



**Board of Directors Meeting  
Transit Authority of the Lexington-Fayette Urban  
County Government  
200 West Loudon Ave, Conference Room 110  
Lexington, KY 40508**

**November 15, 2017  
5:00 PM**

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200 West Loudon Ave.  
Lexington, KY 40508  
859-255-7756  
Fax: 859-233-9446  
www.lextran.com

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Agenda  
Board of Directors  
Transit Authority of the Lexington-Fayette Urban County Government  
200 West Loudon Avenue - Lexington, KY 40508  
November 15, 2017

I.	Call to order	5:00
II.	Approval of Board Meeting Minutes	5:00 — 5:05
	i. July 19, 2017	
	ii. August 16, 2017	
	iii. October 4, 2017	
III.	Public Comment on Agenda Items / Public Hearing	5:05 — 5:10
IV.	Informational Presentation	5:10 — 5:25
	i. Autonomous Vehicles	
V.	Chair's Report	5:25 — 5:30
VI.	Action Items	5:30 — 5:50
	i. Resolution No. 2017-15 - Transfer a Surplus Asset	
	ii. Resolution No. 2017-16 - Award a Contract for Fasteners and Other Shop Supplies	
	iii. Resolution No. 2017-17 - Award Contracts for Agent of Record	
	iv. Resolution No. 2017-18 - Award a Contract for Employee Physicals and Drug Screens	
VII.	Change Order	5:50 — 5:55
VIII.	New Business	5:55 — 6:00
	i. Update on Drug & Alcohol Program and Policy	
IX.	General Manager's Report	6:00 — 6:05
	i. Financial Statement	
	ii. General Managers Report	
	iii. Key Performance Indicators	
X.	Proposed Agenda Items	6:05 — 6:10
XI.	Closed Session	
XII.	Adjournment	6:10 —



**Board of Directors Meeting  
Transit Authority of the Lexington-Fayette Urban County Government  
Lextran**

**200 West Loudon Ave, Conference Room 110  
Lexington, KY 40508**

**July 19, 2017**

**MEMBERS PRESENT**

Malcolm Ratchford, Chair  
George Ward, Vice Chair  
Marci Krueger-Sidebottom  
Rick Christman  
Dr. Augusta Julian  
Christian Motley

**MEMBERS ABSENT**

Jeff Fugate

**STAFF PRESENT**

Jill Barnett, Assistant General Manager  
Fred Combs, Planning and Technology Manager  
Jim Barrett, Director of Maintenance  
Geri Davidson, Director of Human Resources  
Nikki Falconbury, Director of Finance  
John Givens, Director of Risk Management  
Keith Srutowski, Director of Purchasing  
Ronda Brooks, Administrative Assistant

**STAFF ABSENT**

Carrie Butler, General Manager  
Mary Kate Gray, Community Relations Manager  
Tracy Sewell, Director of Operations

**OTHERS PRESENT**

David Sams, Lextran Service Worker  
Joseph David, Transportation Planner, LFUCG, MPO  
Max Conyers, Transportation Planning Manager, LFUCG, MPO  
Steven D. Richardson, Lextran Mechanic and Local 639 – Amalgamated Transit Union President  
Patricia Byrd, Lextran Bus Operator and Local 639 – Amalgamated Transit Union Secretary  
Matthew Gidcomb, Citizen

## I. CALL TO ORDER

Mr. Ratchford called the July 19, 2017 meeting of the Lextran Board of Directors to order at 5:00 p.m.

## II. APPROVAL OF MINUTES

Mr. Ratchford called for a motion to approve the minutes from the June 21, 2017 board meeting. A motion to approve the minutes was made by Ms. Krueger-Sidebottom and seconded by Mr. Christman. The minutes were approved unanimously.

## III. PUBLIC COMMENT

**Steven Richardson, Lextran Mechanic and President, Local Union 639** – Mr. Richardson addressed the board, referencing a handout that he distributed to members regarding turnover rate at Lextran.

Union Report to Lextran Board  
Wednesday, July 19, 2017

- (23) Operations write-ups in June
- (6) Maintenance write-ups in June
- Grievances: 4 in Maintenance – 1 in Operations
  1. Supervisors doing Union Mechanic's work – at lawyer's office
  2. Forced Overtime
  3. Union member not getting paid for Holidays (pending)
  4. William Evans – suspension (pending)
  5. Mechanics tool allowance (pending)
- One mechanic serving a two (2) week suspension

As Mr. Sams has said before we need another avenue for Lextran employees to go to with complaints to this board, because they don't feel comfortable coming in here with their supervisors listening to them complain. They won't come in here, I've tried, they won't do it due to retaliation. This is the second time I know of that this has been brought up. We need another avenue for employees to be able to tell you about what is going on with management and supervisors. You're only hearing one side of the story, their side. You're hearing my side, and of course you might say "I'm the union president I'm supposed to be doing this." I want you to hear it from the employee themselves about this kind of stuff, and they don't feel comfortable coming in here doing it in front of them. So I'm urging you to find some way that we can get these people to speak to you board members about exactly why the morale and turnover rate is so bad here at Lextran. Thank you.

Mr. Ratchford questioned if the Lighthouse online system goes directly to board chair and the general manager. Ms. Barnett responded the information goes to legal counsel. Mr. Ratchford stated this is where all employees can voice their concerns, that doesn't go to the general manager or any Lextran staff, it comes directly to the board chair and legal counsel, and was referenced in earlier board meetings minutes as a response back to public comments. Mr. Ratchford suggested Mr. Richardson explore that option more thoroughly and educate the

employees that this is a communication tool to the board. Lextran will reissue information regarding the Lighthouse complaint online system.

**David Sams, Lextran Service Worker** addressed the board – “I’ve expressed myself several times, you know my opinions. So today I’ll say I don’t have any comments, because you all have been so slow about intervening in the help that we need. This management is running rampant over your employees, the taxpayer’s employees. We invest in Lextran as well as any taxpayer, because we’re paying taxes and putting in our time. We’re not here trying to beat Lextran, but that’s not the way this management company sees it, or it might be a style of management that they teach their managers. I don’t know what it is, but there’s no one here trying to take advantage. In nine years, I’m not trying to take advantage, I’ve worked my whole life and earned everything I got, I don’t need to steal, but I’ve been accused of it. So I got a check for the 30 minutes that I went off the lot to get lunch, to repay Lextran that 30 minutes, I just want to know who it is I give it to.”

Mr. Ratchford responded that individual personnel matters would not be discussed at the meeting. Mr. Sams again asked who should accept his check. Mr. Ratchford asked Mr. Sams to allow Lextran to work through the personnel process already started.

Mr. Sams continued to address the members – “Yeah I’ll allow you to do that, I’m not malicious. If I took something that don’t belong to me, not out of malice, I want to repay it. I pay my debts fully and I’m not a thief, and I don’t appreciate being called a thief.”

#### IV. CHAIRS REPORT

Mr. Ratchford delivered the Chair’s report:

- Ms. Owsley has resigned from the board and has accepted the Executive Director position for American Red Cross, the contracted provider for the WHEELS paratransit service. Mr. Ratchford expressed his congratulations to Ms. Owsley.
- Ms. Butler sent an email regarding the 360 review that was completed, where both strengths and improvements were identified. The Board will continue to review items of improvement suggested from that report.
- Federal Transit Administration (FTA) Fiscal Year 2017 Triennial Review – 8 areas were deemed deficient and each area has a response date with the first response due date being August 14<sup>th</sup>. We would like to communicate as to our compliance to those items.
- Response to public comments:  
  
“Steven Richardson’s comment regarding shortage of staff and overtime issue – This has been identified and Lextran is working to hire mechanics. We will continue to acknowledge this and work on the issue.”

“Don Pratt’s comment regarding board compensation – Lextran Board bylaws

prevents members from drawing a salary. It is a volunteer role like most boards and we are committed to serving our community. Next comment, board not being aware of the multi-million dollar budgets; for the record most of the current board members operate multi-million dollar organizations, we use our decision making based on experience and do what's best for Lextran and we live in this community. Lastly regarding the prices for the electric buses, we respect Mr. Pratt's opinion and we will leave it at that and continue to do what is best for Lextran."

"David Sams comments, we have addressed the ongoing issues in previous meeting."

## **V. Change Order Report**

Mr. Srutowski reviewed the change orders found on page 7 of the July 19, 2017 board meeting documents

## **VI. ACTION ITEMS**

- Resolution No. 2017-12 Contract for Overhead Door & Security Gate Service – Ms. Barnett reviewed the resolution to enter into a contract with Overhead Door Company of Lexington. Mr. Ratchford called for a motion. Ms. Krueger-Sidebottom made a motion to accept the resolution, and Dr. Julian seconded. The motion carried unanimously.
- Resolution No. 2017-13 Contract for Legal Services – Ms. Barnett reviewed the resolution to enter into a contract with McBrayer, McGinnis, Leslie & Kirkland, PLLC. Mr. Ratchford called for a motion. Mr. Ward made a motion, and Dr. Julian seconded. The motion carried unanimously.
- Resolution No. 2017-14 – Ms. Barnett reviewed the resolution requesting authority to adopt and approve the technology policy. Mr. Ratchford called for a motion. Ms. Krueger-Sidebottom made a motion, and Mr. Motley seconded. The motion carried unanimously, with a few date changes.

## **VII. OLD BUSINESS**

None

## **VIII. GENERAL MANAGER'S REPORT**

Ms. Falconbury reviewed the financial statements found on pages 18-19 of the July 19, 2017 board packet.

- As noted this is an unaudited report. Work continues to close out the fiscal year.
- Property taxes came in above budget.
- Expenses are under budget in most areas.

Ms. Barnett reviewed the General Manager's report and Key Performance Indicators, starting on page 20 of the July 21, 2017 board packet.

Highlights included:

- Collective Bargaining Agreement – Ms. Barnett commended all that were involved in the process.
- LFUCG Summer Intern Program – Two summer interns worked with Lextran; one intern worked in maintenance and a second intern worked in the administrative office.
- August service adjustments will provide some tweaks to the May changes.
- City-activated cooling centers – Due to high temperatures, Lextran will offer free rides to those locations.
- BCTC Partnership – There is an upcoming ceremony with BCTC to announce the Class Pass partnership.

**IX. PROPOSED AGENDA ITEMS**

- Information to Lextran staff regarding the Lighthouse Online complaint system
- Update regarding Lextran's compliance to the Triennial Review report action items.
- FTA Drug and Alcohol report
- Kentucky Utility question regarding Electric charging station
- Update on staffing for the Maintenance Department

**X. CLOSED SESSION**

None

**XI. ADJOURNMENT**

The meeting adjourned by consensus at 5:46 p.m.

DRAFT



**Board of Directors Meeting  
Transit Authority of the Lexington-Fayette Urban County Government  
Lextran**

**200 West Loudon Ave, Conference Room 110  
Lexington, KY 40508**

**August 16, 2017**

**MEMBERS PRESENT**

Malcolm Ratchford, Chair  
George Ward, Vice Chair  
Rick Christman

**STAFF PRESENT**

Carrie Butler, General Manager  
Fred Combs, Planning and Technology Manager  
Mary Kate Gray, Community Relations Manager  
Jim Barrett, Director of Maintenance  
Tracy Sewell, Director of Operations  
Geri Davidson, Director of Human Resources  
Nikki Falconbury, Director of Finance  
John Givens, Director of Risk Management  
Keith Srutowski, Director of Purchasing  
Ronda Brooks, Administrative Assistant

**OTHERS PRESENT**

Joseph David, Transportation Planner, LFUCG, MPO  
Steven D. Richardson, Lextran Mechanic and Local 639 – Amalgamated Transit Union President  
Matthew Gidcomb, Citizen  
Chris Meetin, Lextran Maintenance Manager  
Ed Overn, Transdev Regional Vice President  
Jacob Walbourn, Board Attorney

**MEMBERS ABSENT**

Marci Krueger-Sidebottom  
Christian Motley  
Dr. Augusta Julian

**STAFF ABSENT**

Jill Barnett, Assistant General Manager

## I. CALL TO ORDER

Mr. Ratchford called the August 16, 2017 meeting of the Lextran Board of Directors to order at 5:00 p.m. No actions will be taken at this meeting due to lack of quorum.

## II. APPROVAL OF MINUTES

The approval of minutes from the July 2017 meeting will take place at the September 20, 2017 board meeting.

## III. PUBLIC COMMENT

Mr. Richardson, Lextran Mechanic and President, Local Union 639 – addressed the board, referencing to a handout that he distributed to the board chair.

Union Report to Lextran Board

Wednesday 16 August, 2017

- (17) Operations write-ups in July
- (4) Maintenance write-ups in July
- Maintenance has (2) grievances pending
  1. Two service workers written up for leaving property without clocking out, both received three day suspension.
  2. Tool Allowance policy changed after years of reimbursement to mechanics.
- Operations has (3) grievances pending
  1. Termination of employee
  2. Operator struck by vehicle while driving
  3. Employee's not getting holiday pay
- (2) grievances in lawyers office
  1. Supervisors doing union members' work
  2. Forced overtime
- Maintenance dropped (1) grievance per request of service worker because he left after getting two weeks suspension.

The Union has a safety concern about a pole at the fuel island. It has been pulled down three times. The service workers are being charged with an accident because the pole gives way before the safety device disconnects. In the past, when the hose was pulled apart, the service workers just reported it and put it back together and returned back to work, no discipline was applied. The service workers now are being written-up with a major accident and charged for this pole, which again, has been pulled down three times. The issue is the repairs, it's not mounted correctly.

- Causes for Low Morale
  1. Driver hit by a car while driving, police report indicates the other driver was at fault. The bus operator was written up with a major accident, and it will stay in his personnel file for 3 years.
  2. Employee was denied a DL (discretionary leave) day because he put in request ten minutes too early, because we have to give 48 hours' notice.
  3. Employee written up for taking a break too long, but supervisor didn't write up

employee smoking on a tobacco free campus. This was in the maintenance department.

“Sorry I’m so upset right now, I just got off the phone with a bus driver at UK regarding the busses A/C isn’t working. Bus operator reported it to dispatch and was told to open the windows. It was 96 degrees with students and UK employees complaining, screaming and hollering about how hot it is. Bus operator called risk management to let them know the bus is unsafe; the driver was told to be careful when you report a bus unsafe. These comments from supervisors and management are the cause for low morale. These employees are facing this day after day, and nothing is being done about it. These supervisors don’t answer to anyone, and the department heads won’t fire them or write them up. We have no place, no avenue to go to. You tell us to call the Lighthouse complaint service; we need something here in Lexington. Like when someone off the street calls Lextran, they start an investigation immediately, pulling tape; they don’t ask the bus operator. They bring them in and start questioning; they’re automatically guilty. Here at Lextran, it’s punishment first then ask.”

#### IV. CHAIRS REPORT

Mr. Ratchford delivered the Chair’s report:

“We are currently working on addressing a lot of the issues that Mr. Richardson has stated. Mr. Ward and I met with Ms. Butler last week, and we will be addressing morale, and many issues outlined in the Union report, and begin to create a plan so we can work on improving, whether it’s perceived or real. I have a greater understanding of the Lighthouse system since our last meeting, we’ll figure a way to make sure that employees have a way to communicate. We also have talked about another employee satisfaction survey for all employees, and try to ensure that employees understand that they can respond without the fear of retaliation. We are serious about making sure we address issues whether they are perceived or real, we will determine whether they are perceived or real as a board.

Mr. Ratchford received a letter from Mr. Michael Pence. His concerns are the route changes, Title VI and the safety at the transit center. At this time we can discuss some of these items. A presentation will be given by Mr. Combs regarding route changes in this meeting. Ms. Butler, can you please explain as brief as you can the Title VI to the board?”

Highlights of the Title VI:

- Title VI is a statute under The Civil Rights Act of 1964 that prohibits discrimination in federal and federally assisted projects, programs, and activities based on race, color, and national origin.
  - Title VI specifically states, “No person in the United States shall on the ground of race, color, or national origin be excluded from participation in, denied the benefits of, or subjected to discrimination under any program or activity receiving federal financial assistance.”

- Per FTA Title VI, a Major Service Change policy is required prior to making any major service changes. FTA requires agencies (Lextran) to establish thresholds a Major Service Change Policy which includes thresholds.
  - Lextran’s Major Service Change Policy defines a major change as “a change (adverse or beneficial) that impacts 25% or more of the service hours or miles on any route.” For more information regarding the Major Service Change policy, please refer to the Lextran Title VI Program Plan.
- Lextran’s service changes that occurred on August 20, 2017 were an adjustment to the departure times at the Transit Center.
  - The service changes are not considered a major service change because they did not meet the 25% service change threshold.
    - FTA requires changes that meet the service change threshold to hold public meetings.
    - Lextran held public meetings regarding the service change, though it was not required to do so by FTA.

Mr. Ratchford stated that regardless of the Title VI threshold, the board should be informed of adverse effects and impacts for any future route modifications or changes.

**V. ACTION ITEMS**

None

**VI. OLD BUSINESS**

Mr. Combs presented an update on Service Modifications. The “Customer Focused Service Improvements” presentation is located on pages 7-11 in the August 16, 2017 board packet.

Mr. Ratchford read from Mr. Pence’s letter:

I will be brief in my comments. The new schedule changes basically divides the city in half South/West and North/East. All of the core routes that are being changed are on the North/East side of town. Because of the increased headways at the transit center a cross-town round trip between service sectors will take around thirty minutes longer on weekdays and around one hour and fifteen minutes longer on weekends. This means that anyone traveling between these service sectors on the weekend will spend over three hours transit time on a round trip.

Mr. Combs indicated that as part of the planning process, the routes, directions of travel, and distances traveled to the core were considered, and routes were assigned alternating departure times from the Transit Center (“Connect Blue” or “Connect Green”) to equitably spread service around the city. Buses depart from the Transit Center every 15 to 20 minutes on weekdays, allowing passengers to make connections or transfers to other routes. Some routes with less frequent service may depart every 50 minutes. Weekend service is a recognized area for future analysis and improvement.

**VII. GENERAL MANAGER’S REPORT**

Ms. Falconbury reviewed the financial statements found on pages 12 -13 of the August 18, 2017 board packet. July was the first month of the new fiscal year. The cost of diesel fuel has recently increased and will be closely monitored.

Ms. Butler reviewed the General Manager’s report and Key Performance Indicators, starting on page 14 of the August 18, 2017 board packet.

**VIII. PROPOSED AGENDA ITEMS**

- Electric Buses report
- Recognize retirees

**IX. CLOSED SESSION**

None

**X. ADJOURNMENT**

The meeting adjourned by consensus at 5:46 p.m.

DRAFT

**MINUTES  
BOARD OF DIRECTORS  
TRANSIT AUTHORITY OF THE LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT**

**Work Session  
September Board Meeting (postponed from September 20th)  
October 4, 2017  
5:00 p.m.**

**MEMBERS PRESENT**

Malcolm Ratchford, Chair  
George Ward, Vice Chair  
Marci Krueger-Sidebottom  
Dr. Augusta Julian

**MEMBERS ABSENT**

Rick Christman  
Christian Motley

**STAFF PRESENT**

Carrie Butler, General Manager  
Jill Barnett, Assistant General Manager  
Ashley Woods, Compliance Coordinator  
Fred Combs, Planning and Technology Manager  
Geri Davidson, Director of Human Resources  
Jim Barrett, Director of Maintenance  
John Givens, Director of Risk Management  
Keith Srutowski, Director of Purchasing  
Nikki Falconbury, Director of Finance  
Ronda Brooks, Administrative Assistant  
Tracy Sewell, Director of Operations

**OTHERS PRESENT**

Dan Raudebaugh, Executive Director, Center for Transportation and the Environment  
Will Manget, Project Manager, Center for Transportation and the Environment  
Chris Meetin, Lextran's Maintenance Manager  
Arlen Sandlin, Area Manager/VP at WSP  
Matthew Gidcomb, KFTC = Kentuckians for the Commonwealth  
Chris Woolery, Kentuckians for the Commonwealth  
DeBrawn Thomas, Kentuckians for the Commonwealth  
Joseph David, Transportation Planner, LFUCG, MPO  
Jacob Walbourn, Board Attorney

**I. CALL TO ORDER**

Mr. Ratchford called the October 4, 2017, Lextran's work session to order at 5:00 p.m.

**II. Recognized Retirement of:**

Ms. Butler recognized Carol Cavins and Claud Scott retiring after 40 years of service.

**III. Approval of Board Meeting Minutes**

No action could take place at this meeting due to the lack of a quorum.

**IV. No Public Comments**

**V. No Chair's Report**

**VI. Old Business**

Mr. Raudebaugh, Executive Director, and Mr. Manget, Project Manager of Center for Transportation and the Environment (CTE) presented the presentation found on page 12 -43 of the October 4, 2017 work session packet.

**VII. General Manager's Report**

Ms. Falconbury reviewed the financial statements found on page 44 – 45 of the October 4, 2017 work session packet.

- Month two into our fiscal year, everything is looking good.

Ms. Butler reviewed the General Manager's report and Key Performance Indicators, starting on page 46 of the October 4, 2017 work session packet. Highlights included:

- Mr. Butler introduced Ashlie Woods, Lextran's new Compliance Coordinator
- W.E.A.I.M celebration, yellow team won for three years in a row
- 2018 Best Places to Work online survey for employees, starts Nov.27<sup>th</sup> ends Dec. 15<sup>th</sup>
- Lextran is looking at employee engagement options
- Safety Audit – Lextran scored above average on safety and security
- There was a discussion regarding customer service due to the comments on page 52 – Lextran is looking into ways to provide continuing education regarding customer service.

**VIII. Proposed Agenda Items**

- Provide FTA updated Drug and Alcohol policy
- Finance Committee seat openings
- Free ride for Thanksgiving
- RFP for fasteners
- Finance Audit

**IX. Closed Session**

Wasn't able to enter closed session due the lack of a quorum.

**X. Adjournment**

Meeting adjourned at 5:48 p.m.

DRAFT



Informational  
Presentation  
To  
Come  
At  
Later  
Date



**November 15, 2017**

TO: The Board of Directors

FROM: Carrie Butler, General Manager

**SUBJECT: Resolution to Transfer a Surplus Asset**

Attached is a resolution requesting authority to transfer a surplus asset from Lextran to another transit agency.

Lextran purchased a ticket vending machine (TVM) in 2013, however, the item is no longer needed. As required by FTA C 5010.1E, Lextran is officially requesting approval to transfer this surplus asset to BCD Council of Governments, 1362 McMillan Ave., Suite 100, N. Charleston, South Carolina, 29405. They will be using it for their transit agency. BCD Council of Governments will be responsible for any shipping charges as well as the remaining Federal interest in the asset.

The purchase price of the GFI Genfare TVM was \$120,941. The federal share was \$102,229 and the local share was \$18,712 (the local share includes a KYDOT Toll Credit match of \$6,845). It was purchased with a combination of two grants: KY-90-X213-00 and a Congestion Mitigation and Air Quality (CMAQ) through the Kentucky Department of Transportation. The estimated useful life of the TVM is 10 years. Per FTA, the current value is estimated at \$77,402.24.

If you have any questions, please call me at 255-7756.



**RESOLUTION**

**TRANSIT AUTHORITY OF THE LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT**

**MOTION:** \_\_\_\_\_ **SECOND:** \_\_\_\_\_

**DATE: November 15, 2017      RESOLUTION NO.: 2017-15**

**WHEREAS**, the Transit Authority of the Lexington-Fayette Urban County Government ("Lextran") possess a surplus asset, a ticket vending machine;

**WHEREAS**, the surplus asset can be utilized by another transit agency;

**WHEREAS**, the asset was purchased with federal funds and there remains a federal interest in this asset; and

**WHEREAS**, the Federal Transportation Administration (FTA) requires a resolution of the Board of Directors of Lextran be passed in order to transfer the surplus asset;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) hereby authorizes and directs the Authority to transfer a surplus asset, a ticket vending machine, to the BCD Council of Governments in Charleston, South Carolina. BCD Council of Governments will be responsible for any shipping charges as well as the remaining Federal interest in the asset. Prior to any such transfer, the Authority shall obtain all necessary federal approvals.

