

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED DECMEBER 31, 2017 AND 2016

**KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE
AUTHORITY**

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Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

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 December 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net position and cash flows for the three and six 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 DECEMBER 31, 2017 AND 2016

	2017	2016
Assets:		
Current assets:		
Investments-restricted	\$ 91,208,042	\$ 72,289,797
Accounts receivable, net - restricted	16,044,992	-0-
Accrued interest receivable	-0-	140,041
Total current assets	107,253,034	72,429,838
Noncurrent assets:		
Investments-restricted	-0-	15,650,755
Capital assets:		
Right-of-way easements	66,524,387	7,087,960
Infrastructure	1,043,141,144	44,263,171
Construction in progress	0	1,037,877,510
Net capital assets	1,109,665,531	1,089,228,641
Total noncurrent assets	1,109,665,531	1,104,879,396
Total assets	1,216,918,565	1,177,309,234
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	-0-	-0-
Due to the KYTC	4,620,363	-0-
Accrued interest payable	14,042,585	16,174,952
Current portion of long-term debt	1,000,000	-0-
Total current liabilities	19,662,948	16,174,952
Long term debt, net	758,765,802	756,659,170
Total liabilities	778,428,750	772,834,122
Net position:		
Net investment in capital assets	401,458,630	474,245,873
Unrestricted (deficit)	-0-	(69,770,761)
Restricted for debt service and maintenance	37,031,185	-0-
Total net position	\$ 438,489,815	\$ 404,475,112

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 DECEMBER 31, 2017 AND 2016

	2017	2016
Operating revenues:		
Tolls	\$ 12,662,345	\$ -0-
Operating expenses:		
Toll operations & maintenance	859,153	-0-
Roadway operations & maintenance	141,763	6,211,138
General administration	40,200	-0-
Total operating expenses	1,041,116	6,211,138
Operating income (loss)	11,621,229	(6,211,138)
Nonoperating revenues (expenses):		
Interest earned on investments	162,324	-0-
Interest expense	(7,045,327)	-0-
Intergovernmental revenues	-0-	6,207,738
Amortization of discounts on bonds	(2,236,574)	-0-
Total nonoperating revenues (expenses)	(9,119,577)	6,207,738
Contributed capital from KYTC	-0-	25,857,671
Change in net position	2,501,652	25,854,271
Net position, beginning of period	435,988,163	378,620,841
Net position, end of period	\$ 438,489,815	\$ 404,475,112

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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

	2017	2016
Operating revenues:		
Tolls	\$ 26,797,418	\$ -0-
Operating expenses:		
Toll operations & maintenance	2,134,316	-0-
Roadway operations & maintenance	2,869,086	33,058,281
General administration	457,274	1,689
Total operating expenses	5,460,676	33,059,970
Operating income (loss)	21,336,742	(33,059,970)
Nonoperating revenues (expenses):		
Interest earned on investments	358,384	-0-
Interest expense	(14,092,548)	-0-
Intergovernmental revenues	2,514,982	31,951,641
Amortization of discounts on bonds	(4,473,148)	-0-
Total nonoperating revenues (expenses)	(15,692,330)	31,951,641
Contributed capital from KYTC	9,440,550	36,411,074
Change in net position	15,084,962	35,302,745
Net position, beginning of period	423,404,853	369,172,367
Net position, end of period	\$ 438,489,815	\$ 404,475,112

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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

	2017	2016
Operating activities:		
Receipts from patrons	\$ 10,765,340	\$ -0-
Payments to service providers	-0-	(3,400)
Net cash flows from operating activities	10,765,340	(3,400)
Investing activities:		
Net investment activity	(10,940,836)	(26,001)
Interest received	175,496	26,003
Net cash flows from investing activities	(10,765,340)	2
Net change in cash and cash equivalents	-0-	(3,398)
Cash and cash equivalents, beginning of period	-0-	3,398
Cash and cash equivalents, end of period	\$ -0-	\$ -0-
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ 11,621,229	\$ (6,211,138)
Changes in assets and liabilities		
Accounts receivable	(1,897,003)	-0-
Intergovernmental revenue for operating expenses	-0-	6,207,738
Due to KYTC	1,840,992	-0-
Accounts payable	(799,878)	-0-
Net cash flows from operating activities	\$ 10,765,340	\$ (3,400)
Supplemental schedule of noncash capital activities:		
Infrastructure contributed as capital from KYTC	\$ -0-	\$ 25,857,671
Interest costs capitalized and accrued	\$ -0-	\$ 7,394,424

See accompanying compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating activities:		
Receipts from patrons	\$ 22,133,557	\$ -0-
Payments to service providers	(792,880)	(1,108,329)
Net cash flows from operating activities	21,340,677	(1,108,329)
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(16,224,915)	(16,174,952)
Acquisition and construction of capital assets	-0-	(13,617,635)
Net cash flows from capital and related financing activities	(16,224,915)	(29,792,587)
Investing activities:		
Net investment activity	(5,565,783)	27,813,363
Interest received	450,021	224,344
Net cash flows from investing activities	(5,115,762)	28,037,707
Net change in cash and cash equivalents	-0-	(2,863,209)
Cash and cash equivalents, beginning of period	-0-	2,863,209
Cash and cash equivalents, end of period	\$ -0-	\$ -0-
Reconciliation of operating income (loss) to net cash flows from operating activities:		
Operating income (loss)	\$ 21,336,742	\$ (33,059,970)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	2,514,982	31,951,641
Changes in assets and liabilities:		
Accounts receivable	(4,663,859)	-0-
Due to KYTC	2,152,812	-0-
Net cash flows from operating activities	\$ 21,340,677	\$ (1,108,329)
Supplemental schedule of noncash investing activities:		
Infrastructure contributed as capital from KYTC	\$ 9,440,550	\$ 36,411,074
Interest costs capitalized and accrued	\$ -0-	\$ 14,620,211

See accompanying compilation report of independent accountants.