1,607,480	\$ (9,180,396)
Supplemental schedule of noncash capital and related financing activities:		
Construction in progress contributed as capital from KYTC	\$ 7,775,257	\$ 8,584,593
Interest costs capitalized and accrued	\$ -0-	\$ 7,473,828
Capital assets included in accounts payable	\$ -0-	\$ 10,743,104

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED MARCH 31, 2017 AND 2016

	2017	2016
Operating activities:		
Receipts from patrons	\$ 1,934,916	\$ -0-
Payments to service providers	(1,435,765)	(31,768,119)
Net cash flows from operating activities	499,151	(31,768,119)
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(32,349,904)	(32,349,904)
Acquisition and construction of capital assets	(13,617,635)	(113,028,951)
Net cash flows from capital and related financing activities	(45,967,539)	(145,378,855)
Investing activities:		
Purchase of investments	(2,909,065)	(420,524)
Proceeds from sales and maturities of investments	45,111,371	89,123,411
Interest received	402,873	516,900
Net cash flows from investing activities	42,605,179	89,219,787
Net change in cash and cash equivalents	(2,863,209)	(87,927,187)
Cash and cash equivalents, beginning of period	2,863,209	124,650,509
Cash and cash equivalents, end of period	\$ -0-	\$ 36,723,322
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ (25,953,345)	\$ (39,891,452)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	33,459,018	648,122
Changes in assets and liabilities		
Accounts receivable	(7,830,963)	-0-
Amounts due to KYTC	824,441	-0-
Accounts payable and accrued expenses	-0-	7,475,211
Net cash flows from operating activities	\$ 499,151	\$ (31,768,119)
Supplemental schedule of noncash capital and related financing activities:		
Construction in progress contributed as capital from KYTC	\$ 44,186,331	\$ 24,525,876
Interest costs capitalized and accrued	\$ 14,620,211	\$ 21,845,394
Capital assets included in accounts payable	\$ -0-	\$ 10,743,104

See accompanying compilation report of independent accountants.