\_\_\_\_\_  
Chairperson, Malcolm Ratchford

\_\_\_\_\_  
Date



**November 15, 2017**

TO: The Board of Directors

FROM: Carrie Butler, General Manager

**SUBJECT: Resolution to Award a Contract for Fasteners and Other Shop Supplies**

Attached is a resolution requesting authority to enter into a contract for fasteners and other shop supplies.

RFP 1713 was issued August 7, 2017 with proposals received on September 21, 2017. A staff evaluation committee reviewed and approved the proposals for compliance and responsiveness. Responsive proposals were received from three (3) qualified proposers:

- Dukes A&W Enterprises, LLC
- Fastenal
- Lawson Products, Inc.

The evaluation committee ranked the proposals received. Dukes A&W Enterprises received the highest ranking and is recommended to be awarded the contract according to the terms of their proposal in response to RFP 1713.

The term of the contract awarded will be for two (2) years with an option to extend the agreement for three (3) one-year terms. The pricing shall be at the rates as listed on the attached pricing sheet.

If you have any questions or wish to review the contract with Dukes A&W Enterprises, please call me at 255-7756.

ITEM DESCRIPTION	PRICE
Teflon Pipe sealant	\$ 2.720
Thread Locker Blue	\$ 53.190
Loctite 290 threadlocker	\$ 9.980
<b>Fuses</b>	
10Amp Mini Fuse	\$ 0.476
15 Amp Mini Fuse	\$ 0.476
20 Amp Mini Fuse	\$ 0.476
25 Amp Mini Fuse	\$ 0.476
30 Amp Mini Fuse	\$ 0.476
5 Amp Ato style fuse	\$ 0.263
10 Amp Ato style fuse	\$ 0.263
15 Amp ato style fuse	\$ 0.263
20 Amp Ato style fuse	\$ 0.263
25 Amp Ato style fuse	\$ 0.263
30 Amp Ato style fuse	\$ 0.263
40 Amp Ato style fuse	\$ 0.263
7.5 Amp Ato style fuse	\$ 0.263
<b>Retaining Rings Internal and External</b>	
7/16 internal retaining ring	\$ 0.115
5/8 internal retaining ring	\$ 0.151
3/4 internal retaining ring	\$ 0.166
7/8 internal retaining ring	\$ 0.214
1 inch internal retaining ring	\$ 0.239
1 3/4 internal retaining ring	\$ 0.703
1.023 internal retaining ring	\$ 0.539
1 1/16 internal retaining ring	\$ 0.259
1 1/4 internal retaining ring	\$ 0.362
1 1/2 internal retaining ring	\$ 0.448
1 3/8 internal retaining ring	\$ 0.400
3/16 external retaining ring	\$ 0.145
1/4 external retaining ring	\$ 0.147
5/16 external retaining ring	\$ 0.149
1/2 external retaining ring	\$ 0.174
.551 external retaining ring	\$ 0.185
5/8 external retaining ring	\$ 0.191
11/16 external retaining ring	\$ 0.238
25/32 external retaining ring	\$ 0.259
7/8 external retaining ring	\$ 0.320
3/4 external retaining ring	\$ 0.255
1 1/4 external retaining ring	\$ 0.507
1 9/16 external retaining ring	\$ 0.713
<b>Rubber Grommets for 1/16 and 1/8 panel thickness</b>	
5/16 ID X - 7/16 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.154
1/8 ID X - 1/4 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.125
3/16 ID X - 5/16 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.129
1/4 ID X - 3/8 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.108
3/8 ID X - 1/2 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.185
1/2 ID X - 5/8 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.325
5/8 ID X - 7/8 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.295
3/4 ID X - 1 1/4 Panel Hole Dia. X 1/16 Panel Thickness	\$ 0.554
3/16 ID X - 5/16 Panel Hole Dia. X 1/8 Panel Thickness	\$ 0.149
1/4 ID X - 7/16 Panel Hole Dia. X 1/8 Panel Thickness	\$ 0.198
5/16 ID X - 9/16 Panel Hole Dia. X 1/8 Panel Thickness	\$ 0.231
5/16 ID X - 5/8 Panel Hole Dia. X 1/8 Panel Thickness	\$ 0.326
3/8 ID X - 3/4 Panel Hole Dia. X 1/8 Panel Thickness	\$ 0.717

1/2 ID X - 7/8 Panel Hole Dia. X 1/8 Panel Thickness	\$	0.517
5/8 ID X - 1 in Panel Hole Dia. X 1/8 Panel Thickness	\$	0.810
1 1/16 ID X - 1 1/16 Panel Hole Dia. X 1/8 Panel Thickness	\$	0.783
<b>Clevis Pins</b>		
1/4 X 7/8	\$	0.714
5/16 X 1	\$	0.532
5/16 X 1 3/4	\$	0.736
3/8 X 1 1/16	\$	0.369
3/8 X 1 3/8	\$	0.345
3/8 X 2	\$	1.198
7/16 X 1 1/4	\$	1.135
7/16 X 1 3/4	\$	2.010
1/2 X 1 1/4	\$	1.388
1/4 X 2	\$	1.600
1/2 X 1 1/2	\$	1.517
5/16 X 2	\$	0.813
1/2 X 2	\$	1.600
3/8 X 2	\$	1.198
7/16 X 2	\$	1.306
<b>Grease Fittings</b>		
1/4-28 Tapered thread 45 degree angle 13/16 overall length	\$	0.576
1/4-28 Tapered thread 15/16 overall length	\$	0.516
1/4-28 Tapered thread 45 degree angle 29/32 overall length	\$	0.616
1/8 pipe thread 90 degree angle 27/32 overall length	\$	0.845
1/4 pipe thread 90 degree angle 49/64 overall length	\$	0.616
1/8 pipe thread 45 degree angle 7/8 overall length	\$	0.864
Drive type 5/16 length	\$	0.370
Drive type 1/4	\$	0.312
1/8 pipe thread 45/64 overall length	\$	0.306
1/4-28 tapered thread 11/16 overall length	\$	0.340
1/4-28 tapered thread 1/2 overall length	\$	0.268
1/8 pipe thread 65 degree angle	\$	0.680
<b>Hammer Lock Cotter pins small wire</b>		
1/16 X 1/2	\$	0.052
1/16 X 3/4	\$	0.022
1/16 X 1	\$	0.030
3/32 X 3/4	\$	0.013
3/32 X 1	\$	0.014
1/8 X 2	\$	0.103
3/32 X 1 1/4	\$	0.033
3/32 X 1 1/2	\$	0.028
3/32 X 2	\$	0.051
7/64 X 3/4	\$	0.051
7/64 X 1	\$	0.043
1/8 X 2 1/2	\$	0.093
1/8 X 1	\$	0.020
1/8 X 1 1/4	\$	0.060
1/8 X 1 1/2	\$	0.028
1/8 X 1 3/4	\$	0.057
5/32 X 1	\$	0.029
5/32 X 2	\$	0.108
5/32 X 1 1/2	\$	0.043
5/32 X 1 3/4	\$	0.099
<b>Hammer Lock Cotter pins large wire</b>		
1/4 X 1	\$	0.047

1/4 X 1 1/2	\$	0.059
1/4 X 2	\$	0.104
5/16 X 1	\$	0.405
5/16 X 1 1/2	\$	0.621
5/16 X 2	\$	0.399
5/16 X 2 1/2	\$	0.405
5/16 X 3	\$	0.077
3/8 X 1 1/2	\$	0.687
3/8 X 2	\$	0.445
3/8 X 2 1/2	\$	1.033
3/8 X 3	\$	1.123
<b>Battery Cable lugs Heavy Duty Copper</b>		
8 gauge No. 10 stud	\$	0.450
6 gauge 1/4 stud	\$	0.505
6 gauge 3/8 stud	\$	0.450
4 gauge No. 10 stud	\$	0.689
4 gauge 1/4 stud	\$	0.498
4 gauge 3/8 stud	\$	0.498
2 gauge 1/4 stud	\$	0.640
2 gauge 5/16 stud	\$	0.640
2 gauge 3/8 stud	\$	0.640
2 gauge 1/2 stud	\$	0.689
1 Gauge 1/4 stud	\$	0.689
1 gauge 3/8 stud	\$	0.689
1 gauge 1/2 stud	\$	0.810
1/0 gauge 5/16 stud	\$	0.810
1/0 gauge 3/8 stud	\$	0.810
1/0 gauge 1/2 stud	\$	0.810
2/0 gauge 1/4 stud	\$	1.002
2/0 gauge 5/16 stud	\$	1.002
2/0 gauge 3/8 stud	\$	1.002
2/0 gauge 1/2 stud	\$	1.002
3/0 gauge 3/8 stud	\$	1.742
3/0 gauge 1/2 stud	\$	1.742
4/0 gauge 3/8 stud	\$	1.742
4/0 gauge 1/2 stud	\$	1.742
<b>Tru-Crimp Battery terminals, lugs, and butt connectors 3/0 and 4/0 gauge</b>		
Post top terminal 3/0 gauge Positive	\$	1.742
Post top terminal 3/0 gauge Negative	\$	1.742
Butt connector 3/0 gauge	\$	1.742
Starter/Cable lug 3/0 gauge 3/8 stud	\$	1.742
Starter/Cable lug 3/0 gauge 1/2 stud	\$	1.742
Post top terminal 4/0 gauge positive	\$	1.742
Post top terminal 4/0 gauge negative	\$	1.742
Butt connector 4/0 gauge	\$	1.742
Starter/Cable lug 4/0 gauge 3/8 stud	\$	1.742
Starter/Cable 4 gauge 1/2 stud	\$	1.742
<b>Steel Hose Adapters, Hex Head pipe plugs and JIC caps and plugs</b>		
1/8 Hex Head pipe plug	\$	0.216
1/4 Hex Head pipe plug	\$	0.265
3/8 Hex Head pipe plug	\$	0.457
1/2 Hex Head pipe plug	\$	0.793
3/4 Hex Head pipe plug	\$	1.466
1 Hex Head pipe plug	\$	2.260
1/4 JIC 37 degree Cap nut	\$	0.409
5/16 JIC 37 degree Cap nut	\$	0.529
3/8 JIC 37 degree Cap nut	\$	0.481

1/2 JIC 37 degree Cap nut	\$	0.673
5/8 JIC 37 degree Cap nut	\$	1.034
3/4 JIC 37 degree Cap nut	\$	1.491
1 JIC 37 degree Cap nut	\$	2.139
1/4 JIC 37 degree Plug	\$	0.457
5/16 JIC 37 degree Plug	\$	0.601
3/8 JIC 37 degree Plug	\$	0.505
1/2 JIC 37 degree Plug	\$	0.769
5/8 JIC 37 degree Plug	\$	1.082
3/4 JIC 37 degree Plug	\$	1.611
1 JIC 37 degree Plug	\$	2.260
<b>Extra Thick Fender Washers .120 inch thick</b>		
1/4 - Bolt Size 1 1/4 - OD	\$	3.154
3/8 - Bolt Size 1 1/4 - OD	\$	0.637
1/4 - Bolt Size 1 1/2 - OD	\$	0.735
5/16 - Bolt Size 1 1/4 - OD	\$	0.640
3/8 - Bolt Size 1 1/2 - OD	\$	2.954
1/2 - Bolt Size 1 1/4 - OD	\$	1.154
1/4 - Bolt Size 2 - OD	\$	3.246
5/16 - Bolt Size 2 - OD	\$	3.308
3/8 - Bolt Size 2 - OD	\$	0.462
1/2 - Bolt Size 1 1/2 - OD	\$	0.792
1/2 - Bolt Size 2 - OD	\$	0.837
<b>Heavy Duty Vinyl-coated cable clamps, Large diameter</b>		
7/8 - ID Industry No 14	\$	0.532
1 - ID Industry No 16	\$	0.560
1 1/8 - ID Industry No 18	\$	1.296
1 3/16 ID Industry No 19	\$	1.560
1 1/4 - ID Industry No 20	\$	0.720
1 5/16 - ID Industry No 21	\$	3.100
1 3/8 - ID Industry No 22	\$	2.954
1 1/2 - ID Industry No 24	\$	1.648
<b>Heavy Duty Vinyl-coated cable clamps, Small diameter</b>		
1/4 - ID Industry No 4	\$	0.260
5/16 - ID Industry No 5	\$	0.276
3/8 - ID Industry No 6	\$	0.264
7/16 - ID Industry No 7	\$	0.483
1/2 - ID Industry No 8	\$	0.031
9/16 - ID Industry No 9	\$	0.929
5/8 - ID Industry No 10	\$	0.352
3/4 - ID Industry No 12	\$	0.336
<b>Nylon Cable ties, weather resistant black</b>		
4 inch - .10 width	\$	0.039
8 inch - .18 width	\$	0.069
11.75 inch - .18 width	\$	0.104
15.5 inch - .18 width	\$	0.139
15.25 inch - .30 width	\$	0.159
<b>Heat shrink tubing, dual wall and thin wall 6 inch</b>		
20-18 - Wire gauge coverage	\$	0.468
16-14 - Wire gauge coverage	\$	0.447
12-10 - Wire gauge coverage	\$	0.495
18-12 - Wire gauge coverage	\$	0.495
12-6 - Wire gauge coverage	\$	0.495
8-2 - Wire gauge coverage	\$	0.554

<b>Weather pack Electrical Connections</b>	
20-18 - Gauge pin terminal for shroud housing	\$ 0.210
20-18 - Gauge socket terminal for tower housing	\$ 0.209
20-16 - Gauge Terminal seal	\$ 0.098
16-14 - Gauge pin terminal for shroud housing	\$ 0.204
16-14 - Gauge socket terminal for tower housing	\$ 0.212
14 - Gauge terminal seal	\$ 0.099
2 - Wire shroud housing	\$ 0.443
4 - Wire shroud housing	\$ 0.507
6 - Wire shroud housing	\$ 0.897
2 - Wire tower housing	\$ 0.696
4 - Wire tower housing	\$ 0.984
6 - Wire tower housing	\$ 1.094
1 - Wire shroud housing	\$ 0.469
3 - Wire shroud housing	\$ 0.493
4 - Wire shroud housing	\$ 0.565
1 - Wire tower housing	\$ 0.782
3 - Wire tower housing	\$ 0.898
4 - Wire tower housing	\$ 1.185
<b>Pin and Socket power Connections</b>	
30-24 - Gauge pin	\$ 0.167
30-24 - Gauge socket	\$ 0.129
22-18 - Gauge pin	\$ 0.077
22-18 - Gauge socket	\$ 0.085
20-14 - Gauge pin	\$ 0.047
20-14 - Gauge socket	\$ 0.062
1 - Wire receptacle	\$ 0.204
3 - Wire receptacle	\$ 0.204
9 - Wire receptacle	\$ 0.330
1 - Wire plug	\$ 0.090
3 - Wire plug	\$ 0.155
9 - Wire plug	\$ 0.270
2 - Wire receptacle	\$ 0.144
6 - Wire receptacle	\$ 0.261
12 - Wire receptacle	\$ 0.785
2 - Wire plug	\$ 0.132
6 - Wire plug	\$ 0.241
12 - Wire plug	\$ 0.785
<b>Brass Air Brake fittings for nylon tubing 1/4-1/2</b>	
1/4 - tube nut	\$ 0.323
3/8 - tube nut	\$ 0.477
1/2 - tube nut	\$ 0.877
1/4 - tube stainless steel insert	\$ 0.185
3/8 - tube stainless steel insert	\$ 0.231
1/2 - tube stainless steel insert	\$ 0.277
1/4 - tube union	\$ 1.569
3/8 - tube union	\$ 1.985
1/2 - tube union	\$ 3.831
1/4 - tube sleeves	\$ 0.077
3/8 - tube sleeves	\$ 0.123
1/2 - tube sleeves	\$ 0.292
1/4 - tube X 1/8 pipe male connector	\$ 1.169
3/8 - tube X 1/4 pipe male connector	\$ 1.415
1/2 - tube X 1/4 pipe male connector	\$ 2.908
1/4 - tube X 1/8 pipe 90 degree elbow	\$ 1.800
3/8 - tube X 1/4 pipe 90 degree elbow	\$ 2.692
1/2 - tube X 1/4 pipe 90 degree elbow	\$ 4.569

1/4 - tube X 1/4 pipe male connector	\$	2.015
3/8 - tube X 1/4 pipe 45 degree male elbow	\$	4.062
1/2 - tube X 3/8 pipe male connector	\$	3.108
1/4 - tube X 1/4 pipe 90 degree male elbow	\$	2.308
1/2 - tube X 3/8 pipe 90 degree male elbow	\$	4.554
<b>Universal Brass pipe fittings</b>		
1/8 - Hex head plug	\$	0.477
1/4 - Hex head plug	\$	0.646
3/8 - Hex head plug	\$	1.062
1/2 - Hex head plug	\$	1.539
1/4 - X 1/8 pipe bushing	\$	0.662
3/8 - X 1/4 pipe bushing	\$	1.046
1/2 - X 1/4 pipe bushing	\$	1.646
1/2 - X 3/8 pipe bushing	\$	1.200
1/8 - pipe coupling	\$	1.015
1/4 - pipe coupling	\$	1.600
3/8 - pipe coupling	\$	1.923
1/2 - pipe coupling	\$	3.031
1/8 - close nipple	\$	0.446
1/4 - close nipple	\$	0.600
3/8 - close nipple	\$	0.831
1/2 - close nipple	\$	1.339
1/8 - X 2 long nipple	\$	1.062
1/8 - X 2 1/2 long nipple	\$	1.477
1/4 - X 2 long nipple	\$	1.339
1/4 - X 2 1/2 long nipple	\$	1.862
1/8 - 90 degree street elbow	\$	1.200
1/4 - 90 degree street elbow	\$	1.800
3/8 - 90 degree street elbow	\$	6.492
1/2 - 90 degree street elbow	\$	4.600
<b>Pull Rivets</b>		
1/8 - .020-.125 - Standard flange - steel	\$	0.032
1/8 - .126-.250 - Standard flange - steel	\$	0.053
1/8 - .251-.375 - Standard flange - steel	\$	0.067
1/8 - .020-.125 - large flange - steel	\$	0.040
1/8 - .126-.250 - Countersunk flange - steel	\$	0.037
1/8 - .126-.250 - Standard flange - aluminum	\$	0.054
1/8 - .376-.500 - Standard flange - aluminum	\$	0.053
1/8 - .126-.250 - large flange - aluminum	\$	0.045
1/8 - .020-.125 - Standard flange - aluminum	\$	0.037
1/8 - .126-.250 - Standard flange - aluminum	\$	0.076
1/8 - .251-.375 - Standard flange - aluminum	\$	0.065
3/16 - .126-.250 - Standard flange - steel	\$	0.052
3/16 - .251-.375 - Standard flange - steel	\$	0.069
3/16 - .020-.125 - Standard flange - aluminum	\$	0.054
3/16 - .126-.250 - Standard flange - aluminum	\$	0.056
3/16 - .376-.500 - Standard flange - aluminum	\$	0.076
3/16 - .501-.625 - Standard flange - aluminum	\$	0.109
3/16 - .020-.375 - large flange - aluminum	\$	0.147
3/16 - .126-.250 - Standard flange - aluminum	\$	0.056
3/16 - .251-.375 - Standard flange - aluminum	\$	0.063
<b>Hex washer head self-drilling screws</b>		
8-18 X 1/2 #2 point	\$	0.028
8-18 X 3/4 #2 point	\$	0.013
8-18 X 1 #2 point	\$	0.019
10-16 X 3/4 #3 point	\$	0.019
10-16 X 1 #3 point	\$	0.023

10-16 X 1 1/2 #3 point	\$	0.044
10-16 X 2 #3 point	\$	0.036
12-14 X 3/4 #3 point	\$	0.024
12-14 X 1 #3 point	\$	0.026
12-14 X 1 1/2 #3 point	\$	0.041
12-14 X 2 #3 point	\$	0.051
1/4-14 X 3/4 #3 point	\$	0.042
1/4-14 X 1 #3 point	\$	0.044
1/4-14 X 1 1/2 #3 point	\$	0.061
1/4-14 X 2 #3 point	\$	0.074
<b>Phillips Pan head sheet metal screws</b>		
No 6 X 3/8	\$	0.007
No 6 X 1/2	\$	0.008
No 6 X 3/4	\$	0.009
No 6 X 1	\$	0.116
No 8 X 3/8	\$	0.012
No 8 X 1/2	\$	0.010
No 8 X 3/4	\$	0.035
No 8 X 1	\$	0.016
No 10 X 3/8	\$	0.075
No 10 X 1/2	\$	0.043
No 10 X 3/4	\$	0.042
No 10 X 1	\$	0.031
No 10 X 1 1/4	\$	0.033
No 10 X 1 1/2	\$	0.073
No 12 X 1/2	\$	0.059
No 12 X 3/4	\$	0.062
No 12 X 1	\$	0.029
No 12 X 1 1/4	\$	0.031
No 12 X 1 1/2	\$	0.039
1/4 X 1/2	\$	0.034
1/4 X 3/4	\$	0.039
1/4 X 1	\$	0.042
1/4 X 1 1/4	\$	0.044
1/4 X 1 1/2	\$	0.049
<b>Phillips Pan head machine screws 18-8 stainless steel</b>		
6-32 Hex nut	\$	0.062
8-32 Hex nut	\$	0.062
10-24 Hex nut	\$	0.123
10-32 Hex nut	\$	0.031
1/4-20 Hex nut	\$	0.031
6-32 X 1/2	\$	0.062
6-32 X 3/4	\$	0.062
6-32 X 1	\$	0.062
8-32 X 1/2	\$	0.062
8-32 X 3/4	\$	0.062
8-32 X 1	\$	0.046
8-32 X 1 1/2	\$	0.062
10-24 X 1/2	\$	0.062
10-24 X 3/4	\$	0.062
10-24 X 1	\$	0.046
10-24 X 1 1/2	\$	0.062
10-32 X 1/2	\$	0.062
10-32 X 3/4	\$	0.062
10-32 X 1	\$	0.046
10-32 X 1 1/2	\$	0.062
1/4-20 X 1/2	\$	0.095
1/4-20 X 3/4	\$	0.062

