

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2019 AND 2018

**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, 2019 and 2018, 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
May 30, 2019

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF NET POSITION MARCH 31, 2019 AND 2018

	2019	2018
Assets:		
Current assets:		
Investments-restricted	\$ 100,564,075	\$ 86,029,488
Accounts receivable, net - restricted	23,503,915	18,251,982
Total current assets	124,067,990	104,281,470
Capital assets:		
Right-of-way easements	66,524,387	66,524,387
Infrastructure	1,043,369,539	1,043,141,144
Net capital assets	1,109,893,926	1,109,665,531
Total assets	1,233,961,916	1,213,947,001
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	1,625,587	-0-
Due to the KYTC	4,535,801	4,180,793
Accrued interest payable	6,915,533	6,925,154
Current portion of long-term debt	1,555,000	1,000,000
Total current liabilities	14,631,921	12,105,947
Long term debt, net	768,272,119	760,953,754
Total liabilities	782,904,040	773,059,701
Net position:		
Net investment in capital assets	386,851,901	399,439,915
Restricted for debt service and maintenance	64,205,975	41,447,385
Total net position	\$ 451,057,876	\$ 440,887,300

See 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, 2019 AND 2018

	2019	2018
Operating revenues:		
Tolls	\$ 16,576,877	\$ 14,751,416
Operating expenses:		
Toll operations & maintenance	3,282,908	3,199,872
Roadway operations & maintenance	504,634	299,050
General administration	89,167	250
Total operating expenses	3,876,709	3,499,172
Operating income	12,700,168	11,252,244
Nonoperating revenues (expenses):		
Interest earned on investments	540,837	259,288
Interest expense	(6,915,533)	(6,926,094)
Intergovernmental revenues	40,545	-0-
Amortization of discounts on bonds	(2,187,953)	(2,187,953)
Total nonoperating revenues (expenses)	(8,522,104)	(8,854,759)
Contributed capital from KYTC	58,110	-0-
Change in net position	4,236,174	2,397,485
Net position, beginning of period	446,821,702	438,489,815
Net position, end of period	\$ 451,057,876	\$ 440,887,300

See 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, 2019 AND 2018

	2019	2018
Operating revenues:		
Tolls	\$ 48,655,871	\$ 41,548,834
Operating expenses:		
Toll operations & maintenance	7,245,664	5,334,187
Roadway operations & maintenance	1,284,375	3,168,137
General administration	546,455	457,524
Total operating expenses	9,076,494	8,959,848
Operating income	39,579,377	32,588,986
Nonoperating revenues (expenses):		
Interest earned on investments	1,415,269	617,672
Interest expense	(20,890,489)	(21,018,642)
Intergovernmental revenues	118,459	2,514,982
Amortization of discounts on bonds	(6,661,101)	(6,661,101)
Total nonoperating revenues (expenses)	(26,017,862)	(24,547,089)
Contributed capital from KYTC	214,760	9,440,550
Change in net position	13,776,275	17,482,447
Net position, beginning of period	437,281,601	423,404,853
Net position, end of period	\$ 451,057,876	\$ 440,887,300

See compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019	2018
Operating activities:		
Receipts from patrons	\$ 13,525,926	\$ 12,544,426
Payments to service providers	(7,662,508)	(3,938,739)
Net cash flows from operating activities	5,863,418	8,605,687
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(13,974,956)	(14,043,525)
Investing activities:		
Purchase of investments	(6,404,254)	(8,327,982)
Proceeds from sales and maturities of investments	13,974,955	13,590,324
Interest received	540,837	175,496
Net cash flows from investing activities	8,111,538	5,437,838
Net change in cash and cash equivalents	-0-	-0-
Cash and cash equivalents, beginning of period	-0-	-0-
Cash and cash equivalents, end of period	\$ -0-	\$ -0-
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 12,700,168	\$ 11,252,244
Adjustments to reconcile operating income to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	40,545	0
Changes in assets and liabilities:		
Accounts receivable	(3,050,950)	(2,206,987)
Due to KYTC	(3,826,345)	(439,570)
Net cash flows from operating activities	\$ 5,863,418	\$ 8,605,687
Supplemental schedule of noncash capital activities:		
Infrastructure contributed as capital from KYTC	\$ 58,110	\$ -0-

See compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019	2018
Operating activities:		
Receipts from patrons	\$ 38,798,658	\$ 34,677,983
Payments to service providers	(7,662,508)	(4,731,619)
Net cash flows from operating activities	31,136,150	29,946,364
Capital and related financing activities:		
Principal payment on TIFIA	(1,000,000)	-0-
Interest paid on long-term debt outstanding	(27,825,263)	(30,268,440)
Net cash flows from capital and related financing activities	(28,825,263)	(30,268,440)
Investing activities:		
Purchase of investments	(20,587,764)	(13,893,765)
Proceeds from sales and maturities of investments	13,974,955	13,590,324
Interest received	1,415,269	625,517
Net cash flows from investing activities	(5,197,540)	322,076
Net change in cash and cash equivalents	(2,886,653)	-0-
Cash and cash equivalents, beginning of period	2,886,653	-0-
Cash and cash equivalents, end of period	\$ -0-	\$ -0-
Reconciliation of operating income to net cash flows from operating activities:		
Operating income	\$ 39,579,377	\$ 32,588,986
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	118,459	2,514,982
Changes in assets and liabilities:		
Accounts receivable	(9,857,159)	(6,870,846)
Due to KYTC	1,295,473	1,713,242
Net cash flows from operating activities	\$ 31,136,150	\$ 29,946,364
Supplemental schedule of noncash investing activities:		
Infrastructure contributed as capital from KYTC	\$ 214,760	\$ 9,440,550

See compilation report of independent accountants.