

**KENTUCKY PUBLIC TRANSPORTATION
INFRASTRUCTURE AUTHORITY**

FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MARCH 31, 2018 AND 2017

**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, 2018 and 2017, 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, 2018 AND 2017

	2018	2017
Assets:		
Current assets:		
Investments-restricted	\$ 86,029,488	\$ 73,882,444
Accounts receivable, net - restricted	18,251,982	7,830,963
Total current assets	104,281,470	81,713,407
Capital assets:		
Right-of-way easements	66,524,387	66,501,182
Infrastructure	1,043,141,144	1,030,175,280
Net capital assets	1,109,665,531	1,096,676,462
Total assets	1,213,947,001	1,178,389,869
Liabilities:		
Current liabilities:		
Payable from restricted assets:		
Accounts payable	-0-	-0-
Due to the KYTC	4,180,793	824,441
Accrued interest payable	6,925,154	7,724,597
Current portion of long-term debt	1,000,000	-0-
Total current liabilities	12,105,947	8,549,038
Long term debt, net	760,953,754	755,995,443
Total liabilities	773,059,701	764,544,481
Net position:		
Net investment in capital assets	399,439,915	482,021,130
Unrestricted (Deficit)	-0-	(68,175,742)
Restricted for debt service and maintenance	41,447,385	-0-
Total net position	\$ 440,887,300	\$ 413,845,388

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, 2018 AND 2017

	2018	2017
Operating revenues:		
Tolls	\$ 14,751,416	\$ 9,765,879
Operating expenses:		
Toll operations & maintenance	3,199,872	602,213
Roadway operations & maintenance	299,050	1,785,380
General administration	250	271,661
Total operating expenses	3,499,172	2,659,254
Operating income	11,252,244	7,106,625
Nonoperating revenues (expenses):		
Interest earned on investments	259,288	41,887
Interest expense	(6,926,094)	(7,060,870)
Intergovernmental revenues	-0-	1,507,377
Amortization of discounts on bonds	(2,187,953)	-0-
Total nonoperating revenues (expenses)	(8,854,759)	(5,511,606)
Contributed capital from KYTC	-0-	7,775,257
Change in net position	2,397,485	9,370,276
Net position, beginning of period	438,489,815	404,475,112
Net position, end of period	\$ 440,887,300	\$ 413,845,388

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, 2018 AND 2017

	2018	2017
Operating revenues:		
Tolls	\$ 41,548,834	\$ 9,765,879
Operating expenses:		
Toll operations & maintenance	5,334,187	602,213
Roadway operations & maintenance	3,168,137	34,843,661
General administration	457,524	273,350
Total operating expenses	8,959,848	35,719,224
Operating income (loss)	32,588,986	(25,953,345)
Nonoperating revenues (expenses):		
Interest earned on investments	617,672	41,887
Interest expense	(21,018,642)	(7,060,870)
Intergovernmental revenues	2,514,982	33,459,018
Amortization of discounts on bonds	(6,661,101)	-0-
Total nonoperating revenues (expenses)	(24,547,089)	26,440,035
Contributed capital from KYTC	9,440,550	44,186,331
Change in net position	17,482,447	44,673,021
Net position, beginning of period	423,404,853	369,172,367
Net position, end of period	\$ 440,887,300	\$ 413,845,388

See compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

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

	2018	2017
Operating activities:		
Receipts from patrons	\$ 12,544,426	\$ 1,934,916
Payments to service providers	(3,938,739)	(327,436)
Net cash flows from operating activities	8,605,687	1,607,480
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(14,043,525)	(16,174,952)
Investing activities:		
Purchase of investments	(8,327,982)	(2,688,121)
Proceeds from sales and maturities of investments	13,590,324	17,077,064
Interest received	175,496	178,529
Net cash flows from investing activities	5,437,838	14,567,472
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	\$ 11,252,244	\$ 7,106,625
Adjustments to reconcile operating income to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	0	1,507,377
Changes in assets and liabilities:		
Accounts receivable	(2,206,987)	(7,830,963)
Due to KYTC	(439,570)	824,441
Net cash flows from operating activities	\$ 8,605,687	\$ 1,607,480
Supplemental schedule of noncash capital activities:		
Infrastructure contributed as capital from KYTC	\$ -0-	\$ 7,775,257

See compilation report of independent accountants.

KENTUCKY PUBLIC TRANSPORTATION INFRASTRUCTURE AUTHORITY

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Operating activities:		
Receipts from patrons	\$ 34,677,983	\$ 1,934,916
Payments to service providers	(4,731,619)	(1,435,765)
Net cash flows from operating activities	29,946,364	499,151
Capital and related financing activities:		
Interest paid on long-term debt outstanding	(30,268,440)	(32,349,904)
Acquisition and construction of capital assets	-0-	(13,617,635)
Net cash flows from capital and related financing activities	(30,268,440)	(45,967,539)
Investing activities:		
Purchase of investments	(13,893,765)	(2,909,065)
Proceeds from sales and maturities of investments	13,590,324	45,111,371
Interest received	625,517	402,873
Net cash flows from investing activities	322,076	42,605,179
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)	\$ 32,588,986	\$ (25,953,345)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Intergovernmental revenue for operating expenses	2,514,982	33,459,018
Changes in assets and liabilities:		
Accounts receivable	(6,870,846)	(7,830,963)
Due to KYTC	1,713,242	824,441
Net cash flows from operating activities	\$ 29,946,364	\$ 499,151
Supplemental schedule of noncash investing activities:		
Infrastructure contributed as capital from KYTC	\$ 9,440,550	\$ 44,186,331
Interest cost capitalized and accrued	\$ -0-	\$ 14,620,211

See compilation report of independent accountants.