1/4-20 X 1	\$	0.062
1/4-20 X 1 1/2	\$	0.139
<b>Machine screw nuts/washers stainless steel</b>		
Lockwasher 18-8 Stainless Steel No 6	\$	0.062
Lockwasher 18-8 Stainless Steel No 8	\$	0.062
Lockwasher 18-8 Stainless Steel No 10	\$	0.062
Lockwasher 18-8 Stainless Steel No 12	\$	0.062
Flat washer 18-8 stainless steel No 6	\$	0.015
Flat washer 18-8 stainless steel No 8	\$	0.031
Flat washer 18-8 stainless steel No 10	\$	0.015
Flat washer 18-8 stainless steel No 12	\$	0.062
Lock nut nylon insert 6-32 unc	\$	0.017
Lock nut nylon insert 8-32 unc	\$	0.020
Lock nut nylon insert 10-24 unc	\$	0.031
Lock nut nylon insert 10-32 unc	\$	0.031
Lock nut nylon insert 12-24 unc	\$	0.104
<b>Threaded Plastic caps and Plugs SAE JIC 37 degrees</b>		
Caplug No CD-3 3/8-24	\$	0.225
Caplug No CD-4 7/16-20	\$	0.232
Caplug No CD-5 1/2-20	\$	0.263
Caplug No CD-6 9/16-18	\$	0.271
Caplug No CD-8 3/4-16	\$	0.333
Caplug No CD-10 7/8-14	\$	0.366
Caplug No CD-12 1 1/16-12	\$	0.434
Caplug No CD-16 1 5/16-12	\$	0.705
Caplug No PD-30 3/8-24	\$	0.263
Caplug No PD-40 7/16-20	\$	0.275
Caplug No PD-50 1/2-20	\$	0.303
Caplug No PD-60 9/16-18	\$	0.366
Caplug No PD-80 3/4-16	\$	0.381
Caplug No PD-100 7/8-14	\$	0.431
Caplug No PD-120 1 1/16-12	\$	0.605
Caplug No PD-160 1 5/16-12	\$	0.720
<b>Tapered Polyethylene Caps and Plugs</b>		
Caplug No T-2 - 3/16 tubing OD	\$	0.072
Caplug No T-3 - 1/4 tubing OD	\$	0.076
Caplug No T-4 - 5/16 tubing OD	\$	0.074
Caplug No T-4X - 1/4 tubing OD	\$	0.078
Caplug No T-5 - 3/8 tubing OD	\$	0.081
Caplug No T-6 - 1/4 cup size	\$	0.091
Caplug No T-6X - 1/4 cup size	\$	0.086
Caplug No T-8 - 1/2 tubing OD	\$	0.093
Caplug No T-8X - 3/8 cup size	\$	0.088
Caplug No T-9 - 1/2 plug size	\$	0.098
Caplug No T-9X - 1/2 tubing OD	\$	0.101
Caplug No T-10 - 3/4 plug size	\$	0.105
Caplug No T-11 - 5/8 tubing OD	\$	0.115
Caplug No T-12X - 3/4 plug size	\$	0.133
Caplug No T-13X - 3/4 cap size	\$	0.141
Caplug No T-15X - 1 cap size	\$	0.160
<b>Nylon Insert Flange locknuts Fractional and Metric</b>		
1/2-13 Grade 8	\$	1.170
3/8-16 Grade 8	\$	0.703
5/16-18 Grade 8	\$	0.350
1/4-20 Grade 8	\$	0.309

1/2-20 Grade 8 (Quotes Grade 5 in the drawer)	\$	1.710
3/8-24 Grade 8 (Quotes Grade 5 in the drawer)	\$	0.728
5/16-24 Grade 8 (Quotes Grade 5 in the drawer)	\$	0.459
1/4-28 Grade 8 (Quotes Grade 5 in the drawer)	\$	0.287
1/2-13 Grade 8	\$	1.170
3/8-16 Grade 8	\$	0.703
5/16-18 Grade 8	\$	0.350
1/4-20 Grade 8	\$	0.309
5/8-11 Grade 8	\$	2.710
7/16-14 Grade 8	\$	1.134
M12 X 1.75 Grade 8	\$	1.710
M10X1.5 Grade 8	\$	0.960
M8X1.25 Grade 8	\$	0.650
M6X1.0 Grade 8	\$	0.410
<b>Nylon-Insulated terminals, 12-10 Gauge and Heavy Duty 13-12 gauge</b>		
Ring tongue Oversized Width 12-10 ga - No 6 stud	\$	0.274
Ring tongue Oversized Width 12-10 ga - No 10 stud	\$	0.205
Ring tongue 12-10 ga - 1/4 stud	\$	0.233
Ring tongue 12-10 ga - 3/8 stud	\$	0.296
Ring tongue 12-10 ga - No 6 stud	\$	0.089
Ring tongue 12-10 ga - 1/4 stud	\$	0.233
Ring tongue 12-10 ga - 5/16 stud	\$	0.274
Ring tongue 12-10 ga - 1/2 stud	\$	0.353
Snap Spade 12-10 ga - No 6 stud	\$	0.067
Snap Spade 12-10 ga - No 8 stud	\$	0.101
Snap Spade 12-10 ga - No 10 stud	\$	0.101
Snap Spade 12-10 ga - 1/4 stud	\$	0.156
Male Quick slide fully insulated 12-10 ga .025 tab width	\$	0.087
Butt connector Yellow 12-10 ga	\$	0.186
Butt connector Yellow 12-10 ga self sealing	\$	0.299
Female Quick slide fully insulated 12-10 ga .025 tab width	\$	0.288
Ring Tongue Heavy Duty 16-12 ga - No 8 stud	\$	0.126
Ring Tongue Heavy Duty 16-12 ga - 1/4 stud	\$	0.130
Ring Tongue Heavy Duty 16-12 ga - 7/16 stud	\$	0.150
Super Butt connector Yellow 12-10 ga	\$	0.186
Ring Tongue Heavy Duty 16-12 ga - No 10 stud	\$	0.127
Ring Tongue Heavy Duty 16-12 ga - 3/8 stud	\$	0.177
Ring Tongue Heavy Duty 16-12 ga - 1/2 stud	\$	0.208
<b>Nylon-Insulated Terminals 16-14 gauge</b>		
Snap spade - No 4 stud	\$	0.397
Snap spade - No 6 stud	\$	0.045
Snap spade - No 8 stud	\$	0.045
Snap spade - No 10 stud	\$	0.045
Snap spade - 1/4 stud	\$	0.367
Super butt connector blue - 16-14 ga	\$	0.079
Ring Tongue - No 6 stud	\$	0.113
Ring Tongue oversized width - No 6 stud	\$	0.032
Ring Tongue - No 10 stud	\$	0.127
Ring Tongue - 1/4 stud	\$	0.130
Ring Tongue - 5/16 stud	\$	0.167
Ring Tongue - 3/8 stud	\$	0.177
Female quick slide fully insulated 0.187 tab width	\$	0.146
Female quick slide fully insulated 0.25 tab width	\$	0.193
Female snap recetacle 0.157 snap dia.	\$	0.106
Female snap recetacle 0.176 snap dia.	\$	0.219
Multi-stack disconnect 0.25 tab width	\$	0.044
Female quick slide fully insulated with 90 degree flag 0.25 tab width	\$	0.382
Male quick slide fully insulated 0.187 tab width	\$	0.049

Male quick slide fully insulated 0.25 tab width	\$	0.258
Male snap plug 0.157 snap dia.	\$	0.198
Male snap plug 0.176 snap dia.	\$	0.172
<b>Nylon Insulated Terminals 22-18 gauge</b>		
Snap spade - No 4 stud	\$	0.354
Snap spade - No 6 stud	\$	0.315
Snap spade - No 8 stud	\$	0.315
Snap spade - No 10 stud	\$	0.315
super butt connector red 22-18 gauge	\$	0.064
Ring tongue oversized width - No 6 stud	\$	0.214
Ring tongue - No 8 stud	\$	0.106
Ring tongue - No 10 stud	\$	0.103
Ring tongue - 1/4 stud	\$	0.139
Ring tongue - 5/16 stud	\$	0.089
Ring tongue - 3/8 stud	\$	0.160
Female slide fully insulated 0.187 tab width	\$	0.247
Female slide fully insulated 0.25 tab width	\$	0.258
Female snap receptacle 0.157	\$	0.272
Female snap receptacle 0.176	\$	0.292
multi-stack disconnect 0.25 tab width	\$	0.533
female quick slide fully insulated with 90 degree flag 0.25 tab width	\$	0.120
male quick slide fully insulated 0.187 tab width	\$	0.506
male quick slide fully insulated 0.25 tab width	\$	0.467
male snap plug 0.157 snap dia.	\$	0.326
male snap plug 0.176 snap dia.	\$	0.330
<b>High temp terminals</b>		
ring tongue - 22-18 ga - No 6 stud	\$	0.085
ring tongue - 22-18 ga - No 10 stud	\$	0.092
ring tongue - 22-18 ga - 1/4 stud	\$	0.100
ring tongue - 16-14 ga - No 6 stud	\$	0.092
ring tongue - 16-14 ga - No 10 stud	\$	0.092
ring tongue - 16-14 ga - 1/4 stud	\$	0.156
ring tongue - 12-10 ga - No 6 stud	\$	0.150
ring tongue - 12-10 ga - No 10 stud	\$	0.132
ring tongue - 12-10 ga - 1/4 stud	\$	0.181
ring tongue - 12-10 ga - 3/8 stud	\$	0.165
ring tongue - 12-10 ga - 8 gauge	\$	0.554
ring tongue - 12-10 ga - 6 gauge	\$	0.980
ring tongue - 12-10 ga - 4 gauge	\$	1.388
spade - 22-18 - No 10 stud	\$	0.104
spade - 16-14 - No 10 stud	\$	0.053
spade - 12-10 - No 10 stud	\$	0.150
Male quick slide - 16-14 - .187 tab width	\$	0.150
Male quick slide - 16-14 - .250 tab width	\$	0.111
Block spade - 22-18 ga - No 6 stud	\$	0.104
Block spade - 16-14 - No 6 stud	\$	0.104
Female Quick slide - 16-14 - .187 tab width	\$	0.110
Female Quick slide - .25 tab width	\$	0.122
Female plug quick spade - 16-14 - .250 tab width	\$	0.112
Butt connector - 22-18	\$	0.087
Butt connector - 16-14	\$	0.087
Butt connector - 12-10	\$	1.196
Poreclain Connector Hi-1 (small)	\$	0.057
Poreclain Connector Hi-5 (medium)	\$	0.057
Poreclain Connector Hi-7 (large)	\$	0.057
<b>Lockwashers and flat washers</b>		
1/4	\$	0.009

5/16	\$	0.018
3/8	\$	0.035
7/16	\$	0.045
1/2	\$	0.056
5/8	\$	0.118
Hex Nuts		
1/4-20	\$	0.123
5/16-18	\$	0.024
3/8-16	\$	0.026
7/16-14	\$	0.086
1/2-13	\$	0.067
5/8-11	\$	0.163
<b>Bolts SAE - Grade 8</b>		
1/4X20X1/2	\$	0.029
1/4X20X3/4	\$	0.051
1/4X20X1	\$	0.054
1/4X20X1 1/4	\$	0.087
1/4X20X1 1/2	\$	0.082
1/4X20X1 3/4	\$	0.101
1/4X20X2	\$	0.156
1/4X20X2 1/4	\$	0.224
1/4X20X2 1/2	\$	0.106
1/4X20X2 3/4	\$	0.203
5/16X18X1/2	\$	0.084
<b>Bolts Metric - Grade 10.9 or Better</b>		
M6X1.0X25	\$	0.145
M7X1.0X25	\$	0.708
M8X1.25X25	\$	0.235
M8X1.0X25	\$	1.620
M10X1.5X50	\$	0.564
M10X1.25X50	\$	2.980
M12X1.75X50	\$	0.363
M12X1.5X50	\$	5.540
M14X2.0X50	\$	0.495
M14X1.5X50	\$	8.630
M16x2.0x50	\$	1.600
M16x1.5x50	\$	5.169
<b>Nuts</b>		
M6x1.0	\$	0.014
M7x1.0	\$	0.106
M8x1.25	\$	0.028
M8x1.0	\$	0.109
M10x1.25	\$	0.097
M10x1.5	\$	0.062
M12x1.5	\$	0.211
M12x1.75	\$	0.290
M14x2.0	\$	0.198
M14x1.5	\$	1.156
M16x2.0	\$	0.661
M16x1.5	\$	0.208
<b>Lock washers</b>		
M6	\$	0.020
M7	\$	0.022
M8	\$	0.024
M10	\$	0.027

**Price List From  
Dukes A&W Enterprises, LLC**

M12	\$	0.058
M14	\$	0.103
M16	\$	0.131
<b>Flat washers</b>		
M6	\$	0.012
M7	\$	0.016
M8	\$	0.014
M10	\$	0.021
M12	\$	0.051
M14	\$	0.035
M16	\$	0.078



**RESOLUTION**

**TRANSIT AUTHORITY OF THE LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT**

**MOTION:** \_\_\_\_\_ **SECOND:** \_\_\_\_\_

**DATE: November 15, 2017      RESOLUTION NO.: 2017-16**

**WHEREAS**, the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) issued RFP 1713 for fasteners and other shop supplies;

**WHEREAS**, RFP 1713 resulted in proposals from three qualified proposers;

**WHEREAS**, the proposals were evaluated and ranked;

**WHEREAS**, the proposal of Dukes A&W Enterprises, LLC was the highest ranked proposal;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) hereby authorizes and directs the General Manager to execute a contract with Dukes A&W Enterprises, LLC to provide fasteners and other shop supplies according to the terms as set forth in RFP 1713 and the proposal submitted by Dukes A&W Enterprises, LLC, which are incorporated herein by reference. The pricing shall be as per the pricing list that is attached hereto and incorporated herein by reference. The term of the contract awarded will be for two (2) years with an option to extend the agreement for three (3) one-year terms.

\_\_\_\_\_  
Chairperson, Malcolm Ratchford

\_\_\_\_\_  
Date



**November 15, 2017**

TO: The Board of Directors

FROM: Carrie Butler, General Manager

**SUBJECT: Resolution to Award Contracts for Agent of Record**

Attached is a resolution requesting authority to enter into contracts for Agent of Record for Employee Health and Benefits Insurance and Agent of Record for Property and Casualty Insurance.

RFP 1715 was issued July 24, 2017 with proposals received on September 6, 2017. A staff evaluation committee reviewed and approved the proposals for compliance and responsiveness. Responsive proposals were received from five (5) qualified proposers for Employee Health and Benefits Insurance and from six (6) proposers for Property and Casualty Insurance:

- Arthur J. Gallagher
- Aon Risk Services Northeast, Inc.
- Energy Insurance
- Houchens Insurance Group
- USI Insurance Services, LLC
- BB&T (Property and Casualty only)

The evaluation committee ranked the proposals received. USI received the highest ranking for Employee Health and Benefits and is recommended to be awarded the contract according to the terms of their proposal in response to RFP 1715. Aon received the highest ranking for Property and Casualty and is recommended to be awarded the contract according to the terms of their proposal in response to RFP 1715.

The term of the contract awarded will be for five (5) years. USI shall be paid an amount not to exceed \$40,000 annually for Employee Health and Benefits. Aon shall be an amount not to exceed \$80,000 in year one, \$82,400 in year two, \$84,872 in year three, \$87,418 in year four, and \$90,040 in year five.

If you have any questions or wish to review the contracts with USI and Aon, please call me at 255-7756.



**RESOLUTION**

**TRANSIT AUTHORITY OF THE LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT**

**MOTION:** \_\_\_\_\_ **SECOND:** \_\_\_\_\_

**DATE:** November 15, 2017 **RESOLUTION NO.:** 2017-17

**WHEREAS**, the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) issued RFP 1715 for an Agent of Record for Employee Health and Benefits Insurance and an Agent of Record for Property and Casualty Insurance;

**WHEREAS**, RFP 1715 resulted in proposals from five qualified proposers for Employee Health and Benefits Insurance and from six qualified proposers for Property and Casualty Insurance;

**WHEREAS**, the proposals were evaluated and ranked;

**WHEREAS**, the proposal of USI Insurance Services, LLC was the highest ranked proposal for Employee Health and Benefits Insurance and the proposal of Aon Risk Services Northeast, Inc. was the highest ranked proposal for Property and Casualty Insurance;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) hereby authorizes and directs the General Manager to execute contracts with USI Insurance Services, LLC to provide Agent of Record services for Employee Health and Benefits Insurance and Aon Risk Services Northeast, Inc. to provide Agent of Record services for Property and Casualty Insurance according to the terms as set forth in RFP 1715 and the proposals submitted respectively by USI Insurance Services, LLC and Aon Risk Services Northeast, Inc., which are incorporated herein by reference. USI shall be paid an amount not to exceed \$40,000 annually for Employee Health and Benefits. Aon shall be an amount not to exceed \$80,000 in year one, \$82,400 in year two, \$84,872 in year three, \$87,418 in year four, and \$90,040 in year five. The term of the contracts awarded will be for five (5) years.

\_\_\_\_\_  
Chairperson, Malcolm Ratchford

\_\_\_\_\_  
Date



**November 15, 2017**

TO: The Board of Directors

FROM: Carrie Butler, General Manager

**SUBJECT: Resolution to Award a Contract for Employee Physicals and Drug Screens**

Attached is a resolution requesting authority to enter into a contract for Employee Physicals and Drug Screens.

RFP 1720 was issued September 4, 2017 with proposals received on October 26, 2017. A staff evaluation committee reviewed and approved the proposals for compliance and responsiveness. A responsive proposal was received from one (1) qualified proposer:

- Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers

The proposal from Concentra was determined to offer a fair and reasonable price and is recommended to be awarded the contract according to the terms of their proposal in response to RFP 1720.

The term of the contract awarded will be for five (5) years. Concentra shall be paid an amount not to exceed the following:

- DOT pre-employment physicals - \$27
- Non-DOT pre-employment physicals - \$28
- Blood pressure re-checks - \$10
- Glucose check - \$10
- Audiometry screening - \$10
- DOT drug screens (including after hours) - \$27
- Non-DOT drug screens (including after hours) - \$35
- Breath alcohol test (including after hours) - \$20
- Hepatitis B vaccine - \$50
- Influenza virus vaccine - \$40

If you have any questions or wish to review the RFP or the proposal from Concentra, please call me at 255-7756.



**RESOLUTION**

**TRANSIT AUTHORITY OF THE LEXINGTON-FAYETTE  
URBAN COUNTY GOVERNMENT**

**MOTION:** \_\_\_\_\_ **SECOND:** \_\_\_\_\_

**DATE: November 15, 2017      RESOLUTION NO.: 2017-18**

**WHEREAS**, the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) issued RFP 1720 for the performance of employee physicals and drug screens;

**WHEREAS**, RFP 1720 resulted in a proposal from one qualified proposer;

**WHEREAS**, the proposal was determined to be responsive and offer a fair and reasonable price;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors of the Transit Authority of the Lexington-Fayette Urban County Government (Lextran) hereby authorizes and directs the General Manager to execute a contract with Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers to provide employee physicals and drug screens according to the terms as set forth in RFP 1720 and the proposal submitted by Occupational Health Centers of the Southwest, P.A. dba Concentra Medical Centers, which are incorporated herein by reference. The term of the contract awarded will be for five (5) years. Concentra shall be paid an amount not to exceed the following amounts:

- DOT pre-employment physicals - \$27
- Non-DOT pre-employment physicals - \$28
- Blood pressure re-checks - \$10
- Glucose check - \$10
- Audiometry screening - \$10
- DOT drug screens (including after hours) - \$27
- Non-DOT drug screens (including after hours) - \$35
- Breath alcohol test (including after hours) - \$20
- Hepatitis B vaccine - \$50
- Influenza virus vaccine - \$40

\_\_\_\_\_  
Chairperson, Malcolm Ratchford

\_\_\_\_\_  
Date



Contractor	Type of Service	Original Price	Change	Reason for Change	Prior Change Orders
Gillig (PO C0000248-000)	Bus (4 40-foot CNG)	\$1,894,740.00	\$12,508.00	Lextran paint and graphics will not be done on this order, resulting in a reduction of price.	\$17,308.00
Gillig (PO C0000251-000)	Bus (1 40-foot CNG)	\$473,685.00	-\$3,127.00	Lextran paint and graphics will not be done on this order, resulting in a reduction of price.	\$4,327.00



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# DRUG AND ALCOHOL PROGRAM AND POLICY

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Transit Authority of Lexington-Fayette Urban County Government

**Current Version November 3, 2017; pending Lextran Board of Directors approval**

*Revision July 2014*

*Revision April 2011*

*Revision April 2008*

*Revision August 2002*

*Original Effective June 1998*

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## Chapter I — Introduction

The Transit Authority of Lexington-Fayette Urban County Government (Lextran) is dedicated to our mission to become the preferred choice of transportation by providing courteous timely, safe, accessible, affordable, sustainable, and reliable transportation modes. We strive to demonstrate operational excellence while ensuring our customers a positive experience.

As part of our mission, we are also dedicated to providing a safe, healthy, drug and alcohol-free work environment for our employees. These obligations are severely jeopardized by an employee who is unfit for duty due to drug or alcohol usage. Drugs and/or alcohol usage can cause work performance problems such as accidents, delays in service, missing service, and excessive absenteeism. It can cause sickness and workplace injuries resulting in higher health care and workers compensation premiums. Drug and/or alcohol usage is also the cause of workplace accidents, damage to property and equipment, threats to public safety, including passengers and the general public and poor workplace decisions. Finally, drugs and/or alcohol usage can cause significant harm to Lextran's public image.

Drug and alcohol testing is mandated by the Federal Transit Administration (FTA) and the United States Department of Transportation (USDOT) in 49 CFR Part 40 and Part 655, as amended. In addition, drugs are prohibited in the workplace by the ***Drug-Free Workplace Act of 1988*** located in 20 CFR Part 29.

Lextran's Drug and Alcohol Program has been created to protect employees and our customers. It proscribes strict discipline standards up to and including discharge. At the same time, it offers free substance abuse evaluation services and a second chance to employees who voluntarily come forward and seek professional rehabilitation services prior to being notified of a pending drug or alcohol test. Lextran's Drug and Alcohol program has been adopted by the Lextran Board of Directors. This program complies with all applicable federal regulations governing workplace anti-drug and alcohol abuse programs in the transit industry.

Employees shall familiarize themselves with this program and the specifics of the policies and practices contained herein. Specifically, employees should be aware and understand the consequences that will result from drug and alcohol use as well as the rehabilitation opportunities and awareness information.

The primary point of contact for Lextran's Drug and Alcohol Program is the Director of Risk Management. A secondary point of contact is the Director of Human Resources. Current names and contact information are located in the appendix.

This policy incorporates all of the requirements and procedures set forth by federal regulations 49 CFR Parts 40, 655, and the ***Drug-Free Workplace Act of 1988*** as amended.

## Chapter II — Drug-Free Workplace Act of 1988

The unlawful manufacturing, distribution, dispensing, possession or use of all controlled substances is prohibited in Lextran's workplace. Employees so found will be subject to discipline up to and including termination, depending upon circumstances.

Substance abuse is a major focus of today's society. The effect of this abuse on an employee's job performance is costly to the employee, his/her family and to the employer. In place is a testing procedure whose purpose is to insure a drug-free and alcohol-free workplace. No employee who unlawfully uses, is impaired by, or under the influence of, drugs and/or alcohol ever will be permitted to function in a position where his/her actions could affect the safe operation of a motor vehicle or endanger the safety of fellow workers.

Pamphlets on drug/alcohol abuse are available from the Human Resources department. Also, Lextran Employee Assistance Program is available to assist employees in receiving medical and rehabilitation treatment and counseling to help resolve substance abuse problems.

Employees found unlawfully using, impaired by, or under the influence of, controlled substance(s) and/or alcohol in the workplace will be immediately discharged. The employee may be referred to the Employee Assistance Program. Employees engaged in the unlawful manufacture, distribution, or dispensation, or found in possession, of an unprescribed controlled substance(s) and/or alcohol in the workplace will be subject to discipline up to and including termination, depending upon circumstances.

All employees must notify Lextran of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after any such conviction. Within 30 days, Lextran will make a determination of action based on the incident. Employees will be subject to discipline up to and including termination, depending upon circumstances.

All employees are expected to abide by Lextran's policy on a drug-free workplace.

## Chapter III — Lextran’s Drug and Alcohol Policy

### Purpose of Policy

This policy complies with 49 CFR Part 655, as amended and 49 CFR Part 40, as amended. Copies of Parts 655 and 40 are available in the drug and alcohol program manager’s office and can be found on the internet at the Federal Transit Administration (FTA) Drug and Alcohol Program website <http://transit-safety.fta.dot.gov/DrugAndAlcohol/>.

All covered employees are required to submit to drug and alcohol tests as a condition of employment in accordance with 49 CFR Part 655.

Portions of this policy are not FTA-mandated, but reflect Lextran’s policy. These additional provisions are identified by **bold text** in this chapter.

In addition, DOT has published 49 CFR Part 29, implementing the Drug-Free Workplace Act of 1988, which requires the establishment of drug-free workplace policies and the reporting of certain drug-related offenses to the FTA.

