

# **KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY**

FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED DECMEBER 31, 2018 AND 2017

**KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE  
AUTHORITY**

TABLE OF CONTENTS  
FOR THE THREE AND SIX MONTHS ENDED DECEMBER 31, 2018 AND 2017

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|                                                                     | <u>Page</u> |
|---------------------------------------------------------------------|-------------|
| <b>Compilation Report of Independent Accountants</b> .....          | 1           |
| <b>Financial Statements:</b>                                        |             |
| Statements of Net Position .....                                    | 2           |
| Statements of Revenues, Expenses, and Changes in Net Position ..... | 3           |
| Statements of Cash Flows .....                                      | 5           |

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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 December 31, 2018 and 2017, 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  
March 29, 2019

# KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

## STATEMENTS OF NET POSITION DECEMBER 31, 2018 AND 2017

|                                             | 2018           | 2017           |
|---------------------------------------------|----------------|----------------|
| <b>Assets:</b>                              |                |                |
| Current assets:                             |                |                |
| Investments-restricted                      | \$ 108,134,777 | \$ 91,208,042  |
| Accounts receivable, net - restricted       | 20,452,964     | 16,044,992     |
| Total current assets                        | 128,587,741    | 107,253,034    |
| Capital assets:                             |                |                |
| Right-of-way easements                      | 66,524,387     | 66,524,387     |
| Infrastructure                              | 1,043,311,429  | 1,043,141,144  |
| Net capital assets                          | 1,109,835,816  | 1,109,665,531  |
| Total assets                                | 1,238,423,557  | 1,216,918,565  |
| <b>Liabilities:</b>                         |                |                |
| Current liabilities:                        |                |                |
| Payable from restricted assets:             |                |                |
| Accounts payable                            | 1,625,587      | -0-            |
| Due to the KYTC                             | 8,362,146      | 4,620,363      |
| Accrued interest payable                    | 13,974,956     | 14,042,585     |
| Current portion of long-term debt           | 1,000,000      | 1,000,000      |
| Total current liabilities                   | 24,962,689     | 19,662,948     |
| Long term debt, net                         | 766,639,166    | 758,765,802    |
| Total liabilities                           | 791,601,855    | 778,428,750    |
| <b>Net position:</b>                        |                |                |
| Net investment in capital assets            | 388,726,205    | 401,458,630    |
| Restricted for debt service and maintenance | 58,095,497     | 37,031,185     |
| Total net position                          | \$ 446,821,702 | \$ 438,489,815 |

*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 DECEMBER 31, 2018 AND 2017

|                                          | 2018           | 2017           |
|------------------------------------------|----------------|----------------|
| <b>Operating revenues:</b>               |                |                |
| Tolls                                    | \$ 13,826,703  | \$ 12,662,345  |
| <b>Operating expenses:</b>               |                |                |
| Toll operations & maintenance            | 1,789,027      | 859,153        |
| Roadway operations & maintenance         | 442,132        | 141,763        |
| General administration                   | 26,600         | 40,200         |
| Total operating expenses                 | 2,257,759      | 1,041,116      |
| Operating income                         | 11,568,944     | 11,621,229     |
| <b>Nonoperating revenues (expenses):</b> |                |                |
| Interest earned on investments           | 482,124        | 162,324        |
| Interest expense                         | (6,987,478)    | (7,045,327)    |
| Amortization of discounts on bonds       | (2,236,574)    | (2,236,574)    |
| Total nonoperating revenues (expenses)   | (8,741,928)    | (9,119,577)    |
| <b>Contributed capital from KYTC</b>     | 103,328        | -0-            |
| <b>Change in net position</b>            | 2,930,344      | 2,501,652      |
| <b>Net position, beginning of period</b> | 443,891,358    | 435,988,163    |
| <b>Net position, end of period</b>       | \$ 446,821,702 | \$ 438,489,815 |