**All Lextran employees are subject to the provisions of the Drug-Free Workplace Act of 1988.**

The unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited in the covered workplace. An employee who is convicted of any criminal drug statute for a violation occurring in the workplace shall notify Director of Human Resources or Director of Risk Management no later than five days after such conviction.

### Covered Employees

This policy applies to every person, including an applicant or transferee, who performs or will perform a “safety-sensitive function” as defined in Part 655, section 655.4.

You are a covered employee if you perform any of the following:

- Operating a revenue service vehicle, in or out of revenue service
- Operating a non-revenue vehicle requiring a commercial driver’s license
- Controlling movement or dispatch of a revenue service vehicle
- Maintaining (including repairs, overhaul and rebuilding) of a revenue service vehicle or equipment used in revenue service
- Carrying a firearm for security purposes

See Appendix A for a list of covered positions by job title.

## Contractors

Contractor organizations with persons who provide FTA-defined safety-sensitive functions for Lextran (including volunteers) will adopt an anti-drug and alcohol policy which complies with 49 CFR Part 655 and 40. No contractor employee who is in violation of this policy may work on Lextran property or provide safety-sensitive services unless he or she has met return to work requirements (see Appendix D for contractor information).

## Prohibited Behavior

Use of illegal drugs is prohibited at all times. All covered employees are prohibited from reporting for duty or remaining on duty any time there is a quantifiable presence of a prohibited drug in the body above the minimum thresholds defined in Part 40. Prohibited drugs include:

- marijuana
- cocaine
- phencyclidine (PCP)
- opiates
- amphetamines

As required by FTA, all covered employees are prohibited from performing or continuing to perform safety-sensitive functions while having an alcohol concentration of 0.04 or greater. Per Lextran policy, all covered employees are prohibited from performing or continuing to perform safety-sensitive functions while having an alcohol concentration of 0.02 or greater.

All covered employees are prohibited from consuming alcohol while performing safety-sensitive job functions or while on-call to perform safety-sensitive job functions. If an on-call employee has consumed alcohol, they must acknowledge the use of alcohol at the time that they are called to report for duty. If the on-call employee claims the ability to perform his or her safety-sensitive function, he or she must take an alcohol test with a result of less than 0.02 prior to performance.

All covered employees are prohibited from consuming alcohol within four (4) hours prior to the performance of safety-sensitive job functions.

All covered employees are prohibited from consuming alcohol for eight (8) hours following involvement in an accident or until he or she submits to the post-accident drug and alcohol test, whichever occurs first.

**The sale, manufacture, distribution and/or possession of drugs or alcohol while on the job, on Lextran property, in a Lextran uniform or while conducting transit authority business will be subject to discipline up to and including discharge, depending upon circumstances.**

The use of legal, prescription drugs is discussed under Prescription Drug section.

## Consequences for Violations

**The consequences for any violation of Lextran’s Drug and Alcohol Policy or the Drug Free Workplace Act include discipline up to and including termination. Circumstances not covered by this policy will be dealt with on a case-by- case basis using a “reasonableness” standard. The consequences are defined as follows:**

### Zero Tolerance

Following a positive drug or alcohol (BAC at or above 0.04) test result or test refusal, the employee will be immediately removed from safety-sensitive duty and referred to a Substance Abuse Professional, **and subject to immediate discharge per Lextran policy.**

As required by FTA, following a BAC of 0.02 or greater, but less than 0.04, test result or refusal, the employee will be immediately removed from safety-sensitive duties for at least eight hours unless a retest results in the employee’s alcohol concentration being less than 0.02. **Per Lextran policy, the employee will be subject to disciplinary suspension up to and including 30 days without pay (including sick pay). The employee will be required to undergo an evaluation by the EAP before returning to work and may be required to sign a last-chance agreement. Any employee who violates any term of a last chance agreement will be subject to discipline up to and including discharge, depending upon circumstances.**

**Reporting to work intoxicated/under the influence of alcohol or drugs (BAC at or above 4.0) will result in immediate termination. An employee who is called into work unexpectedly has a responsibility to inform his/her supervisor immediately if he/she is unfit for duty. Otherwise, he/she will be treated the same as any other regularly scheduled or on-call employee.**

### Criminal Drug Conviction at Workplace

**Any employee who fails to notify the Director of Human Resources of any criminal drug conviction or drug-related offense will be subject to discipline up to and including discharge, depending upon circumstances. This notification must be provided by the fifth day after such offense. Any employee convicted of such an offense will be subject to discipline up to and including-discharge, depending upon circumstances.**

***NOTE:*** *There may be circumstances which arise that are not specifically covered by the above categories, yet the severity of the offense warrants severe consequences. In these situations, the standard of “reasonableness” will apply and management shall determine the consequences based on this standard.*

## Circumstances for Testing

Testing for drugs and alcohol will be conducted in the following circumstances:

### Pre-Employment Testing

**All applicants are required to undergo pre-employment drug testing. Employees are required to undergo drug testing, and pass with a verified negative test result, prior to transfer into a safety-sensitive position.**

A negative pre-employment drug test result is required before an employee can first perform safety-sensitive functions. If a pre-employment test is cancelled, the individual will be required to undergo another test and successfully pass with a verified negative result before performing safety-sensitive functions.

If a covered employee has not performed a safety-sensitive function for 90 or more consecutive calendar days, and has not been in the random testing pool during that time, the employee must take and pass a pre-employment test before he or she can return to a safety-sensitive function (also see Return to Work).

A covered employee or applicant who has previously failed or refused a DOT pre-employment drug and/or alcohol test must provide proof of having successfully completed a referral, evaluation, and treatment plan meeting DOT requirements.

### Post Voluntary Referral Testing (49 CFR Part 40)

**A safety-sensitive or covered employee who returns to duty after a substance-related leave or after an evaluation made by a substance abuse professional is subject to unannounced follow-up testing. The frequency and duration of such testing will be solely determined by the substance abuse professional in consultation with the Lextran DER for actual days of follow-up testing, which are to be directly observed. The duration could extend up to 60 months with a minimum requirement of at least 6 tests within the first 12-month period.**

### Reasonable Suspicion Testing

All covered employees shall be subject to a drug and/or alcohol test when Lextran has reasonable suspicion to believe that the covered employee has used a prohibited drug and/or engaged in alcohol misuse. A reasonable suspicion referral for testing will be made by a trained supervisor or other trained company official on the basis of specific, contemporaneous, articulable observations concerning the appearance, behavior, speech, or body odors of the covered employee.

Covered employees may be subject to reasonable suspicion drug testing any time while on duty. Covered employees may be subject to reasonable suspicion alcohol testing while the

employee is performing safety-sensitive functions, just before the employee is to perform safety-sensitive functions, or just after the employee has ceased performing such functions.

## Post-Accident Testing

Covered employees shall be subject to post-accident drug and alcohol testing under the following circumstances:

**For post-accident testing, a urine specimen for drug testing must be collected as soon as possible but no later than 32 hours after the accident.**

**The alcohol test should be administered within two hours of the accident. If testing cannot be completed in two hours a report must be filed documenting why attempts were unsuccessful and attempts to collect must continue. If unable to obtain an alcohol test within 8 hours, attempts to collect must cease and the two hour written report is updated with an explanation as to the failure to collect.**

**The results of a urine test for the use of prohibited drugs, or the results of a breath test for the misuse of alcohol, conducted by Federal, State or local officials having independent authority for the test, shall be considered to meet the requirements of this section, provided such tests conform to the applicable Federal, State or local testing requirements, and that the test results are obtained by the employer. Such test results may be used only when the employer is unable to perform a post-accident test within the required period noted in paragraphs (a) and (b) of Section 655.44.**

## Alcohol Prohibited After Accident

**Any safety sensitive employee required to take a post-accident alcohol test is prohibited from alcohol use for eight hours following the accident or until the employee undergoes a post-accident alcohol test, whichever occurs first.**

**Any employee who is subject to post accident testing yet fails to remain readily available for such testing (including notifying employer representative of his or her location if he or she leaves the scene of the accident prior to submission to such test) is deemed to have refused to submit to testing and will be subject to discipline up to and including discharge, depending upon circumstances.**

## Fatal Accidents

As soon as practicable following an accident involving the loss of a human life, drug and alcohol tests will be conducted on each surviving covered employee operating the public transportation vehicle at the time of the accident. In addition, any other covered employee whose performance could have contributed to the accident, as determined by Lextran using the best information available at the time of the decision, will be tested.

## Non-fatal Accidents

As soon as practicable following an accident not involving the loss of a human life, drug and alcohol tests will be conducted on each covered employee operating the public transportation vehicle at the time of the accident if at least one of the following conditions is met:

- The accident results in injuries requiring immediate medical treatment away from the scene, unless the covered employee can be completely discounted as a contributing factor to the accident
- One or more vehicles incurs disabling damage and must be towed away from the scene, unless the covered employee can be completely discounted as a contributing factor to the accident

In addition, any other covered employee whose performance could have contributed to the accident, as determined by Lextran using the best information available at the time of the decision, will be tested.

A covered employee subject to post-accident testing must remain readily available, or it is considered a refusal to test. Nothing in this section shall be construed to require the delay of necessary medical attention for the injured following an accident or to prohibit a covered employee from leaving the scene of an accident for the period necessary to obtain assistance in responding to the accident or to obtain necessary emergency medical care.

## Random Testing

A covered employee may be randomly tested for prohibited drug use anytime while on duty. Random drug and alcohol tests are unannounced and unpredictable, and the dates for administering random tests are spread reasonably throughout the calendar year. Random testing will be conducted at all times of the day when safety-sensitive functions are performed.

Testing rates will meet or exceed the minimum annual percentage rate set each year by the FTA administrator. The current year testing rates can be viewed online at: [www.transportation.gov/odapc/random-testing-rates](http://www.transportation.gov/odapc/random-testing-rates).

The selection of employees for random drug and alcohol testing will be made by a scientifically valid method, such as a random number table or a computer-based random number generator. Under the selection process used, each covered employee will have an equal chance of being tested each time selections are made.

A covered employee may only be randomly tested for alcohol misuse while the employee is performing safety-sensitive functions, just before the employee is to perform safety-sensitive functions, or just after the employee has ceased performing such functions. A covered employee may be randomly tested for prohibited drug use anytime while on duty.

Each covered employee who is notified of selection for random drug or random alcohol testing must immediately proceed to the designated testing site.

**Employees are on the clock and will be compensated at their applicable rate for the time spent in undergoing such random testing.**

**Lextran shall provide to the Union, if requested, its scientifically-validated method of random selection for comment.**

### Random Testing – End of Shift

Random testing may occur anytime an employee is on duty so long as the employee is notified prior to the end of the shift. Employees who provide advance, verifiable notice of scheduled medical or child care commitments will be random drug tested no later than three hours before the end of their shift and random alcohol tested no later than 30 minutes before the end of their shift. Verifiable documentation of a previously scheduled medical or child care commitment, for the period immediately following an employee's shift, must be provided at least 48 hours before the end of the shift.

### Return to Work - Pending Test Results

An employee can return to work pending the drug test results under the following circumstances:

- Return to work physicals (when cause of leave is unrelated to drugs and/or alcohol and employee is not returning from inactive status)
- Annual physical / Department of Transportation physical
- Follow-up testing
- Random testing

An employee must await his/her negative test clearance under the following circumstances:

- Return to work after a drug-and-alcohol-related leave
- Reasonable suspicion
- Post-accident testing
- Pre-employment
- Transfer to safety sensitive position, or
- **While an employee is in an inactive status**

**Employees are encouraged to schedule the return to work physical and screens in advance of the return date to avoid being in a non-pay status while awaiting clearance to return to work.**

## Test Refusals

**Employees must follow the instruction and directions of all Lextran supervisors and medical personnel involved in the testing process.** As a covered employee, you have refused to test if you:

- Fail to appear for any test (except a pre-employment test) within a reasonable time, as determined by Lextran.
- Fail to remain at the testing site until the testing process is complete. An employee who leaves the testing site before the testing process commences for a pre-employment test has not refused to test.
- Fail to attempt to provide a breath or urine specimen. An employee who does not provide a urine or breath specimen because he or she has left the testing site before the testing process commenced for a pre-employment test has not refused to test.
- In the case of a directly-observed or monitored urine drug collection, fail to permit monitoring or observation of your provision of a specimen.
- Fail to provide a sufficient quantity of urine or breath without a valid medical explanation.
- Fail or decline to take a second test as directed by the collector or Lextran for drug testing.
- Fail to undergo a medical evaluation as required by the MRO or Lextran's Designated Employer Representative (DER).
- Fail to cooperate with any part of the testing process.
- Fail to follow an observer's instructions to raise and lower clothing and turn around during a directly-observed test.
- Possess or wear a prosthetic or other device used to tamper with the collection process.
- Admit to the adulteration or substitution of a specimen to the collector or MRO.
- Refuse to sign the certification at Step 2 of the Alcohol Testing Form (ATF).
- Fail to remain readily available following an accident.
- As a covered employee, if the MRO reports that you have a verified adulterated or substituted test result, you have refused to take a drug test.
- As a covered employee, if you refuse to take a drug and/or alcohol test, you incur the same consequences as testing positive and will be immediately removed from performing safety-sensitive functions, and referred to a SAP.

## Testing Procedures

All FTA drug and alcohol testing will be conducted in accordance with 49 CFR Part 40, as amended.

A prohibited substance may be detected through a drug or an alcohol test following the safeguards set forth by the Department of Transportation in 49 CFR Part 40, as amended. These safeguards are mandated to assure protection, integrity, validity, and the accuracy of the results. Discussion of collection procedures follows.

Testing requirements call for urine tests for five drugs (Marijuana, PCP, Cocaine, Opiates, and Amphetamines) and breath tests for alcohol. This is subject to change consistent with alterations to 49 CFR Part 40, as amended. **A separate test sample may be required for other prohibited substances based on individualized suspicion.**

All testing will be conducted in a manner which assures a high degree of accuracy and reliability consistent with the Department of Transportation safeguards set forth in 49 CFR Part 40, as amended. Drug testing will be conducted in laboratories certified by the National Laboratory Certification Program as listed on the Substance Abuse and Mental Health Services Administration (SAMHSA), Department of Health and Human Services (HHS) notice located at 59 FR 39774 (see Appendix B for specific laboratory used by Lextran).

Collection may be observed if there is reason to believe that a particular individual may alter or substitute the specimen to be provided, as further described in 49 CFR part 40.61(f)(5).

### Role of the Medical Review Officer (MRO)

An MRO is required to verify positive test results and facilitate the split sample process. An MRO is defined by the FTA as a licensed physician responsible for receiving laboratory results generated by an employer's drug testing program who has knowledge of substance abuse disorders. The MRO shall communicate all verified positive test results to the employee and to the Lextran (see Appendix B for name and phone number of Lextran's MRO). **Upon the written consent of the employee, results received at Lextran will be forwarded to the President of the Union.**

### Collection Process (49 CFR Part 40.61)

The individual reporting to the test site must have some form of photographic identification to show to collection site personnel. If requested, the collector must show identification.

The individual is asked to read and sign a statement on the appropriate "Federal Drug Testing Custody & Control Form". This certifies that the specimen identified as having been collected from him/her is in fact the specimen he/she provided. All sections of the form are completed by the donor and the collector and the donor is given a copy of this form. The donor's participation is now complete.

The sealed specimens are placed in a secured refrigerator until pickup by the lab courier. The specimens are further sealed in a plastic pouch for transport to the testing lab.

### Breath testing for Alcohol (49 CFR Part 40.241)

Alcohol testing is performed by a Breath Alcohol Technician (BAT). An evidential breath testing (EBT) machine is used to collect and analyze breath samples for any alcohol content. Results are read immediately. A screening test is given first; if results are greater than 0.02, a

confirmation test is performed. One individual will be tested at a time and the BAT shall not leave the testing area.

Evidential Breath Testing (EBT) devices will meet the Model Specifications for Devices to Measure Breath Alcohol provided by the National Highway Traffic Safety Administration (NHTSA). Such EBTs will be listed on the NHTSA Conforming Products List publication found at 59 FR 18839.

## Urinalysis for Drugs

### *Initial Screen*

An initial screen will be conducted on each sample. If the initial screen is positive (as defined in Part III, Section 6), the sample will be tested again by a confirmatory Gas Chromatography/Mass Spectrometry (GC/MS) test.

### *Split Specimen Test*

In the event of a verified positive test result, or a verified adulterated or substituted result, the employee can request that the split specimen be tested at a second laboratory. Lextran guarantees that the split specimen test will be conducted in a timely fashion. Employee will not be required to pay for such test.

**The second laboratory is only required to run a confirmatory test for the specific substance which appeared in the primary sample. The results of this test must be immediately forwarded to the MRO. The MRO will notify the Lextran and the employee of the result. If the split sample reveals no measurable presence of the drug in question, the former positive test will be canceled and the employee will be reimbursed for the split sample HHS laboratory test.**

### *Dilute Urine Specimen*

If a Lextran employee receives a negative, dilute test with a creatinine concentration greater than 5 mg/ml, and the MRO has not directed Lextran to perform an observed collection, the result will be treated as a verified negative test. The employee will not be directed to take another test.

**If a Pre-Employment test results in a negative dilute test result, Lextran will conduct one additional retest.** The result of the second test will be the test of record. **If there is a negative dilute test result and the test type was not a Pre-Employment test, Lextran will accept the test result and there will be no retest,** unless the creatinine concentration of a negative dilute specimen was greater than or equal to 2 mg/dL, but less than or equal to 5 mg/dL.

Dilute negative results with a creatinine level greater than or equal to 2 mg/dL but less than or equal to 5 mg/dL require an immediate recollection under direct observation (see 49 CFR Part 40, section 40.67).

### *Specimen Retention*

**All negative urine specimens will be maintained by the laboratory for a period of one week. Positive specimens must be maintained by the laboratory in frozen storage for a period of one year (or longer if litigation is pending).**

### *Records Retention*

**The laboratory, unless otherwise instructed by the employer in writing, will maintain all records pertaining to a given urine specimen for a minimum of two years.**

**The MRO shall review or consider any medical information provided by the tested employee when a confirmed positive test could have resulted from legally prescribed medication. The medical information provided by the employee to the MRO as part of the testing verification may not be disclosed to any third party except in the case of a grievance, lawsuit or other proceeding initiated by or on behalf of the employee.**

**The employer shall maintain records of its anti-drug program for a minimum period as follows:**

- **Five years - verified positive test results, documentations of refusals to test, covered employees referral to the Substance Abuse Professional (SAP) and copies of annual Management Information System (MIS) reports submitted to the FTA.**
- **Two years - records related to the collection process and employee training.**
- **One year - records of negative drug test results.**
- **Such records shall be kept in a secured area with controlled access.**

Records may be destroyed after 5 years at the discretion of the employer.

### *Confidentiality of Results*

**All test results are forwarded to the Director of Risk Management in a sealed confidential envelope and will be kept confidential. In the case of positive drug or alcohol results, the MRO or BAT immediately notifies the Director of Risk Management by phone so the employee may be immediately removed from performance of safety-sensitive duties. Test result information may only be released to the Employer, the employee, and to the President of the Union upon the employee's written consent. In a grievance, hearing, lawsuit or other action involving the employee, the employer may release relevant information to the decision-maker, and to those who need to know the information to**

**assist with the case. Such information may also be released to representatives from state or federal agencies when required.**

### Positive Test

**The Lextran will be notified by the MRO of a verified positive drug test result. A verified positive test means a prohibited substance appearing in the employee's urine specimen which surpasses the thresholds established by the Department of Health and Human Services (HHS) as adopted by the Department of Transportation (DOT) in 49 CFR PART 40, as amended. These thresholds are determined by medical experts to be evidence that an illegal substance is in an employee's system.**

**Lextran will be notified by the medical provider of an alcohol confirmation test result of 0.02 or more.**

## Chapter IV – Lextran’s Procedures for Self-Referral, Training and Rehabilitation

### Voluntary Self-Referral

An employee concerned about his/her substance or alcohol usage should immediately seek assistance. Chapter V and Appendix C of this program discuss available resources.

Any employee who has a drug and/or alcohol abuse problem and has not been selected for reasonable suspicion, random or post-accident testing or has not refused a drug or alcohol test may voluntarily refer her or himself to the Human Resource Department, who will refer the individual to a substance abuse counselor for evaluation and treatment.

The substance abuse counselor will evaluate the employee and make a specific recommendation regarding the appropriate treatment. Employees are encouraged to voluntarily seek professional substance abuse assistance before any substance use or dependence affects job performance.

Any safety-sensitive employee who admits to a drug and/or alcohol problem will immediately be removed from his/her safety-sensitive function and will not be allowed to perform such function until successful completion of a prescribed rehabilitation program.

### Prescription Drug Use

The appropriate use of legally prescribed drugs and non-prescription medications is not prohibited. However, the use of any substance which carries a warning label that indicates that mental functioning, motor skills, or judgment may be adversely affected must be reported to the Director of Risk Management. Medical advice should be sought, as appropriate, while taking such medication and before performing safety-sensitive duties.

Before beginning a workshift, an employee must report to his or her supervisor the use of prescription or over-the-counter drugs and other substances as described on page 4 of this drug and alcohol testing policy. It is the employee’s responsibility to determine from the physician, practitioner, or pharmacist whether or not job performance would be impaired. A positive result whether illegal substances, illegal use of prescriptions, or misuse of prescriptions will result in discipline up to and including discharge, depending upon circumstances.

## Training

All safety-sensitive employees are required to attend at least 60 minutes of training on the effects and consequences of prohibited drug use on personal health, safety and work environment, and on the signs and symptoms that may indicate prohibited drug use. This training will also review the Lextran Drug and Alcohol Program (this document.)

All managers responsible for covered employees are required to attend one hour of training for reasonable cause determinations for alcohol and one hour of reasonable cause determination training for drugs.

All employees attending such training will be required to sign an attendance sheet/certification form.

## Chapter V — Rehabilitation

### Employee Assistance Program (EAP)

An Employee Assistance Program (EAP) is offered to Lextran employees and their families at no cost to the employee. This program includes professionals qualified in the area of substance abuse evaluations and referrals.

The EAP offers counseling, evaluations, and referrals to rehabilitation programs. Counselors are available 24 hours a day (see Appendix C for EAP contact information).

### Substance Abuse Professionals (SAP)

Any safety-sensitive employee who tests positive for the presence of illegal drugs above the minimum thresholds set forth in 49 CFR Part 40 as amended, or who tests 0.04 or above on an alcohol confirmation test will be subject to discipline up to and including discharge, depending upon circumstances. Even though discharged, the employee will be given a list of local and national resources specializing in the treatment of substance and alcohol abuse. Not all agencies may be qualified or willing to perform the duties of a Substance Abuse Professional (SAP). A SAP is a licensed or certified physician, psychologist, social worker, employee assistance professional, a state-licensed or certified marriage and family therapist, or addiction counselor (certified by one of the agencies in Part 40.281(a)(6) with knowledge of and clinical experience in the diagnosis and treatment of drug and/or alcohol-related disorders.

Assessment by a SAP does not shield an employee from termination. (see Appendix B for contact name and information of Lextran's SAP).

### Rehabilitation

An employee who voluntarily comes forward to Lextran (prior to notification of a pending drug/alcohol test) and seeks professional rehabilitation services for a substance abuse problem, either through the EAP or other bona fide treatment program, will be eligible for and required to sign a last-chance agreement. **Any employee who signs a last-chance agreement cannot return to work until he/she receives a written release from a Substance Abuse Professional stating he/she has properly followed the rehabilitation program prescribed by the Substance Abuse Professional.**

Under the last-chance agreement, the employee must complete a rehabilitation program and remain drug/alcohol-free thereafter. The employee will be required to sign a release of

information form. **Follow up testing will be required after the employee returns to work. During this time, the employee is still subject to random testing.**

Lextran provides access to an Employee Assistance Program. All costs for rehabilitation services over and beyond Lextran's EAP program shall be in accordance with the employee's benefit guidelines or at the employee's own expense.

## Confidentiality

Confidentiality of employees referred to the EAP will be maintained.

Employees must sign a release of information form authorizing EAP personnel and any involved treatment facility to advise Human Resources personnel on the progress of treatment.

Employees going through a substance abuse or alcohol detoxification program will be required to submit written documentation from the EAP as to the successful completion of the program.

Those who voluntarily seek treatment in an external treatment program outside the EAP must submit regular progress reports during treatment and a statement from the Substance Abuse Professional showing successful completion of the program.

## Literature

Drug and alcohol substance abuse prevention literature is available at a number of different sources. Through Lextran, employees can receive substance abuse literature from the occupational nurse, the EAP, and Human Resources. Additionally, material will be made available at the drug and alcohol prevention training courses as they occur.

Outside of Lextran, employees may access national or local hotlines and helplines, support group phone directories, treatment facilities, and many other resources for substance abuse information and guidance. Attached to this section is Appendix C which is a listing of agencies and telephone numbers available to Lextran employees.

# APPENDICES

## Appendix A: Covered Positions

Director of Operations  
Manager of Schedules and Service  
Transportation Supervisors – Dispatchers, Road/Street Supervisors  
Operators

Director of Maintenance  
Maintenance Manager  
Maintenance Supervisors  
Mechanics  
Service Workers

Director of Risk Management  
Training Manager

“Safety-Sensitive” as defined by FTA 49 CFR 655:

- Operating a revenue service vehicle, including when not in revenue service;
- Operating a non-revenue service vehicle, when required to be operated by a holder of a Commercial Driver’s License (CDL);
- Controlling dispatch or movement of a revenue service vehicle;
- Maintaining a revenue service vehicle or equipment used in revenue service;
- Carrying a firearm for security purposes.

## Appendix B: Contact Information

### Lextran's Drug and Alcohol Program Manager

John Givens Director of Risk Management

200 W. Loudon Ave

Lexington, Kentucky 40508

(859) 255-7756

Secondary Contact for Drug and Alcohol Program

**Director of Human Resources**

### Drug Testing Laboratory

Quest Diagnostics

### Substance Abuse Professional (SAP)

Michael Dibiasie, PHD (Certified SAP)

859-536-2015

### Medical Review Officer (MRO)

Stephen J. Kracht, D.O.

E-Screen

7500 W. 110<sup>th</sup> St., Ste 400A

Overland Park, KS 66225

888-382-2281

## Appendix C: Other Resources

Stuecker & Associates	800-799-9327
Michael Dibiasie, PHD (Certified SAP)	859-536-2015
Alcoholics Anonymous	859-276-2917
Al-Anon/Alateen	859-277-1877 <a href="http://www.kyal-anon.org">www.kyal-anon.org</a>
24-hour Addictions Referral Service	800-577-4341
Chrysalis House, Inc.	859-255-0500
Comprehensive Care-Lexington	859-233-0444
Comprehensive Care-Jessamine Co.	859-885-6315
Hope Center for Men	859-252-7881
Hope Center for Women	859-252-2002
Morton Center	859-373-0077
Narcotics Anonymous	859-253-4673
National Alcohol/Drug Treatment Referral	800-454-8966
The Ridge Behavioral Health	859-269-2325

## Appendix D: Contractor

Wheels – a division of the American Red Cross

Ronda Snow, Director

1450 Newtown Pike

Lexington, KY 40511

(859) 255-1280

## Appendix E: Lextran Board of Directors Board Resolution

Board of Directors  
Transit Authority of Lexington-Fayette Urban County Government  
200 West Loudon Avenue  
Lexington, Kentucky 40508

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

#### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA**

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Company for further information on the responsibilities of management and of Crowe Horwath LLP.

#### **AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS**

As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of the Company's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

#### **PLANNED SCOPE AND TIMING OF THE AUDIT**

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on August 8, 2017.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.

- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications with regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

**SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES**

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

<b>Accounting Standard</b>	<b>Impact of Adoption</b>
<p><b>GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14.</b> This Statement clarifies that certain component units incorporated as not-for-profit corporations should be blended in the financial statements of the primary state or local government in a manner similar to a department or activity of the primary government. The Statement addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member.</p>	Adoption of this Statement did not have a material impact on the Company's financial position or results of operations.
<p><b>GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans.</b> This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).</p>	Adoption of this Statement did not have a material impact on the Company's financial position or results of operations.
<p><b>GASB Statement No. 77, Tax Abatement Disclosures.</b> This Statement requires governments that enter into tax abatement agreements to disclose information about its own tax abatement agreements and those entered into by other governments that reduce the reporting government's tax revenue.</p>	Adoption of this Statement did not have a material impact on the Company's financial position or results of operations.

Accounting Standard	Impact of Adoption
<b>GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans other than Pension Plans.</b> The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in general purpose external financial reports of state and local governmental other postemployment benefit plans for making decisions assessing accountability.	Adoption of this Statement did not have a material impact on the Company's financial position or results of operations.
<b>Significant Unusual Transactions.</b>	No such matters noted
<b>Significant Accounting Policies in Controversial or Emerging Areas.</b>	No such matters noted

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Company's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Pension Liability	Management hired an independent actuary to determine the liability and expense related to the pension plan.	We obtained the actuary report and compared the liability and expenses per the report to the amounts recorded by management.
Useful Lives of Fixed Assets	Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the Company.	We tested the propriety of information underlying management's estimates.

## AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Company's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

## CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

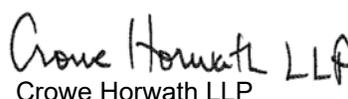
Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There were no such misstatements.

## OTHER COMMUNICATIONS

Communication Item	Results
<p><b>Other Information In Documents Containing Audited Financial Statements</b> Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We read the following items and noted no material inconsistencies or misstatement of facts in such information based on our reading thereof.</p> <ul style="list-style-type: none"> <li>• Management's Discussion and Analysis of Financial Condition and Results of Operations</li> </ul>

Communication Item	Results
<p><b>Significant Difficulties Encountered During the Audit</b> We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p><b>Disagreements With Management</b> We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Company's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p><b>Consultations With Other Accountants</b> If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p><b>Representations The Auditor Is Requesting From Management</b> We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p><b>Significant Issues Discussed, or Subject to Correspondence, With Management</b> We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p><b>Significant Related Party Findings and Issues</b> We are to communicate to you significant findings and issues arising during the audit in connection with the Company's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p><b>Other Findings or Issues We Find Relevant or Significant</b> We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

We are pleased to serve your Company as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

  
Crowe Horwath LLP

Lexington, Kentucky  
September 28, 2017



**TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN  
COUNTY GOVERNMENT**  
Lexington, Kentucky

**FINANCIAL STATEMENTS**  
June 30, 2017

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN  
COUNTY GOVERNMENT  
Lexington, Kentucky

FINANCIAL STATEMENTS  
June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Transit Authority of the Lexington-Fayette Urban County Government  
Lexington, Kentucky

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business type activities of the Transit Authority of the Lexington-Fayette Urban County Government (the Authority), a component unit of Lexington-Fayette Urban County Government, as of and for the year ended June 30, 2017, and the fiduciary activities as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2017, and the fiduciary activities as of December 31, 2016 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11 and other required supplementary information, the Schedule of Changes in the Authority's Net Pension Liability, the Schedule of Employer Contributions, the Schedule of Employer Contributions – Pension Plan, and the Schedule of Annual Money-Weighted Rate of Return on Pension Plan on pages 37 - 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

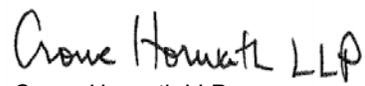
### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental combining statement of net position (proprietary fund) and combining statement of revenues, expenses and changes in net position (proprietary fund) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental combining statement of net position (proprietary fund) and combining statement of revenues, expenses and changes in net position (proprietary fund) are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2017 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

  
Crowe Horwath LLP

Lexington, Kentucky  
September 28, 2017

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017

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The following Management's Discussion and Analysis (MD&A) of the Transit Authority of the Lexington-Fayette Urban County Government (the Authority) activities and financial performance provides the reader with an introduction to, and overview of, the financial statements of the Authority for the fiscal year ended June 30, 2017.

The Authority is a component unit of the Lexington-Fayette Urban County Government and serves the public transportation needs of Lexington-Fayette Urban County including the University of Kentucky campus and surrounding areas. During the previous year, the Authority participated in the New Market Tax Credits (NMTC) Program, administered by the United States Treasury Department and the New Markets Development Program administered by the Kentucky Department of Revenue (the NMTC Programs), to assist with financing of the new facility constructed at 200 West Loudon Avenue. The program is described in further detail in the Authority Activities and Financial Highlights section of the MD&A. To facilitate the NMTC transaction, the Authority formed two new legal entities, Lextran Real Properties, Inc. (Lextran Real Properties) and Lextran Foundation, Inc. (the Foundation). These entities are considered blended component units of the Authority and their activities are included in the Authority's financial statements.

### **Introduction to the Basic Financial Statements**

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority presents its basic financial statements using the economic resources measurement focus and accrual basis of accounting. As a special purpose government engaged in business-type activities, the Authority's basic financial statements include a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows as a Proprietary Fund. The Authority also reports on a Fiduciary Fund net position and changes in net position for its defined benefit pension plan. The Fiduciary Fund is not part of the government-wide financial statements. Notes to the basic financial statements, supplementary information, and required supplementary information, including this section, support these statements. All sections must be considered together to obtain a complete understanding of the financial position and results of operations of the Authority.

**Statement of Net Position:** The Statement of Net Position includes all assets and deferred outflows and liabilities and deferred inflows of resources of the Authority, with the difference between the two reported as net position. Activity and balances are reported on an accrual basis. This statement also identifies major categories of restrictions on net position as applicable.

**Statement of Revenues, Expenses, and Changes in Net Position:** The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year ended June 30, 2017, on an accrual basis.

**Statement of Cash Flows:** The Statement of Cash Flows presents the changes in cash and cash equivalents for the year ended June 30, 2017 summarized by operating, capital and noncapital financing, and investing activities. The statement is prepared using the direct method of reporting cash flows.

The Authority's basic financial statements can be found on pages 12 - 16 of this report. The notes to basic financial statements provide additional information that is essential to a better understanding of the data provided in the financial statements. The notes can be found on pages 17 - 37 of this report, and required supplementary information, other supplementary information, and Uniform Grant Guidance reporting is provided after the notes as identified in the table of contents.

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**AUTHORITY ACTIVITIES AND FINANCIAL HIGHLIGHTS**

- The net position of the Authority increased by \$2,741,000 during the year to \$46,255,000.
- Total revenues earned by the Authority was approximately \$31,001,000.
- Total expenses incurred by the Authority was approximately \$28,260,000.
- The Authority had approximately \$20,311,000 of notes payable outstanding at June 30, 2017, offset by cash proceeds and amounts invested in capital assets.
- Common operating statistical data is shown below:

	<u>2017</u>	<u>Change</u>	<u>2016</u>
Unlinked passenger trips	4,090,000	2.1 %	4,004,000
Vehicle revenue miles	3,404,000	(3.4) %	3,524,000
Vehicle revenue hours	306,000	2.7 %	298,000

**FINANCIAL POSITION SUMMARY - PROPRIETARY FUND**

Net position may serve over time as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$46,255,000 at June 30, 2017, an approximately \$2,741,000 increase from June 30, 2016.

	<u>2017</u>	<u>2016</u>	<u>Change from 2016</u>	<u>% Change from 2016</u>
<b>ASSETS</b>				
Current assets	\$ 14,910,000	\$ 14,798,000	\$ 112,000	0.8%
Noncurrent assets:				
Cash	1,175,000	3,289,000	(2,114,000)	(64.3)
Notes receivable	8,355,000	8,355,000	-	-
Net capital assets	<u>43,900,000</u>	<u>42,363,000</u>	<u>1,537,000</u>	<u>3.6</u>
Total assets	<u>68,340,000</u>	<u>68,805,000</u>	<u>(465,000)</u>	<u>(0.7)</u>
Deferred outflows of resources	<u>1,332,000</u>	<u>1,548,000</u>	<u>(216,000)</u>	<u>(14.0)</u>
Total assets and deferred outflows of resources	<u>\$ 69,672,000</u>	<u>\$ 70,353,000</u>	<u>\$ (681,000)</u>	<u>(1.0)%</u>

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THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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**FINANCIAL POSITION SUMMARY - PROPRIETARY FUND (Continued)**

	<u>2017</u>	<u>2016</u>	<u>Change from 2016</u>	<u>% Change from 2016</u>
<b>LIABILITIES</b>				
Current liabilities	\$ 1,571,000	\$ 3,916,000	\$ (2,345,000)	(59.9)%
Noncurrent liabilities	<u>21,292,000</u>	<u>22,497,000</u>	<u>(1,205,000)</u>	<u>(5.4)</u>
Total liabilities	<u>22,863,000</u>	<u>26,413,000</u>	<u>(3,550,000)</u>	<u>(13.4)</u>
Deferred inflows of resources	<u>554,000</u>	<u>426,000</u>	<u>128,000</u>	<u>30.0</u>
Total liabilities and deferred inflows of resources	<u>\$23,417,000</u>	<u>\$ 26,839,000</u>	<u>\$ (3,422,000)</u>	<u>(12.8)%</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$24,764,000	\$ 23,589,000	\$ 1,175,000	5.0%
Unrestricted	<u>21,491,000</u>	<u>19,925,000</u>	<u>1,566,000</u>	<u>7.9</u>
Total net position	<u>\$46,255,000</u>	<u>\$ 43,514,000</u>	<u>\$ 2,741,000</u>	<u>6.3%</u>

Total assets decreased approximately \$465,000 due in part to the following:

- Cash decreased primarily due to expenditures relating to capital asset purchases.
- Net investment in capital assets increased as described in the Capital Assets section below.

Total liabilities decreased approximately \$3,550,000 due in part to the following:

- Payments on outstanding notes payable of approximately \$829,000.
- Changes in accrued expenses of approximately \$62,000.
- Changes in a net pension liability of approximately \$356,000.

Deferred outflows and inflows of resources changed based on changes in the pension plan during the year.

**NET POSITION – PROPRIETARY FUND**

Net investment in capital assets (54% at June 30, 2017) represents the Authority's investment in capital and other related assets (e.g., land, buildings, improvements, and equipment), less the related indebtedness outstanding used to acquire those capital assets. The Authority uses these capital assets to provide services to its passengers and visitors. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely the capital assets themselves will be liquidated to pay liabilities.

The remaining unrestricted net position (46% at June 30, 2017) may be used to meet any of the Authority's ongoing obligations.

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THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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**CAPITAL ASSETS**

At June 30, 2017, the Authority had approximately \$43,900,000 invested in capital and other related assets, an increase of approximately \$1,537,000 or 4% from 2016. At June 30, 2016, the Authority had approximately \$42,363,000 invested in capital and other related assets.

Major additions for the past two years include:

For the year ended June 30, 2017:

• Bus shelters	\$ 38,000
• Purchase of five revenue buses (electric)	5,392,000
• Electric charging station	558,000
• Security equipment	<u>94,000</u>
	<u>\$ 6,082,000</u>

For the year ended June 30, 2016:

• New headquarters	\$ 19,000,000
• Purchase of seven revenue buses	3,250,000
• Bus shelters	196,000
• Computer, service and office equipment	<u>74,000</u>
	<u>\$ 22,520,000</u>

The majority of funding for the above projects was through capital contributions obtained from Federal Department of Transportation agencies with the remainder coming from local and state government matching contributions, as well as cash proceeds from the New Market Tax Credits transaction. More detail about the Authority's capital and other related assets is presented in Note 3 to the basic financial statements. More detail about the New Market Tax Credits transaction is presented in Note 9 to the basic financial statements.

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**CAPITAL ASSETS** (Continued)

A summary of changes in capital assets as of June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,098,411	\$ -	\$ -	\$ 2,098,411
Transit Center easement	2,873,162	-	-	2,873,162
Construction in process	<u>61,886</u>	<u>-</u>	<u>61,886</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,033,459</u>	<u>-</u>	<u>61,886</u>	<u>4,971,573</u>
Depreciable capital assets:				
Motor coaches and vans	21,645,207	5,392,184	-	27,037,391
Buildings	28,480,235	1,738,271	2,144,153	28,074,353
Equipment and fixtures	<u>7,002,348</u>	<u>277,299</u>	<u>-</u>	<u>7,279,647</u>
Total depreciable capital assets	57,127,790	7,407,754	2,144,153	62,391,391
Less accumulated depreciation	<u>19,798,647</u>	<u>3,664,511</u>	<u>-</u>	<u>23,463,158</u>
Net capital assets	<u>\$ 42,362,602</u>	<u>\$ 3,743,243</u>	<u>\$ 2,206,039</u>	<u>\$ 43,899,806</u>

A summary of changes in capital assets as of June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,098,411	\$ -	\$ -	\$ 2,098,411
Transit Center easement	2,873,162	-	-	2,873,162
Construction in process	<u>7,899,818</u>	<u>18,029,242</u>	<u>25,867,174</u>	<u>61,886</u>
Total capital assets not being depreciated	<u>12,871,391</u>	<u>18,029,242</u>	<u>25,867,174</u>	<u>5,033,459</u>
Depreciable capital assets:				
Motor coaches and vans	19,681,423	3,247,216	1,283,432	21,645,207
Buildings	5,915,477	24,294,268	1,729,510	28,480,235
Equipment and fixtures	<u>6,753,480</u>	<u>427,626</u>	<u>178,758</u>	<u>7,002,348</u>
Total depreciable capital assets	32,350,380	27,969,110	3,191,700	57,127,790
Less accumulated depreciation	<u>18,463,377</u>	<u>2,751,405</u>	<u>1,416,135</u>	<u>19,798,647</u>
Net capital assets	<u>\$ 26,758,394</u>	<u>\$ 43,246,947</u>	<u>\$ 27,642,739</u>	<u>\$ 42,362,602</u>

TRANSIT AUTHORITY OF  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**NOTES PAYABLE**

Total notes payable at June 30, 2017 was \$20,311,023, all of which is fixed rate debt. Of this total, \$7,637,623 is a note payable to a bank and \$12,673,400 consists of five notes payable to three community development entities that were issued as part of the New Market Tax Credits (Note 9) transaction. Additional information regarding notes payable is provided in Note 6 to the basic financial statements.

The following is a summary of the changes in the principal amount of notes payable during 2017:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<u>\$ 21,140,433</u>	<u>\$ -</u>	<u>\$ 829,410</u>	<u>\$ 20,311,023</u>	<u>\$ 884,345</u>

**SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION – PROPRIETARY FUND**

	<u>2017</u>	<u>2016</u>	<u>Change from 2016</u>	<u>% Change from 2016</u>
Operating revenues	\$ 3,796,000	\$ 3,110,000	\$ 686,000	22.1
Operating expenses	<u>21,481,000</u>	<u>23,098,000</u>	<u>(1,617,000)</u>	<u>(7.0)</u>
Loss before depreciation and non-operating revenue and expense	(17,685,000)	(19,988,000)	2,303,000	(11.5)
Depreciation	<u>(3,665,000)</u>	<u>(2,572,000)</u>	<u>(1,093,000)</u>	<u>42.5</u>
Loss before non-operating revenue and expense	(21,350,000)	(22,560,000)	1,210,000	(5.4)
Non-operating income and expense	<u>20,283,000</u>	<u>30,945,000</u>	<u>(10,661,000)</u>	<u>(34.5)</u>
Loss before capital contributions	(1,067,000)	8,385,000	(9,452,000)	(112.7)
Capital contributions	<u>3,808,000</u>	<u>371,000</u>	<u>3,437,000</u>	<u>926.4</u>
Change in net position	<u>\$ 2,741,000</u>	<u>\$ 8,756,000</u>	<u>\$ (6,015,000)</u>	<u>(68.7)</u>

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**REVENUE – PROPRIETARY FUND**

A summary of revenues for the year ended June 30, 2017, and the amount and percentage of change in relation to prior year amounts is as follows:

	<u>2017</u>	<u>2016</u>	<u>Change from 2016</u>	<u>% of Total</u>	<u>% Change from 2016</u>
Operating:					
Passenger fares	\$ 3,326,000	\$ 2,648,000	\$ 678,000	10.7	25.6
Advertising	252,000	234,000	18,000	.8	7.7
Other	<u>218,000</u>	<u>228,000</u>	<u>(10,000)</u>	<u>.7</u>	<u>(4.4)</u>
Total operating	<u>3,796,000</u>	<u>3,110,000</u>	<u>686,000</u>	<u>12.2</u>	<u>22.1</u>
Non-operating:					
Property taxes	17,119,000	16,664,000	455,000	55.2	2.7
Federal assistance	5,485,000	16,178,000	(10,693,000)	17.7	(66.1)
State assistance	500,000	500,000	-	1.6	-
Local assistance	287,000	-	287,000	.9	100.0
Gain on disposal of assets	<u>6,000</u>	<u>-</u>	<u>6,000</u>	<u>0.0</u>	<u>100.0</u>
Total non-operating	<u>23,397,000</u>	<u>33,342,000</u>	<u>(9,945,000)</u>	<u>75.5</u>	<u>(29.8)</u>
Capital contributions	<u>3,808,000</u>	<u>371,000</u>	<u>3,437,000</u>	<u>12.3</u>	<u>926.4</u>
Total revenues	<u>\$31,001,000</u>	<u>\$36,823,000</u>	<u>\$ (5,822,000)</u>	<u>100.0</u>	<u>(15.8)</u>

Non-operating revenues decreased approximately \$9,945,000 due in part to the following:

- Federal assistance decreased approximately \$10,693,000 due to less projects in 2017 and grant timing.
- Property tax revenues received from the mass transit tax increased approximately \$455,000.

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**EXPENSES – PROPRIETARY FUND**

A summary of expenses for the year ended June 30, 2017, and the amount and percentage of change in relation to prior year amounts is as follows:

	<u>2017</u>	<u>2016</u>	<u>Change from 2016</u>	<u>% of Total</u>	<u>% Change from 2016</u>
Operating:					
Operations	\$ 15,626,000	\$ 15,123,000	\$ 503,000	55.3	3.3
Maintenance	3,883,000	4,092,000	(209,000)	13.7	(5.1)
General and administrative	1,415,000	2,939,000	(1,524,000)	5.0	(51.9)
Non-vehicle	557,000	765,000	(208,000)	2.0	(27.2)
Depreciation and amortization	<u>3,665,000</u>	<u>2,751,000</u>	<u>914,000</u>	<u>13.0</u>	<u>33.2</u>
Total operating	<u>25,146,000</u>	<u>25,670,000</u>	<u>(523,000)</u>	<u>89.0</u>	<u>(2.0)</u>
Non-operating:					
Loss from impairment of capital assets	-	1,686,000	(1,686,000)	-	(100.0)
Interest Expense	272,000	-	272,000	0.9	100.0
New market tax credit transaction fees	<u>2,842,000</u>	<u>711,000</u>	<u>2,131,000</u>	<u>10.1</u>	<u>299.7</u>
Total expenses	<u>\$28,260,000</u>	<u>\$ 28,067,000</u>	<u>\$ 193,000</u>	<u>100.0</u>	<u>0.7</u>

Expenses increased approximately \$193,000 from \$28,067,000 to \$28,261,000 due in part to the following:

- Approximately \$169,000 increase in expenses related to higher utility costs in the new larger headquarters.
- Approximately \$50,000 increase in expenses related to the purchase transportation – paratransit costs.