*See 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, 2018 AND 2017

|                                          | 2018           | 2017           |
|------------------------------------------|----------------|----------------|
| <b>Operating revenues:</b>               |                |                |
| Tolls                                    | \$ 32,078,994  | \$ 26,797,418  |
| <b>Operating expenses:</b>               |                |                |
| Toll operations & maintenance            | 3,962,756      | 2,134,316      |
| Roadway operations & maintenance         | 729,154        | 2,869,086      |
| General administration                   | 457,288        | 457,274        |
| Total operating expenses                 | 5,149,198      | 5,460,676      |
| Operating income                         | 26,929,796     | 21,336,742     |
| <b>Nonoperating revenues (expenses):</b> |                |                |
| Interest earned on investments           | 874,432        | 358,384        |
| Interest expense                         | (13,974,956)   | (14,092,548)   |
| Intergovernmental revenues               | 27,328         | 2,514,982      |
| Amortization of discounts on bonds       | (4,473,148)    | (4,473,148)    |
| Total nonoperating revenues (expenses)   | (17,546,344)   | (15,692,330)   |
| <b>Contributed capital from KYTC</b>     | 156,649        | 9,440,550      |
| <b>Change in net position</b>            | 9,540,101      | 15,084,962     |
| <b>Net position, beginning of period</b> | 437,281,601    | 423,404,853    |
| <b>Net position, end of period</b>       | \$ 446,821,702 | \$ 438,489,815 |

*See compilation report of independent accountants.*

# KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

## STATEMENTS OF CASH FLOWS FOR THE THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

|                                                                                               | 2018          | 2017          |
|-----------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Operating activities:</b>                                                                  |               |               |
| Receipts from patrons                                                                         | \$ 13,951,805 | \$ 10,765,340 |
| <b>Investing activities:</b>                                                                  |               |               |
| Purchase of investments                                                                       | (14,433,929)  | (10,940,836)  |
| Interest received                                                                             | 482,124       | 175,496       |
| Net cash flows from investing activities                                                      | (13,951,805)  | (10,765,340)  |
| <b>Net change in cash and cash equivalents</b>                                                | -0-           | -0-           |
| <b>Cash and cash equivalents, beginning of period</b>                                         | -0-           | -0-           |
| <b>Cash and cash equivalents, end of period</b>                                               | \$ -0-        | \$ -0-        |
| <b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b> |               |               |
| Operating income                                                                              | \$ 11,568,944 | \$ 11,621,229 |
| Changes in assets and liabilities                                                             |               |               |
| Accounts receivable                                                                           | 125,102       | (1,897,003)   |
| Due to KYTC                                                                                   | 2,257,759     | 1,840,992     |
| Accounts payable                                                                              | -0-           | (799,878)     |
| Net cash flows from operating activities                                                      | \$ 13,951,805 | \$ 10,765,340 |
| <b>Supplemental schedule of noncash capital activities:</b>                                   |               |               |
| Infrastructure contributed as capital from KYTC                                               | \$ 103,328    | \$ -0-        |

*See compilation report of independent accountants.*

# KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

## STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED DECEMBER 31, 2018 AND 2017

|                                                                                               | 2018          | 2017          |
|-----------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Operating activities:</b>                                                                  |               |               |
| Receipts from patrons                                                                         | \$ 25,272,732 | \$ 22,133,557 |
| Payments to service providers                                                                 | -0-           | (792,880)     |
| Net cash flows from operating activities                                                      | 25,272,732    | 21,340,677    |
| <b>Capital and related financing activities:</b>                                              |               |               |
| Principal payment on TIFIA                                                                    | (1,000,000)   | -0-           |
| Interest paid on long-term debt outstanding                                                   | (13,850,307)  | (16,224,915)  |
| Net cash flows from capital and related financing activities                                  | (14,850,307)  | (16,224,915)  |
| <b>Investing activities:</b>                                                                  |               |               |
| Purchase of investments                                                                       | (14,183,510)  | (5,565,783)   |
| Interest received                                                                             | 874,432       | 450,021       |
| Net cash flows from investing activities                                                      | (13,309,078)  | (5,115,762)   |
| <b>Net change in cash and cash equivalents</b>                                                | (2,886,653)   | -0-           |
| <b>Cash and cash equivalents, beginning of period</b>                                         | 2,886,653     | -0-           |
| <b>Cash and cash equivalents, end of period</b>                                               | \$ -0-        | \$ -0-        |
| <b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b> |               |               |
| Operating income                                                                              | \$ 26,929,796 | \$ 21,336,742 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: |               |               |
| Intergovernmental revenue for operating expenses                                              | 27,328        | 2,514,982     |
| Changes in assets and liabilities                                                             |               |               |
| Accounts receivable                                                                           | (6,806,210)   | (4,663,859)   |
| Due to KYTC                                                                                   | 5,121,818     | 2,152,812     |
| Net cash flows from operating activities                                                      | \$ 25,272,732 | \$ 21,340,677 |
| <b>Supplemental schedule of noncash investing activities:</b>                                 |               |               |
| Infrastructure contributed as capital from KYTC                                               | \$ 156,649    | \$ 9,440,550  |

*See compilation report of independent accountants.*