The increase in net position for fiscal year 2017 was approximately \$2,741,000 as compared to an increase of approximately \$8,756,000 in 2016.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017

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**SUMMARY OF CASH FLOW ACTIVITIES – PROPRIETARY FUND**

The following shows a summary of the major sources and uses of cash for the past two years.

	<u>2017</u>	<u>2016</u>	<u>Change from 2016</u>	<u>% Change from 2016</u>
Operating activities	\$ (18,134,000)	\$ (20,427,000)	\$ 2,293,000	(11.2)%
Noncapital financing activities	28,801,000	33,597,000	(4,796,000)	(14.3)
Capital and related financing activities	<u>(7,428,000)</u>	<u>(21,505,000)</u>	<u>14,077,000</u>	<u>(65.5)</u>
Net change in cash	3,239,000	(8,335,000)	11,574,000	(138.9)
Cash, beginning of year	<u>11,406,000</u>	<u>19,741,000</u>	<u>(8,335,000)</u>	<u>(42.2)</u>
Cash, end of year	<u>\$ 14,645,000</u>	<u>\$ 11,406,000</u>	<u>\$ 3,239,000</u>	<u>28.4%</u>

Cash from capital and related financing activities decreased due to the expenditures related to capital asset additions in the current fiscal year.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the Director of Finance, Transit Authority of the Lexington-Fayette Urban County Government, 200 West Loudon Avenue, Lexington, KY 40508.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2017

**ASSETS**

Unrestricted current assets:	
Cash	\$ 13,470,102
Receivables:	
Trade	142,971
Federal Department of Transportation	528,975
Commonwealth of Kentucky	121,740
Property taxes	162,980
Inventories of repair parts and fuel	455,584
Prepaid expenses	<u>27,461</u>
Total current assets	14,909,813
 Restricted noncurrent assets:	
Cash – Loan proceeds	1,175,221
 Unrestricted noncurrent assets:	
Note receivable	8,355,000
Nondepreciable capital assets	4,971,573
Depreciable capital assets	<u>38,928,233</u>
Total noncurrent assets	<u>53,430,027</u>
 Total assets	68,339,840
 Deferred outflows of resources	<u>1,331,841</u>
 <b>Total assets and deferred outflows of resources</b>	<b><u>\$ 69,671,681</u></b>

**LIABILITIES**

Current liabilities:	
Notes payable, current portion	\$ 884,345
Trade accounts payable	351,886
Accrued expenses	178,135
Compensated absences	<u>156,275</u>
Total current liabilities	1,570,641
 Noncurrent liabilities:	
Notes payable, net of current portion	19,426,678
Net pension liability	1,519,870
Compensated absences	<u>345,613</u>
Total noncurrent liabilities	<u>21,292,161</u>
 Total liabilities	22,862,802
 Deferred inflows of resources	<u>553,766</u>
 <b>Total liabilities and deferred inflows of resources</b>	<b>23,416,568</b>

**NET POSITION**

Net investment in capital assets	24,764,004
Unrestricted	<u>21,491,109</u>
Total net position	<u>46,255,113</u>
 <b>Total liabilities, deferred inflows of resources and net position</b>	<b><u>\$ 69,671,681</u></b>

See accompanying notes to financial statements.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
Year ended June 30, 2017

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<b>Operating revenues</b>	
Passenger fares	\$ 3,325,866
Advertising	251,911
Fuel tax refunds and other	<u>218,000</u>
Total operating revenues	<u>3,795,777</u>
<b>Operating expenses</b>	
Operations	15,626,065
Maintenance	3,882,616
General and administrative	1,415,364
Non-vehicle	556,771
Depreciation and amortization	<u>3,664,511</u>
Total operating expenses	<u>25,145,327</u>
<b>Operating loss</b>	(21,349,550)
<b>Non-operating revenues (expenses)</b>	
Property taxes	17,119,661
Federal assistance	5,484,892
State assistance	500,000
Local assistance	287,446
New market tax credit transaction fees	(2,842,299)
Interest expense	(272,435)
Gain from sale of capital assets	<u>5,735</u>
Total non-operating revenues (expenses)	<u>20,283,000</u>
<b>Loss before capital contributions</b>	(1,066,550)
<b>Capital contributions:</b>	
Federal contributions	<u>3,808,068</u>
Total capital contributions	<u>3,808,068</u>
<b>Change in net position</b>	2,741,518
Net position, beginning of year	<u>43,513,595</u>
<b>Net position, end of year</b>	<u>\$ 46,255,113</u>

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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
Year ended June 30, 2017

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<b>Cash flows from operating activities</b>	
Cash received from passengers and service contracts	\$ 3,687,639
Cash payment to suppliers for goods and services	(9,124,567)
Cash payments to employees for services	<u>(12,697,185)</u>
Net cash flows from operating activities	(18,134,113)
<b>Cash flows from noncapital financing activities</b>	
Federal assistance	11,003,699
State assistance	411,665
Local assistance	287,446
Property taxes	<u>17,098,755</u>
Net cash flows from noncapital financing activities	28,801,565
<b>Cash flows from capital and related financing activities</b>	
Principal payments on note payable	(829,410)
Interest payments on note payable	(272,435)
New market tax credit transaction fees	(2,842,299)
Capital contributions	3,808,068
Purchases of capital assets	<u>(7,291,829)</u>
Net cash flows from capital and related financing activities	<u>(7,427,905)</u>
<b>Net change in cash</b>	3,239,547
Cash, beginning of year	<u>11,405,776</u>
<b>Cash, end of year</b>	<u>\$ 14,645,323</u>
<b>Operating loss</b>	\$ (21,349,550)
Adjustments to reconcile loss from operations to cash used in operating activities:	
Depreciation and amortization	3,664,511
Change in net pension liability, deferred outflows and deferred inflows	(11,997)
Change in assets and liabilities:	
Trade receivables	(108,138)
Inventories of maintenance parts and fuel	(35,923)
Prepaid expenses	(23,582)
Accounts payable	(355,865)
Accrued expenses	62,164
Compensated absences	<u>24,267</u>
Net cash used in operating activities	<u>\$ (18,134,113)</u>
<b>Supplemental schedule of noncash transactions</b>	
Change in construction in progress included in accounts payable	\$ 250,221

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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
STATEMENT OF PLAN NET POSITION  
FIDUCIARY FUND  
December 31, 2016

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**ASSETS**

Cash and cash equivalents	\$ 414,829
Interest and dividends receivable	26,919
Investments, at fair value	
U.S. government obligations	5,206
Corporate bonds	2,804,092
Mutual funds	3,675,302
Corporate stocks	<u>4,187,744</u>
Total investments, at fair value	<u>10,672,344</u>
 Total assets	 <u>\$ 11,114,092</u>

**NET POSITION**

Net position restricted for pensions	<u>\$ 11,114,092</u>
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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF  
 THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
 STATEMENT OF CHANGES IN PLAN NET POSITION  
 FIDUCIARY FUND  
 Year ended December 31, 2016

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**Additions**

Contributions			
Employer		\$	350,973
Plan members			<u>450,724</u>
Total contributions			801,697

Investment earnings			
Net appreciation in fair value of investments			541,490
Interest and dividend income			<u>198,201</u>
Total investment loss			<u>739,691</u>

Total additions			<u>1,541,388</u>
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**Deductions**

Benefit payments			578,152
Administrative expenses			<u>14,331</u>
Total deductions			<u>592,483</u>

<b>Net increase in net position</b>			948,905
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Plan net position, beginning of the year			<u>10,165,187</u>
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<b>Plan net position, end of the year</b>			<u>\$ 11,114,092</u>
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See accompanying notes to financial statements.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity: The Authority is a special-purpose district organized to provide public transportation services for Fayette County, Kentucky and provides fixed route public transportation services. The Authority, which began operations in December 1973, was organized in accordance with the provisions of Kentucky Revised Statutes Chapter 96A by the City of Lexington and Fayette County, Kentucky. An eight-member board appointed by the Lexington-Fayette Urban County Government directs the business activities and affairs of the Authority. The financial statements include the Transit Authority of the Lexington-Fayette Urban County Government (“Lextran”), Lextran Foundation, Inc. (the “Foundation”) and Lextran Real Properties, Inc. (“Lextran Real Properties”).

Lextran Foundation, Inc. and Lextran Real Properties, Inc.: The Foundation and Lextran Real Properties were formed for the purpose of participating in the Federal and Kentucky New Market Tax Credit Programs and are considered blended component units of the Authority. Both entities are 501(c)(3) non-profit corporations. The boards of directors of the Foundation and Lextran Real Properties are appointed by the Lextran board of directors and the organizations are set up for exclusive benefit of the Authority. The Foundation and Lextran Real Properties do not issue stand-alone financial statements.

The Authority is a component unit of the Lexington-Fayette Urban County Government (LFUCG) and the Authority’s financial statements are included as a discretely presented component unit in LFUCG’s comprehensive annual financial report.

Basis of Presentation and Accounting: The financial statements are prepared on the basis of Governmental Accounting Standards Board (GASB) pronouncements. The accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. All of the activities are accounted for as an enterprise fund for financial reporting purposes. The Authority uses methods prescribed by the Federal Transit Administration (FTA) as guidance. The authority for FTA to prescribe an accounting and reporting system is found in Section 15 of the Federal Transit Act of 1992, as amended.

Proprietary Fund: The Authority is a single-enterprise proprietary fund and uses the accrual basis of accounting. Proprietary funds are used to account for operations that are financed in a manner similar to a private business enterprise and that a periodic determination of revenues earned, expenses incurred and/or change in net position is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Authority activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recognized as soon as they result in liabilities for the benefits provided. Proprietary funds distinguish operating revenues and expenses from non-operating items:

- Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds’ principal ongoing operations. The principal operating revenues of the Authority are charges to customers in the form of bus fares and reimbursement by sponsors of subsidized routes.
- Operating expenses include the cost of providing transit service, administrative expenses and depreciation and amortization on capital assets.
- Property taxes, federal, state, and local assistance used to finance operations and expenses not related to the provision of transit service are reported as non-operating revenues and expenses.

It is the Authority’s policy to apply restricted resources first when an obligation is incurred for which both restricted and unrestricted net position are available for use.

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(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

---

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

Fiduciary Fund: The Authority's defined benefit pension trust funds are presented in a fiduciary fund in the accompanying financial statements. These assets are being held for the benefit of pension participants and cannot be used for the activities or obligations of the Authority. The Fiduciary Fund has been presented as of its year end of December 31, 2016.

Exchange and Non-Exchange Transactions: Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. Non-exchange transactions are transactions in which the Authority receives value without directly giving equal value in return. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include the following: (1) timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; (2) matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and (3) expenditure requirements, in which resources are provided to the Authority on a reimbursement basis.

Adoption of New Accounting Pronouncements: The Authority adopted the following accounting standards during fiscal year 2017:

- GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans, issued June 2015. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- GASB Statement No. 77, Tax Abatement Disclosures, issued August 2015. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. The provisions of this Statement should be applied to all state and local governments subject to such tax abatement agreements.
- GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans, issued December, 2015. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015. This Statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan).

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(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

- GASB Statement No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14, issued January 2016. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016. This Statement clarifies that certain component units incorporated as not-for-profit corporations should be blended in the financial statements of the primary state or local government in a manner similar to a department or activity of the primary government. The Statement addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member.

Adoption of these statements did not have a significant impact on the Board's financial position or results of operations.

Federal, State and Local Funding: The Authority receives a variety of funding from FTA and other sources including:

- *Capital contributions* - As part of the capital program, the Authority has received grants from the FTA as well as matching contributions from the State and Local governments as required in the grant agreements. All federal and state capital grants and contributions are in the form of cash, which is then used to purchase capital assets. These grants and contributions are reported as capital contributions when all eligibility requirements have been met.
- *Non-operating assistance* - The Authority receives non-operating subsidies each year from the FTA. In addition, the FTA requires local matching of the non-operating subsidy to be provided by the Kentucky Transportation Cabinet or local sources. The local matching requirement can also be fulfilled with certain operating revenues, such as contract services, and by direct operating subsidies. The Authority also receives toll credits from the Kentucky Transportation Cabinet for certain grants that provide for up to an additional 20% match against federal subsidies.
- *Direct operating subsidy* - In addition to normal passenger fare revenue, the Authority has an agreement with the University of Kentucky for a direct operating subsidy. The subsidy is recorded as passenger fare revenue. Payments are received monthly and for the year ended June 30, 2017, total revenue recognized by the Authority was \$1,866,252.
- *Property Taxes* - Property tax is levied based on the assessed valuation of property. All taxable property located within the Authority's taxing district is assessed annually on January 1. Taxes are payable to the Fayette County Sherriff on or before December 31 of the year of assessment. The Fayette County Sherriff remits collections monthly to Lextran. Lextran received 0.06% of all property taxes collected.

Concentration of Funding: The Authority relies on federal assistance for operations and capital acquisitions. Federal revenues represented approximately 30.0% of total 2017 revenues. The Authority relies on property taxes for operations and capital acquisitions. Property tax revenues represented approximately 55.2% of total revenues in 2017.

Cash and Cash Equivalents: The Authority's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

Tax Assessments: During November 2004, a referendum was passed to increase the ad valorem tax by six cents per one-hundred-dollar valuation for the purpose of funding mass transportation. The property tax is levied in September on the assessed valuation of property located in Fayette County as of the preceding January 1, lien date. As of June 30, 2016, the accompanying financial statements reflect property taxes receivable of \$162,980. Property taxes receivable represents amounts collected by local taxing authorities that are not remitted to the Authority until after year end.

Receivables: Management considers its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Inventory: Inventory consists of fuel, tires, repair parts and supplies. No general administrative expenses are included in the inventory valuation. Expenses are recorded as the materials are consumed. Inventory is valued on the moving, weighted average cost method.

Prepaid Expenses: Prepaid expenses consist of normal operating expenses for which payment is due in advance, such as insurance, and are expensed when the benefit is received.

Notes Receivable: Notes receivable at June 30, 2017 consists of one note issued by Lextran Foundation, Inc. as part of the New Market Tax Credit transaction. No allowance has been recorded by management. Additional detail about the note is included in Note 9.

Capital and Other Related Assets: Capital and other related assets, which include property, facilities and equipment are capitalized at total acquisition cost, provided such cost exceeds \$1,000 and the expected useful life of the asset is more than one year. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the estimated useful lives of the assets, which range from three to forty years. The Authority has acquired certain assets with funding provided by federal assistance from the FTA grant programs. The Authority holds title to these assets; however, the federal government retains an interest in these assets should the Authority no longer use the assets for mass transit purposes.

Capitalization of Interest Costs on Borrowings: The Authority capitalizes interest cost on borrowings incurred during the new construction or upgrade of qualifying assets. Capitalized interest is added to the cost of the underlying assets and is amortized over the useful lives of the assets.

Deferred Inflows of Resources and Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s). Deferred inflows of resources represent an acquisition of net position that applies to a future period(s). These amounts will not be recognized as expense or revenue until the applicable period.

Compensated Absences: The Authority's policy permits employees to accumulate earned but unused vacation. Employees with at least 10 years of service are entitled to receive 1/3 of their earned but unused sick leave upon separation of service. Eligible employees can receive payment for earned but unused personal leave up to 240 hours upon separation from service. All earned vacation and the vested portions of sick and personal leave are expensed as incurred.

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(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

Changes in compensated absences are summarized as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Compensated absences	\$ <u>477,621</u>	\$ <u>825,863</u>	\$ <u>801,596</u>	\$ <u>501,888</u>	\$ <u>156,275</u>

The total non-vested portions of sick and personal leave amounted to \$438,011 as of June 30, 2017.

Net Pension Liability: The Authority has recorded a net pension liability reflecting the difference between the total pension liability and the fiduciary net position of the single employer defined benefit plan.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the LexTran Employees Contributory Pension Plan and Trust (the “Plan”) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position: The net position classifications are defined as follows:

- *Net investment in capital assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.
- *Unrestricted net position* - This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management: The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; general liability claims; and natural disasters. The Authority manages these risks through the purchase of insurance. There have been no reductions in insurance coverage during the year ended June 30, 2017. Settlements have not exceeded insurance coverage for the three years ended June 30, 2017. The Authority carries the following insurance policies with the indicated limits of coverage:

Workers’ Compensation & Employers’ Liability	\$ 4,000,000
General Liability	5,000,000
Automobile Liability	5,000,000

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(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(Continued)

Contingencies: As of June 30, 2017, the Authority had not received the final project closeout for all grants for the year ended June 30, 2017. A final project closeout represents that the project has been completed and totally funded with final approval by the Inspector General. Management does not believe that there will be any material audit adjustments to the grants by the Inspector General; therefore, no provision for such has been reflected in the financial statements. The Authority is involved in various claims and arbitrations involving former employees and certain other matters. Since the possibility of loss is not probable or measurable in management's current estimation, no loss has been recorded in the Authority's financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

As of June 30, 2017, the Authority had cash balances totaling \$14,645,323. Of this total, \$13,470,102 is unrestricted and \$1,175,221 is unspent proceeds from the issuance of notes payable that is restricted per the note agreements for construction projects.

As of June 30, 2017, the Authority held no investments, as all deposits were classified as cash and cash equivalents. Deposits are subject to several types of risks, mainly credit risk, custodial credit risk, concentration of credit risk, and interest rate risk.

Custodial Credit Risk: All of the Authority's deposits are either insured or collateralized. At June 30, 2017, the carrying amount of the Authority's deposits was approximately \$14,645,000 and the bank balance was \$14,767,000. The difference between the bank balances and the carrying amounts represents outstanding checks and deposits in transit.

Investment Policy: Statutes authorize the Authority to invest in various instruments. These are obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States or a United States government agency, obligations of any corporation of the United States government, collateralized and uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency, Commercial Paper rated in the highest category by a nationally recognized rating agency, bonds or certificates of indebtedness of the Commonwealth of Kentucky and of its agencies and instrumentalities, and securities issued by a state or local government in the United States rated in one of the three highest categories by a nationally recognized rating.

Authority to manage the investment program is granted to the Director of Finance, referred to in the policy as the investment officer. The investment officer is responsible for all transactions undertaken and establishes a system of controls to regulate the activities of subordinate officials. No person may engage in an investment transaction except as provided under the terms of the policy and the procedures established by the investment officer. The investment officer and the Authority may elect to use a broker and/or investment advisor to implement the investment policy. All brokers, advisors, and financial institutions initiating transactions with the Authority must acknowledge their agreement to abide by the content of the Authority's investment policy.

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(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

**NOTE 3 – CAPITAL AND OTHER RELATED ASSETS**

A summary of changes in capital assets as of June 30, 2017 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 2,098,411	\$ -	\$ -	\$ 2,098,411
Transit Center easement	2,873,162	-	-	2,873,162
Construction in process	<u>61,886</u>	<u>-</u>	<u>61,886</u>	<u>-</u>
Total capital assets not being depreciated	<u>5,033,459</u>	<u>-</u>	<u>61,886</u>	<u>4,971,573</u>
Depreciable capital assets:				
Motor coaches and vans	21,645,207	5,392,184	-	27,037,391
Buildings	28,480,235	1,738,271	2,144,153	28,074,353
Equipment and fixtures	<u>7,002,348</u>	<u>277,299</u>	<u>-</u>	<u>7,279,647</u>
Total depreciable capital assets	57,127,790	7,407,754	2,144,153	62,391,391
Less accumulated depreciation	<u>19,798,647</u>	<u>3,664,511</u>	<u>-</u>	<u>23,463,158</u>
Net capital assets	<u>\$ 42,362,602</u>	<u>\$ 3,743,243</u>	<u>\$ 2,206,039</u>	<u>\$ 43,899,806</u>

**NOTE 4 – FUEL AVAILABILITY AND COST**

The Authority is dependent upon the availability of diesel fuel. Increases in the cost of fuel may, in the future, adversely affect the profitability of the Authority. There is no assurance that diesel fuel prices will not increase. To alleviate possible fuel cost increases, the Authority periodically enters into contracts with local fuel suppliers to purchase fuel at or below current market prices. In September 2013, the Authority entered into an agreement with an oil company to provide diesel and unleaded fuel at a variable price based on the Oil Price Information Service's (OPIS) spot prices. This agreement expires in September 2018. OPIS is an independent third-party that provides daily spot price assessments for refined oil products.

**NOTE 5 – OPERATING LEASES**

In January of 2016, the Authority entered into a lease agreement with The Goodyear Tire and Rubber Company to supply tires for the vehicle fleet through December 2020. The payment terms for both leases are variable and are based on monthly revenue vehicle mileage. For the year ended June 30, 2017, total tire lease expense was \$80,530.

In February 2016, the Authority entered into a two-year lease with the Lexington & Fayette County Parking Authority for space in the Transit Center Garage located at 150 East Vine Street, Lexington, Kentucky. The rent per the lease agreement is \$2,000 per annum. For the year ended June 30, 2017, total lease expense related to the property was \$2,000.

(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 6 – NOTES PAYABLE**

During 2015, the Authority issued notes payable in an aggregate amount of \$22,173,400. Of the total, \$9,925,750 is a note issued by a bank and \$12,673,400 relates to notes issued by community development entities in conjunction with the New Market Tax Credits transaction (Note 9). All notes were issued in order to finance the construction of the new headquarters facility.

The following is a summary of the changes in the principal amount of notes payable during 2017:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
\$ 21,140,433	\$ _____ -	\$ 829,410	\$ 20,311,023	\$ 884,345

Notes payable consist of the following at June 30, 2017:

Note payable to a bank secured by real estate. Due in monthly installments of \$91,820.44, including fixed interest at 3.02%. The note matures on March 1, 2025.	\$ 7,637,623
Note payable to Community Ventures Investment XVIII, LLC, secured by real estate, fixed interest at 1.46%, and paid quarterly. All principal is due on June 16, 2045.	3,028,300
Note payable to Community Ventures Investment XVIII, LLC, secured by real estate, fixed interest at 1.46%, and paid quarterly. All principal is due on June 16, 2045.	3,028,300
Note payable to Community Ventures Investment XVIII, LLC, secured by real estate, fixed interest at 1.46%, and paid quarterly. All principal is due on June 16, 2045.	2,673,400
Note payable to CHHS Subsidiary CDE 18, LLC, secured by real estate, fixed interest at 1.46%, and paid quarterly. All principal is due on June 16, 2045.	1,971,700
Note payable to AMCREF Fund XXVII, LLC, secured by real estate, fixed interest at 1.46% and paid quarterly. All principal is due on June 16, 2045.	<u>1,971,700</u>
Total notes payable	<u>20,311,023</u>
Less current portion	<u>884,345</u>
Long term portion of notes payable	<u>\$ 19,426,678</u>

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(Continued)

TRANSIT AUTHORITY OF  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 6 – NOTES PAYABLE (Continued)**

**Annual Debt Service Requirements:** The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2017, are as follows:

Year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 884,345	\$ 402,626	\$ 1,286,971
2019	911,425	375,546	1,286,971
2020	939,335	347,637	1,286,972
2021	968,098	318,873	1,286,971
2022	997,743	104,102	1,101,845
2023-2027	2,936,677	1,236,670	4,173,347
2028-2032	-	925,629	925,629
2033-2037	-	925,629	925,629
2038-2042	-	925,629	925,629
2043-2046	<u>12,673,400</u>	<u>509,096</u>	<u>13,182,496</u>
	<u>\$ 20,311,023</u>	<u>\$ 6,071,436</u>	<u>\$ 26,382,460</u>

\* See Note 9 for additional information on the outstanding principal balance and the New Market Tax Credit transaction.

**Debt Covenants:** The note payable to a bank is subject to financial and nonfinancial covenants. The primary financial covenant is a debt service coverage ratio for which the Authority is in compliance. The calculation is based on a net amount available for debt service that equals or exceeds 110% of the aggregate annual debt service for the fiscal year.

**Line of Credit:** In a prior year, the Authority entered into a borrowing agreement with Fifth Third Bank. This agreement established a line of credit whereby the Authority can borrow up to \$1,000,000. The interest rate is the 30 Day Libor rate plus 1.05% (1.22% at June 30, 2017) and mature on April 20, 2018. The line of credit is secured by pledged revenues of the Authority. There were no draws or payments on the line of credit during the fiscal year.

**NOTE 7 – FIDUCIARY FUND**

The Authority's pension trust funds are presented as a fiduciary fund. The pension plan is not audited separately. Information regarding the pension plan is included in Note 8. Additional information follows:

**Basis of Accounting and Presentation:** The financial statements are prepared using the accrual basis of accounting. Contributions from the employees and the Authority are recognized as revenue in the period in which employees provide service and expenses are recorded when incurred regardless of when payment is made. Benefit payments are recognized when due and payable in accordance with the terms of the Plan.

**Fair Value of Investments:** Investments are presented at fair value or estimated fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate and government fixed income securities not traded on a national or international exchange are based on equivalent values of comparable securities with similar yield and risk. Other investments not having an established market are recorded at estimated fair value.

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(Continued)

TRANSIT AUTHORITY OF  
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June 30, 2017

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**NOTE 7 – FIDUCIARY FUND (Continued)**

The Plan categorizes its fair value measurements within the fair value hierarchy established by GAAP. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3:* Significant unobservable inputs that reflect the reporting entity's own assumptions about the fair value of an asset or liability.

The Authority has the following recurring fair value measurements as of June 30, 2017:

	Fair Value Measurements as of		
	June 30, 2016		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments at fair value			
U.S. government obligations	\$ -	\$ 5,206	\$ -
Corporate bonds	-	2,804,092	-
Corporate stocks	3,675,302	-	-
Mutual funds	<u>4,187,744</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>\$ 7,863,046</u>	<u>\$ 2,809,298</u>	<u>\$ -</u>

Investment Policy: The Plan's investment policy permits the following investments:

- Any corporate bond or asset backed security, which is assigned one of the four highest grades assigned by Standard & Poor's Rating Group or Moody's Investor Services, Inc.
- Obligations of, guaranteed by, or insured by the U.S. Government, its agencies or instrumentalities.
- Preferred stock which has an investment grade rating by Standard & Poor's or Moody's.
- Obligations of U.S. Banks or Savings and Loan Associations (including certificates of deposit and bankers' acceptances) which are fully insured by the Federal Deposit Insurance Corporation.
- Commercial paper variable amount master notes issued by companies which have an issue of outstanding debt securities rated as investment grade by Standard & Poor's or Moody's or commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's.
- Fully collateralized repurchase agreements with respect to obligations which the Plan is authorized to invest.
- A portion may be invested in interest bearing cash equivalents.

Interest Rate Risk: The Plan's policy does not limit the investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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June 30, 2017

**NOTE 7 – FIDUCIARY FUND (Continued)**

**Credit Risk:** The Plan's policy limits investments in U.S. obligations and corporate bonds to debt rated in one of the four highest categories by a nationally recognized agency.

**Custodial Credit Risk:** All of the Authority's cash deposits are either insured or collateralized. At December 31, 2016, the carrying amount and bank balance of the Authority's deposits was approximately \$415,000.

For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the Plan will be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the Plan's investments are either insured or held by the Plan's counterparty in the Authority's name.

**Concentration of Credit Risk:** The Plan's policy limits the concentration of credit risk as follows:

- No more than 80%, nor less than 50%, of the total should be invested in equities or stock funds.
- No more than 50%, nor less than 20% of the total should be invested in bonds and other fixed income obligations.
- No more than 10% of the total should be invested in cash or cash equivalents.
- No more than 5% of the total should be invested in obligations of one obligor, unless that obligor is the United States government or agencies thereof.
- Equity investment in international mutual funds shall be limited to 10% of the total portfolio.
- Equity investments in small company mutual funds shall be limited to 10% of the total portfolio.

As of December 31, 2016, the Plan held no investments from a single issuer that exceeded 5% or more of the total investments.

A summary of the maturity dates for U.S. government obligations and corporate bonds, and a summary of credit ratings of corporate bonds, that the Authority was invested in as of June 30, 2017 are listed below:

<u>Investment</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>	<u>S&amp;P Rating</u>	<u>Fair Value</u>
U.S. Government obligations	\$ 5,206	\$ -	\$ -	\$ -	\$ 5,206	AA+	\$ -
Corporate bonds	<u>2,804,092</u>	<u>274,883</u>	<u>2,078,054</u>	<u>101,248</u>	<u>349,907</u>	AA-	250,809
	<u>\$ 2,809,298</u>	<u>\$ 274,883</u>	<u>\$ 2,078,054</u>	<u>\$ 101,248</u>	<u>\$ 355,113</u>	A+	125,006
						A	75,239
						A	577,025
						BBB+	677,578
						BBB	602,113
						BBB-	496,322
						NR	<u>5,206</u>
							<u>\$ 2,809,298</u>

(Continued)

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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**NOTE 8 – RETIREMENT PLANS**

**Single Employer Defined Benefit Pension Plan**

General Information about the Pension Plan: The Authority's Employees Contributory Pension Plan and Trust (the Plan) is a single employer plan that is administered by its Retirement Committee. The defined benefit pension plan provides a definite amount of monthly pension for each participant at retirement. Plan contributions are pursuant to the collective bargaining agreement and the Retirement Committee determines benefits.

Benefits Provided: The Transit Authority of the Lexington-Fayette Urban County Government Board is the authority under which benefit terms of the Plan are established or amended. The Plan is open to new participants. An employee becomes eligible to participate in the Plan upon completion of a probationary period. A participant who leaves the employment of the Authority, before retirement age, is entitled, at that time, to his or her contributions plus 2% interest on each contribution compounded annually. Vested benefits are payable to participants upon reaching their normal retirement age with completion of at least 5 years of continuous service. The monthly amount of a normal pension is equal to \$50 for each year of continuous service. The Plan does not provide for automatic cost of living adjustments. Benefit payments are recognized when due and payable in accordance with the benefit terms.

Contributions: The Transit Authority of the Lexington-Fayette Urban County Government Board is the authority under which obligations to contribute to the Plan are established or amended. Effective October 1, 2011, the employee contribution increased to \$1.22 per hour. Effective January 1, 2011, the Authority began contributing \$.95 per hour for full-time participants. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations.

At June 30, 2017, the following employees were covered by the benefit terms:

- Inactive employees or beneficiaries currently receiving benefits 49
- Inactive employees entitled to but not yet receiving benefits 62
- Active employees 171

Net Pension Liability: The Authority's net pension liability was measured as of January 1, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total pension liability in the actuarial valuation was determined used the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	6.5%
Assumed hours contributed on	360,000
Mortality Rates	RP-2014 Mortality Table

Changes in Assumptions: Since the prior measurement date there have been no changes to the demographic and economic assumptions that affect the measurement of the total pension liability.

Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

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(Continued)

TRANSIT AUTHORITY OF  
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June 30, 2017

**NOTE 8 – RETIREMENT PLANS** (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic fixed income	35%	2.0%
Domestic equity	60	5.5
Cash	<u>5</u>	0.0
Total	<u>100%</u>	

Annual Money-Weighted Rate of Return: The annual money-weighted rate of return on pension plan investments calculated as the internal rate of return on pension plan investments, net of pension plan investment expense, is 7.2%.

Discount Rate: The discount rate used to measure the total pension liability was 6.5 percent. Based on projected future contributions, benefit payments and investment returns, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
<b>Balances at January 1, 2016</b>	\$ 12,040,951	\$ 10,165,187	\$ 1,875,764
<b>Changes for the year:</b>			
Service cost	571,542	-	571,542
Interest	782,444	-	782,444
Differences between expected and actual experience	(182,823)	-	(182,823)
Contributions – employer	-	350,973	(350,973)
Contributions – employee	-	450,724	(450,724)
Net investment income	-	739,691	(739,691)
Benefit payments, including refunds of employee contributions	(578,152)	(578,152)	-
Administrative expense	-	(14,331)	14,331
<b>Net changes</b>	<u>593,011</u>	<u>948,905</u>	<u>(355,894)</u>
<b>Balance at December 31, 2016</b>	<u>\$ 12,633,962</u>	<u>\$ 11,114,092</u>	<u>\$ 1,519,870</u>

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TRANSIT AUTHORITY OF  
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**NOTE 8 – RETIREMENT PLANS (Continued)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the Authority, calculated using the discount rate of 6.5 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.5 percent) or 1-percentage point higher (7.5 percent) than the current rate:

	1% Decrease <u>(5.50%)</u>	Current Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Authority's net pension liability	\$ 3,036,863	\$ 1,519,870	\$ 242,154

Pension Plan Fiduciary Net Position: The net position of the fiduciary fund was \$11,114,092 at December 31, 2016. More detailed information about the fiduciary fund is included Note 7 of the financial statements. The plan does not present separately audited financial statements.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2017, the Authority recognized pension expense of \$759,288. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 553,766
Authority contributions subsequent to the measurement date	180,339	-
Changes of assumptions	580,513	-
Net difference between projected and actual earnings on pension plan investments	<u>570,989</u>	<u>-</u>
Total	<u>\$ 1,331,841</u>	<u>\$ 553,766</u>

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date of \$180,339 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended June 30:	
2018	208,141
2019	208,139
2020	172,951
2021	21,498
2022	9,935
Thereafter	<u>(22,928)</u>
	<u>\$ 597,736</u>

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TRANSIT AUTHORITY OF  
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**NOTE 8 – RETIREMENT PLANS (Continued)**

**Defined Contribution Plan**

In addition to the defined benefit pension plan, the Authority's administrative employees are also eligible to participate in the Transit Authority of Lexington-Fayette Urban County Government 401(a) Plan, a defined contribution plan. For each administrative employee in the plan, the Authority is required to contribute 50 percent of Participant's elective deferrals, not to exceed 5% of participant's compensation, to an individual employee account. Participants are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. For the year ended June 30, 2017, employee contributions totaled \$91,804, and the Authority recognized employer contribution expense of \$28,437. At June 30, 2017, the Authority had no outstanding liability for employer contributions..

Participants are immediately vested in their own contributions and earnings on those contributions and become vested in employer contributions and earnings on employer contributions after completion of 60 months of creditable service with the Authority. Non-vested Authority contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the employer contributions.

**NOTE 9 – NEW MARKET TAX CREDITS**

During 2015, the Authority participated in the New Market Tax Credits (NMTC) Program administered by the United States Treasury Department and the New Markets Development Program administered by the Kentucky Department of Revenue (the NMTC Programs). The NMTC Programs permit taxpayers to receive a credit against income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The purpose of the NMTC transaction was to finance the Authority's new headquarters facility constructed at 200 West Loudon Avenue. The headquarters facility is financed by NMTC, FTA and local funds. The NMTC transaction was completed in June 2015. The legal structure and financing mechanisms are described below.

Lextran Foundation and Lextran Real Properties were formed in order to facilitate the NMTC transaction. The Foundation was formed to be the leverage lender for the transaction. Lextran Real Properties was formed as the Qualified Active Low-Income Community Business (QALICB) and will receive the funding from three CDEs and to construct the headquarters facility. Lextran Real Properties will lease the headquarters facility to the Authority upon completion of construction.

The following outside entities were parties to the NMTC transaction:

- Stonehenge Kentucky Investor II, LLC is the Kentucky tax credit investor.
- Stonehenge Kentucky NMTC Investment Fund II, LLC (Stonehenge) is the Kentucky investment fund and owns 100% of AMCREF and CHHS.
- AMCREF Fund XXVII, LLC (AMCREF) and CHHS Subsidiary CDE, 18 LLC (CHHS) are the Kentucky subsidiary CDEs.
- Twain Investment Fund 91, LLC is the Federal investment fund and owns 99.99% of the interest in Community Ventures Investment XVIII, LLC.
- U.S. Bancorp Community Development Corporation (USBCDC) owns 100% of the membership interest of Twain investment Fund 91, LLC.
- Community Ventures Investments XVIII, LLC (Community Ventures) is the Federal subsidiary CDE.

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(Continued)

TRANSIT AUTHORITY OF  
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June 30, 2017

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**NOTE 9 – NEW MARKET TAX CREDITS (Continued)**

The following originative transactions related to the NMTC transaction occurred in June 2016:

- The Foundation loaned \$8,355,000 of assets to Stonehenge. The note accrues interest at 1.000001% for a period of thirty years. The entire principal balance is due on June 17, 2045. Interest payments received by the Foundation will be contributed to Lextran.
- The CDE's loaned \$12,673,400 to Lextran Real Properties, consisting of two notes of \$3,028,300 and one note of \$2,673,400 from Community Ventures and notes of \$1,971,700 each from CHHS and AMCREF. The five notes accrue interest at 1.460743% for a period of thirty years. The entire principal balance of each note is due on June 16, 2045.
- Lextran loaned the Foundation the \$8,355,000 of assets required for participation in the NMTC Program. The note accrues interest at 1.000001% for a period of thirty years. The entire principal balance is due on June 17, 2045.
- Lextran Real Properties purchased land and construction in process from the Authority for \$3,303,864. The Authority donated an additional \$374,084 of construction in process to Lextran Real Properties.
- The Authority donated \$3,509,028 in cash to Lextran Real Properties.

All intercompany transactions between the Authority, the Foundation and Lextran Real Properties have been fully eliminated in the combining financial statements.

The Authority has entered into a put/call agreement with USBCDC in which USBCDC has the option to put its interest in Twain Investment Fund 91, LLC to the Authority, and the Authority has the option to call for the assignment of USBCDC's interest in Twain Investment Fund, at the end of the seven year NMTC compliance period which ends December 16, 2022.

Lextran Foundation has entered into a put/call agreement with Stonehenge in which Stonehenge has the option to put its interest in AMCREF and CHHS to the Foundation, and the Foundation has the option to call for the assignment of Stonehenge's interest in AMCREF and CHHS, at the end of the seven year NMTC compliance period.

If the options described above are exercised, the Authority would own the \$8,730,000 in notes currently due to Community Ventures and the Foundation would own the \$3,943,400 in notes currently due to AMCREF and CHHS. The Authority and the Foundation intend to exercise these options at the end of the seven year NMTC compliance period, which would result in no principal payments being made on the \$12,673,400 in notes.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
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June 30, 2017

**NOTE 10 – CONDENSED COMBINING INFORMATION**

The following schedules represent condensed financial information by entity for the fiscal year ending 2017:

CONDENSED STATEMENT OF NET ASSETS  
June 30, 2017

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties, Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Current assets	\$ 14,908,835	\$ -	\$ 978	\$ -	\$ 14,909,813
Capital assets	31,024,412	12,875,394	-	-	43,899,806
Other assets	9,500,044	30,177	8,355,000	(8,355,000)	9,530,221
Deferred outflows	1,331,841	-	-	-	1,331,841
<b>Total assets and deferred outflows</b>	<b>56,765,132</b>	<b>12,905,571</b>	<b>8,355,978</b>	<b>(8,355,000)</b>	<b>69,671,681</b>
Current liabilities	1,570,641	-	-	-	1,570,641
Noncurrent liabilities	8,618,761	12,673,400	8,355,000	(8,355,000)	21,292,161
Deferred inflows	553,766	-	-	-	553,766
<b>Total liabilities and deferred inflows</b>	<b>10,743,168</b>	<b>12,673,400</b>	<b>8,355,000</b>	<b>(8,355,000)</b>	<b>23,416,568</b>
<b>Net Position</b>					
Net investment in capital assets	24,531,833	232,171	-	-	24,764,004
Unrestricted	21,490,131	-	978	-	21,491,109
<b>Total net position</b>	<b>\$ 46,021,964</b>	<b>\$ 232,171</b>	<b>\$ 978</b>	<b>\$ -</b>	<b>\$ 46,255,113</b>

CONDENSED STATEMENT OF REVENUES EXPENSES, AND CHANGES IN NET ASSETS  
June 30, 2017

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties, Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
<b>Operating revenues</b>					
Passenger fares	\$ 3,325,866	\$ -	\$ -	\$ -	\$ 3,325,866
Advertising	251,911	-	-	-	251,911
Other	2,063,023	728,322	83,550	(2,656,895)	218,000
<b>Total operating revenues</b>	<b>5,640,800</b>	<b>728,322</b>	<b>83,550</b>	<b>(2,656,895)</b>	<b>3,795,777</b>
<b>Operating expenses</b>					
Operating expenses	\$ 23,968,340	\$ -	\$ 169,371	\$ (2,656,895)	\$ 21,480,816
Depreciation and amortization	3,664,511	-	-	-	3,664,511
<b>Total operating expenses</b>	<b>27,632,851</b>	<b>-</b>	<b>169,371</b>	<b>(2,656,895)</b>	<b>25,145,327</b>
<b>Operating income (loss)</b>	<b>(21,992,051)</b>	<b>728,322</b>	<b>(85,821)</b>	<b>-</b>	<b>(21,349,550)</b>
<b>Non-operating revenues (expenses)</b>					
Property taxes	17,119,661	-	-	-	17,119,661
Federal assistance	5,484,892	-	-	-	5,484,892
State assistance	500,000	-	-	-	500,000
Local assistance	287,446	-	-	-	287,446
New market tax credit transaction fees	-	(2,842,299)	-	-	(2,842,299)
Interest Expense	(272,435)	-	-	-	(272,435)
Gain from sale of capital assets	5,735	-	-	-	5,735
<b>Total non-operating revenues (expenses)</b>	<b>23,125,299</b>	<b>(2,842,299)</b>	<b>-</b>	<b>-</b>	<b>20,283,000</b>
<b>Capital contributions</b>	<b>3,808,068</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,808,068</b>
<b>Change in net position</b>	<b>4,941,316</b>	<b>(2,113,977)</b>	<b>(85,821)</b>	<b>-</b>	<b>2,741,518</b>
<b>Net position, beginning of year</b>	<b>41,080,648</b>	<b>2,346,148</b>	<b>86,799</b>	<b>-</b>	<b>43,513,595</b>
<b>Net position, end of year</b>	<b>\$ 46,021,964</b>	<b>\$ 232,171</b>	<b>\$ 978</b>	<b>\$ -</b>	<b>\$ 46,255,113</b>

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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**NOTE 10 – CONDENSED COMBINING INFORMATION (Continued)**

CONDENSED STATEMENT OF CASH FLOWS  
June 30, 2017

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties, Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
<b>Net Cash provided (used) by:</b>					
Operating activities	\$ (18,134,113)	\$ -	\$ -	\$ -	\$ (18,134,113)
Noncapital financing activities	28,801,565	-	-	-	28,801,565
Capital and related financing activities	(5,228,108)	(2,113,976)	(85,821)	-	(7,427,905)
Beginning cash and cash equivalents	<u>9,174,824</u>	<u>2,144,153</u>	<u>86,799</u>	<u>-</u>	<u>11,405,776</u>
<b>Ending cash and cash equivalents</b>	<u>\$ 14,614,168</u>	<u>\$ 30,177</u>	<u>\$ 978</u>	<u>\$ -</u>	<u>\$ 14,645,323</u>

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY  
December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>	\$ 571,542	\$ 603,766	\$ 559,130
Service cost	782,444	754,084	645,198
Changes of benefit terms	(182,823)	(386,269)	(85,716)
Differences between expected and actual experience	-	-	774,019
Changes of accumpctions			
Benefit payments, including refunds of employee	(578,152)	(460,082)	(495,943)
Net change in total pension liability	<u>593,011</u>	<u>511,499</u>	<u>1,396,688</u>
<b>Total pension liability – beginning</b>	<u>12,040,951</u>	<u>11,529,452</u>	<u>10,132,764</u>
<b>Total pension liability – ending</b>	<u>\$ 12,633,962</u>	<u>\$ 12,040,951</u>	<u>\$ 11,529,452</u>
<b>Plan fiduciary net position</b>			
Contributions – employee	\$ 450,724	\$ 471,580	\$ 451,082
Contributions – employer	350,973	367,214	358,037
Net investment income	739,691	(89,256)	429,223
Benefit payments, including refunds of employee	(578,152)	(460,082)	(495,943)
Administrative expense	(14,331)	(13,335)	(14,126)
Net change in plan fiduciary net position	<u>948,905</u>	<u>276,121</u>	<u>728,273</u>
<b>Plan fiduciary net position – beginning</b>	<u>10,165,187</u>	<u>9,889,066</u>	<u>9,160,793</u>
<b>Plan fiduciary net position – ending</b>	<u>\$ 11,114,092</u>	<u>\$ 10,165,187</u>	<u>\$ 9,889,066</u>
<b>Authority's net pension liability – ending</b>	<u>\$ 1,519,870</u>	<u>\$ 1,875,764</u>	<u>\$ 1,640,386</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	87.97%	84.42%	85.77%
<b>Covered-employee payroll</b>	\$ 8,718,644	\$ 8,521,947	\$ 8,507,221
<b>Authority's net pension liability as a percentage of covered-employee payroll</b>	17.43%	22.01%	19.28%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

The amounts presented for each fiscal year were determined as of December 31, 2016 that occurred within the fiscal year.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
Year ended June 30, 2017

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	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 322,476	\$ 301,322	\$ 301,322
Contributions in relation to the actuarially determined contribution	<u>357,456</u>	<u>362,626</u>	<u>367,214</u>
Contribution deficiency (excess)	<u>\$ (34,980)</u>	<u>\$ (61,304)</u>	<u>\$ (65,892)</u>
Covered – employee payroll	\$ 8,718,644	\$ 8,521,947	\$ 8,521,947
Contributions as a percentage of covered employee payroll	4.10%	4.26%	4.31%

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates are calculated as of January 1.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar over 20 years
Remaining amortization period	16 years
Asset valuation method	market value
Inflation	None
Salary increases	Not applicable, as benefits are not related to salary.
Investment rate of return	6.50%
Retirement Age	Earlier of age
Mortality	RP-2015 Mortality Table

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLAN  
Year ended December 31, 2016

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 322,476	\$ 301,322	\$ 204,520
Contributions in relation to the actuarially determined contribution	<u>350,973</u>	<u>367,214</u>	<u>358,037</u>
Contribution deficiency (excess)	<u>\$ (28,497)</u>	<u>\$ (65,892)</u>	<u>(153,517)</u>
Covered – employee payroll	\$ 8,718,644	\$ 8,521,947	\$ 8,507,221
Contributions as a percentage of covered employee payroll	4.03%	4.31%	4.21%

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates are calculated as of January 1.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar over 20 years
Remaining amortization period	16 years
Asset valuation method	market value
Inflation	None
Salary increases	Not applicable, as benefits are not related to salary.
Investment rate of return	6.50%
Retirement Age	Earlier of age
Mortality	RP-2015 Mortality Table

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF ANNUAL MONEY-WEIGHTED RATE OF RETURN ON  
PENSION PLAN  
Year ended December 31, 2016

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<u>Year ending December 31</u>	<u>Annual Money-Weighted Rate of Return</u>
2007	10.4%
2008	-29.9%
2009	22.6%
2010	10.1%
2011	-3.7%
2012	7.5%
2013	14.8%
2014	4.6%
2015	-0.9%
2016	7.2%

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF NET POSITION (PROPRIETARY FUND)  
June 30, 2017

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties, Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Unrestricted current assets:					
Cash	\$ 13,469,124	\$ -	\$ 978	\$ -	\$ 13,470,102
Accounts receivable					
Trade	142,971	-	-	-	142,971
Federal Department of Transportation	528,975	-	-	-	528,975
Commonwealth of Kentucky	121,740	-	-	-	121,740
Property taxes	162,980	-	-	-	162,980
Inventories of repair parts and fuel	455,584	-	-	-	455,584
Prepaid expenses	27,461	-	-	-	27,461
Total current assets	<u>14,908,835</u>	<u>-</u>	<u>978</u>	<u>-</u>	<u>14,909,813</u>
Restricted noncurrent assets:					
Cash	1,145,044	30,177	-	-	1,175,221
Unrestricted noncurrent assets:					
Note receivable	8,355,000	-	8,355,000	(8,355,000)	8,355,000
Nondepreciable capital assets	3,265,873	1,705,700	-	-	4,971,573
Depreciable capital assets	27,758,539	11,169,694	-	-	38,928,233
Total noncurrent assets	<u>40,524,456</u>	<u>12,905,571</u>	<u>8,355,000</u>	<u>(8,355,000)</u>	<u>53,430,027</u>
<b>Total assets</b>	55,433,291	12,905,571	8,355,978	(8,355,000)	68,339,840
Deferred outflows of resources	<u>1,331,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,331,841</u>
<b>Total assets and deferred outflows</b>	<u>\$ 56,765,132</u>	<u>\$ 12,905,571</u>	<u>\$ 8,355,978</u>	<u>\$ (8,355,000)</u>	<u>\$ 69,671,681</u>

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF NET POSITION (PROPRIETARY FUND)  
June 30, 2017

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties, Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Notes payable, current portion	\$ 884,345	\$ -	\$ -	\$ -	\$ 884,345
Trade accounts payable	351,886	-	-	-	351,886
Accrued expenses and other liabilities	178,135	-	-	-	178,135
Compensated absences	156,275	-	-	-	156,275
Total current liabilities	<u>1,570,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,570,641</u>
Notes payable, net of current portion	6,753,278	12,673,400	8,355,000	(8,355,000)	19,426,678
Net pension liability	1,519,870	-	-	-	1,519,870
Compensated absences	345,613	-	-	-	345,613
Total noncurrent liabilities	<u>8,618,761</u>	<u>12,673,400</u>	<u>8,355,000</u>	<u>(8,355,000)</u>	<u>21,292,161</u>
Total liabilities	10,189,402	12,673,400	8,355,000	(8,355,000)	22,862,802
Deferred inflows of resources	553,766	-	-	-	553,766
Total liabilities and deferred inflows	<u>10,743,168</u>	<u>12,673,400</u>	<u>8,355,000</u>	<u>(8,355,000)</u>	<u>23,416,568</u>
Net Position					
Net investment in capital assets	24,531,833	232,171	-	-	24,764,004
Unrestricted	21,490,131	-	978	-	21,491,109
Total net position	<u>46,021,964</u>	<u>232,171</u>	<u>978</u>	<u>-</u>	<u>46,255,113</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 56,765,132</u>	<u>\$ 12,905,571</u>	<u>\$ 8,355,978</u>	<u>\$ (8,355,000)</u>	<u>\$ 69,671,681</u>

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SUPPLEMENTARY INFORMATION  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION (PROPRIETARY FUND)  
Year ended June 30, 2017

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties, Inc.	Lextran Foundation, Inc.	Eliminations	Total Consolidated Balance
<b>Operating revenues</b>					
Passenger fares	\$ 3,325,866	\$ -	\$ -	\$ -	\$ 3,325,866
Advertising	251,911	-	-	-	251,911
Fuel tax refunds and other	2,063,023	728,322	83,550	(2,656,895)	218,000
Total operating revenues	<u>5,640,800</u>	<u>728,322</u>	<u>83,550</u>	<u>(2,656,895)</u>	<u>3,795,777</u>
<b>Operating expenses</b>					
Operations	15,626,065	-	-	-	15,626,065
Maintenance	3,882,616	-	-	-	3,882,616
General and administrative	3,902,888	-	169,371	(2,656,895)	1,415,364
Non-vehicle	556,771	-	-	-	556,771
Depreciation and amortization	3,664,511	-	-	-	3,664,511
Total operating expenses	<u>27,632,851</u>	<u>-</u>	<u>169,371</u>	<u>(2,656,895)</u>	<u>25,145,327</u>
<b>Operating income (loss)</b>	(21,992,051)	728,322	(85,821)	-	(21,349,550)
<b>Non-operating revenues (expenses)</b>					
Property taxes	17,119,661	-	-	-	17,119,661
Federal assistance	5,484,892	-	-	-	5,484,892
State assistance	500,000	-	-	-	500,000
Local assistance	287,446	-	-	-	287,446
New market tax credit transaction fees	-	(2,842,299)	-	-	(2,842,299)
Interest Expense	(272,435)	-	-	-	(272,435)
Gain from sale of capital assets	5,735	-	-	-	5,735
Total non-operating revenues (expenses)	<u>23,125,299</u>	<u>(2,842,299)</u>	<u>-</u>	<u>-</u>	<u>20,283,000</u>
<b>Income (loss) before capital contributions</b>	1,133,248	(2,113,977)	(85,821)	-	(1,066,550)
<b>Capital contributions</b>					
Federal contributions	3,808,068	-	-	-	3,808,068
Total capital contributions	<u>3,808,068</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,808,068</u>
<b>Change in net position</b>	4,941,316	(2,113,977)	(85,821)	-	2,741,518
<b>Net position, beginning of year</b>	<u>41,080,648</u>	<u>2,346,148</u>	<u>86,799</u>	<u>-</u>	<u>43,513,595</u>
<b>Net position, end of year</b>	<u>\$ 46,021,964</u>	<u>\$ 232,171</u>	<u>\$ 978</u>	<u>\$ -</u>	<u>\$ 46,255,113</u>

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2017

<u>Federal Grantor/ Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through or Federal Grant Number</u>	<u>Expenditures</u>
<b>Department of Transportation</b>			
<b>Federal Transit Administration</b>			
Direct Programs:			
Federal Transit Cluster:			
Formula Grants	20.507	KY-90-0193-00	\$ 2,511
Formula Grants	20.507	KY-90-0213-00	30,760
Formula Grants	20.507	KY-90-0221-00	67,892
Formula Grants	20.507	KY-90-0226-00	42,552
Formula Grants	20.507	KY-2016-019-00	128,132
Formula Grants	20.507	KY-2017-012-00	<u>3,415,747</u>
<b>Total Federal Transit Cluster</b>			<u>3,687,594</u>
Direct Programs:			
Transit Services Programs Cluster:			
Section 5310 Enhanced Mobility	20.513	KY-2017-001-00	<u>50,000</u>
Direct Programs:			
Section 5312 Deployment Program	20.514	KY-26-0006-00	<u>5,555,367</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 9,292,961</u>

See accompanying notes to schedule of expenditures of federal awards.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2017

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs received by the Transit Authority of Lexington-Fayette Urban County Government (the Authority). The Authority's reporting entity is defined in Note 1 to the audited financial statements. There were no subrecipient expenditures, noncash assistance or loan payments during 2017.

**NOTE 2 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The Authority has elected not to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

Some amounts presented in this schedule may differ from amounts presented in, or used in preparation of the financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State and Local Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Board of Directors  
Transit Authority of the Lexington-Fayette  
Urban County Government  
Lexington, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Transit Authority of the Lexington-Fayette Urban County Government (the Authority), a component unit of the Lexington-Fayette Urban County Government, as of and for the year ended June 30, 2017 and the fiduciary activities as of and for the year ended December 31, 2016, respectively, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2017.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

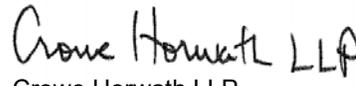
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Crowe Horwath LLP

Lexington, Kentucky  
September 28, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Transit Authority of the Lexington-Fayette-Urban County Government  
Lexington, Kentucky

### **Report on Compliance for Each Major Federal Program**

We have audited the Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

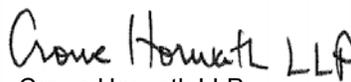
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities of the Authority as of and for the year ended June 30, 2017 and the fiduciary activities as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated September 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

  
Crowe Horwath LLP

Lexington, Kentucky  
September 28, 2017

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2017

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**SECTION 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued:	<u>Unmodified</u>	_____	
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u>	No
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u>	None Reported
Noncompliance material to financial statements noted?	_____ Yes	<u>  X  </u>	No

**Federal Awards**

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u>  X  </u>	None Reported
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	<u>  X  </u>	None Reported
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>	_____	
Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)?	_____ Yes	<u>  X  </u>	None Reported

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster Number</u>
20.514	Section 5312 Deployment Program

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
-------------------------------------------------------------------------	-------------------

Auditee qualified as low-risk auditee?	_____ Yes	<u>  X  </u>	No
----------------------------------------	-----------	--------------	----

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2017

---

**SECTION 2 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

There were no findings for the year ended June 30, 2017.

**SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN OMB CIRCULAR A-133 SECTION 510(a).**

There were no findings for the year ended June 30, 2017.

TRANSIT AUTHORITY OF  
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT  
SCHEDULE OF PRIOR YEAR FINDINGS  
Year ended June 30, 2016

---

The prior year's audit disclosed no findings or questioned costs required to be reported in accordance with Government Auditing Standards.



## Financial Statement Recap

BALANCE SHEET  
as of October 31, 2017

	<b>Current Year-To-Date</b>	<b>Last Year-to-Date</b>
<b>Assets</b>		
Current assets		
Operating Cash	\$6,980,503	\$7,482,209
Project Loan Account	\$1,145,044	\$1,145,044
Accounts receivable	\$1,972,664	\$690,347
Inventory	\$403,327	\$460,973
Net pension asset	\$1,331,841	\$1,547,482
Work in process	\$136,593	\$1,998,928
Prepaid	\$844,484	\$760,026
Total Current Assets	<u>\$12,814,456</u>	<u>\$14,085,010</u>
Long term note - Lextran Foundation Inc.	\$8,355,000	\$8,355,000
Net capital and related assets	\$29,730,339	\$26,124,020
<b>Total Assets</b>	<u><u>\$50,899,795</u></u>	<u><u>\$48,564,030</u></u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$2,495,030	\$2,738,761
Payroll liabilities	\$956,105	\$865,061
Short term note - Fifth Third Bank	\$893,281	\$793,509
Total Current Liabilities	<u>\$4,344,416</u>	<u>\$4,397,331</u>
Long term note - Fifth Third Bank	\$6,467,872	\$7,397,053
<b>Net Position</b>	\$40,087,507	\$36,769,646
<b>Total Liabilities and Net Position</b>	<u><u>\$50,899,795</u></u>	<u><u>\$48,564,030</u></u>



## Financial Statement Recap

### STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	October 2017			
Revenues	Actual	FY 2018 Budget	Variance	FY 2017 Actual
Property taxes	\$425,674	\$384,290	\$41,384	\$416,751
Passenger revenue	\$477,891	\$518,319	(\$40,428)	\$515,562
Federal funds	\$1,678,932	\$1,600,000	\$78,932	\$1,636,534
State funds	\$0	\$0	\$0	\$0
Advertising revenue	\$260,156	\$200,000	\$60,156	\$54,024
Other revenue	\$777,979	\$706,898	\$71,081	\$2,133,225
<b>Total Revenues</b>	<b>\$3,620,632</b>	<b>\$3,409,507</b>	<b>\$211,125</b>	<b>\$4,756,096</b>
<b>Expenses</b>				
Wages	\$2,923,341	\$2,815,433	\$107,908	\$2,705,910
Fringe benefits	\$1,571,269	\$1,721,277	(\$150,008)	\$1,528,099
Professional services	\$286,370	\$596,583	(\$310,213)	\$518,968
Materials and supplies	\$482,095	\$288,000	\$194,095	\$292,960
Fuel-Diesel	\$297,584	\$353,667	(\$56,083)	\$263,841
Fuel-Other	\$68,171	\$89,033	(\$20,863)	\$158,881
Utilities - Facilities	\$96,811	\$126,433	(\$29,623)	\$112,909
Utilities - Electric Bus	\$30,475	\$21,200	\$9,275	\$0
Insurance	\$226,476	\$206,000	\$20,476	\$279,313
Fuel taxes	\$68,906	\$68,803	\$103	\$70,404
Purchased Transportation-Paratransit	\$1,779,192	\$1,782,667	(\$3,474)	\$1,650,128
Purchased Transportation-Other	\$11,100	\$12,000	(\$900)	\$9,600
Dues and subscriptions	\$30,134	\$32,000	(\$1,866)	\$31,585
Travel, training and meetings	\$29,259	\$43,900	(\$14,641)	\$24,519
Media advertising	\$35,273	\$97,667	(\$62,393)	\$21,930
Miscellaneous	\$5,215	\$9,733	(\$4,518)	\$7,508
Interest Expense	\$90,812	\$72,500	\$18,312	\$90,812
Leases and rentals	\$264,362	\$262,362	\$2,000	\$142,581
Depreciation	\$1,305,157	\$1,305,157	\$0	\$1,157,147
<b>Total Expenses</b>	<b>\$9,602,002</b>	<b>\$9,904,416</b>	<b>(\$302,414)</b>	<b>\$9,067,096</b>
<b>Change in Net Position</b>	<b>(\$5,981,371)</b>	<b>(\$6,494,910)</b>	<b>\$513,539</b>	<b>(\$4,311,000)</b>

Notes:

Average price of diesel fuel for FY2018 - \$1.83; Latest price of diesel fuel (November 8, 2017) - \$2.14

Latest price of CNG diesel gallon equivalent - \$1.42

## **Memorandum**

To: Board of Directors  
From: Carrie Butler, General Manager  
Date: November 15, 2017  
Re: General Manager's Report for the Period of October 1, 2017- October 31, 2017

### **Budget Statistics**

Total revenue for October 2017, was \$856,443 and the expenditures totaled \$2,082,415. This resulted in a difference of (\$1,225,972) for the month. For a year to date comparison, with expenditures subtracted from revenues, the under budget variance is \$513,539.

### **Community Involvement**

- Amazon Employee Health Fair – October 3<sup>rd</sup>
- Kroger Field to Keeneland Service – October 7<sup>th</sup> & 28<sup>th</sup>
- Transylvania U Health Fair – October 11<sup>th</sup>
- University Cities Conference – October 13<sup>th</sup>
- Tiny Libraries Unveil @ Hope Center – October 18<sup>th</sup>
- HUD Regional Visit w/Lexington Housing Authority – October 25<sup>th</sup>
- Picadome Elementary Vehicle Day – October 26<sup>th</sup>
- Safety City Trick-or-Treat – October 27<sup>th</sup>
- How to Ride with Bluegrass.org Client – October 31<sup>st</sup>

### **Employee Health & Wellness Fair**

The 2017 Health & Wellness Fair, organized by the Lextran Wellness Team, was held on October 20<sup>th</sup>. Employees had the opportunity to receive wellness-related information from over twenty community vendors. Biometric screens and flu shots were also available on-site. More than 90 employees signed in to the event/attended.

The employee Wellness Team is comprised of 3 administrative staff members, 6 coach operators, and 1 service worker from the maintenance department. Thanks to the Wellness Team for organizing such a successful and informative event.

### **UK Football Shuttle**

Lextran operated shuttle service to Kroger Field for the home football games in October as well as service between Kroger Field and Keeneland for the October 7 and October 28 games. Fare for those routes was regular fare (\$1) and open to the public.

### **Meetings / Updates**

In October, Lextran representatives participated in the following meetings:

- Leadership Lexington & Lextran – October 2
- APTA Annual Expo – October 8-11
- LexWork Meeting – October 9
- Town Branch Tech Coordination Meeting – October 12
- Joint Labor-Management Committee – October 13

**Lextran Board of Directors Meeting – November 2017**

- Transit Tariff Collaborative – October 20
- MLK/Eastside Technical Center Partnerships – October 19
- Transportation Policy Committee – October 25
- Commission for People with Disabilities – October 25

### **Procurement Update**

- An RFP for IT support services was issued October 23, 2017. The pre-proposal conference was held November 8, 2017. Proposals are due November 30, 2017. This is expected to be a January resolution.
- An RFP for cellular service in Lextran's vehicles was issued October 9, 2017. A pre-proposal conference was held on October 19, 2017. Proposals were due November 9, 2017. This is expected to be a December resolution.
- An RFP for payroll services was issued on August 21, 2017. A pre-proposal conference was held on September 6, 2017. Proposals were due October 19, 2017. This is now expected to be a December resolution.
- An RFP for environmental services was issued on September 18, 2017. A pre-proposal conference was held on October 5, 2017. Proposals were due November 1, 2017. This is now expected to be a December resolution.

### **PRHBTN/Lexpark Murals**

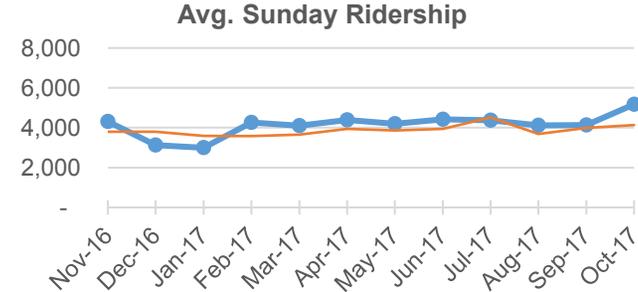
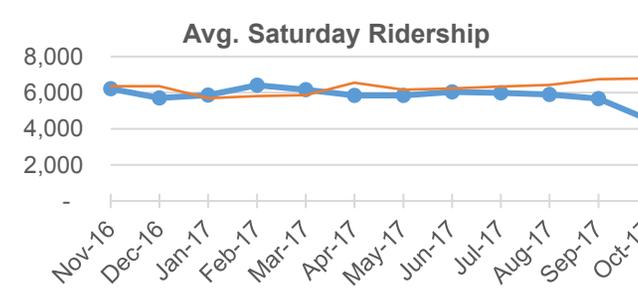
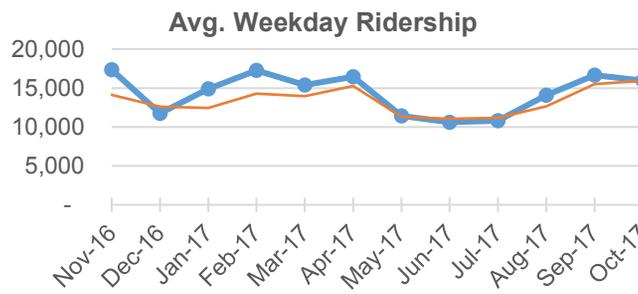
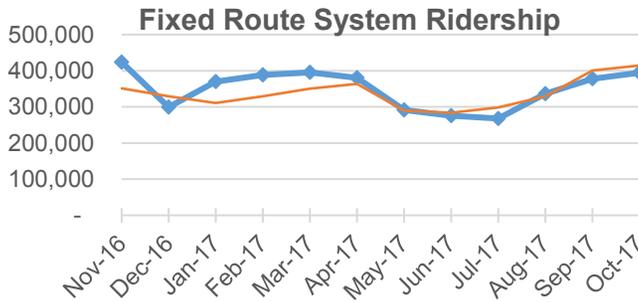
New art has been installed at the Transit Center through a partnership between PRHBTN, LexPark, KU and the Downtown Development Authority. Xylene, a Cincinnati based group of artists, was commissioned by PRHBTN to complete the project. They feature multiple artists that specialize in murals, illustration and design. The columns are painted in an abstract pattern with gradient color differences and mirror the art on the KU wall. The wall at the entrance to the garage is a mural developed by the artist with multimodal transportation in mind. The murals and columns were completed the week of November 6<sup>th</sup>.

### **Transit Center Coffee Cart**

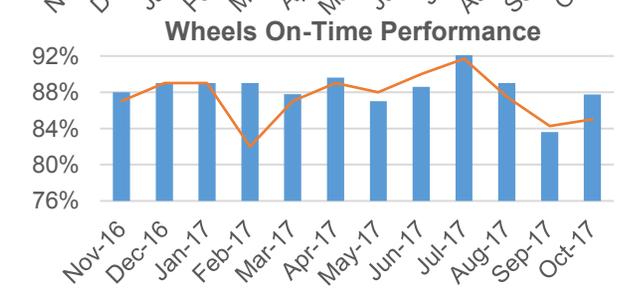
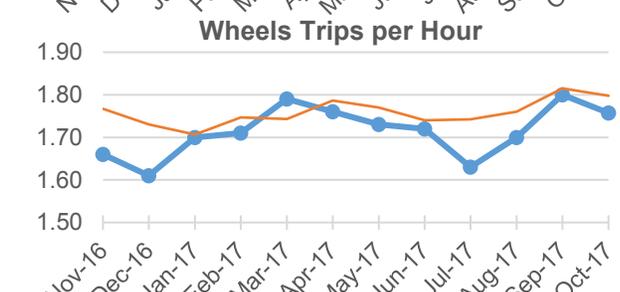
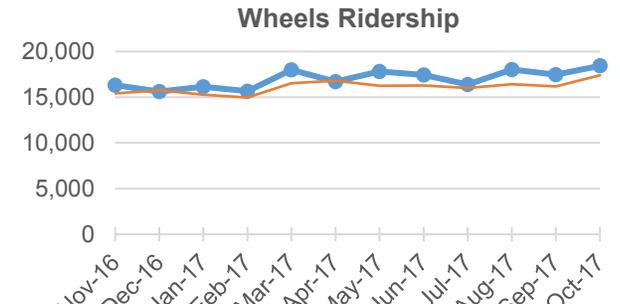
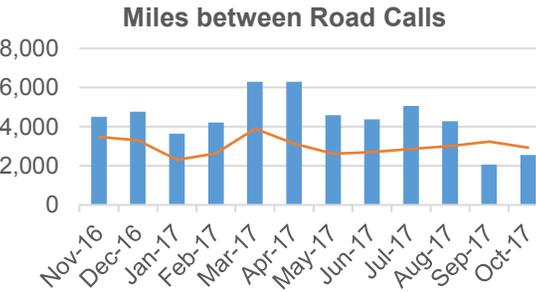
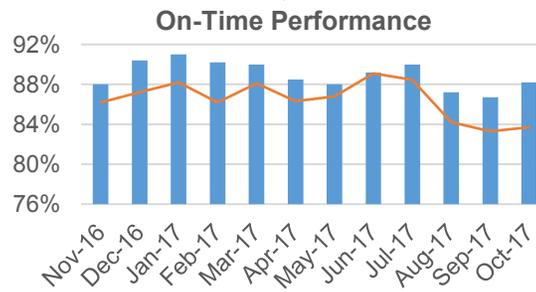
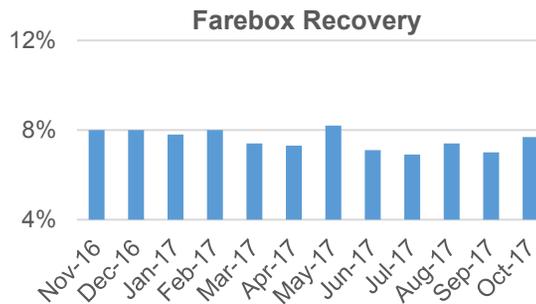
The Pop-Up Coffee Cart in conjunction with A Cup of Common Wealth returned to the Transit Center on Monday, October 23<sup>rd</sup>. This time they are featuring baked goods and hot chocolate in addition to basic coffees and their "Pay It Forward" Board. The Coffee Cart is open daily, Monday- Friday, from 7:00 am to 9:00 am continuing until December 1<sup>st</sup> (excluding Thanksgiving Week). We have collaborated on social media and have promoted a giveaway for riders.

### **Upcoming Community Outreach**

- Free rides on Thanksgiving Day
- UK Football Shuttle



Performance Indicator	Lextran Fixed Route System			Wheels		
	This Month	FY18 YTD	FY17 Total	This Month	FY18 YTD	FY17 Total
Total Ridership	394,452	1,376,344	4,346,047	18,428	70,306	200,255
Total Revenue Miles	150,342	577,004	1,905,282	141,485	540,261	1,537,732
Total Revenue Hours	17,432	64,690	189,861	10,488	40,873	115,693
Pass. per Mile	2.62	2.39	2.28	0.13	0.13	0.13
Pass. per Hour	22.63	21.28	22.89	1.77	1.72	1.73



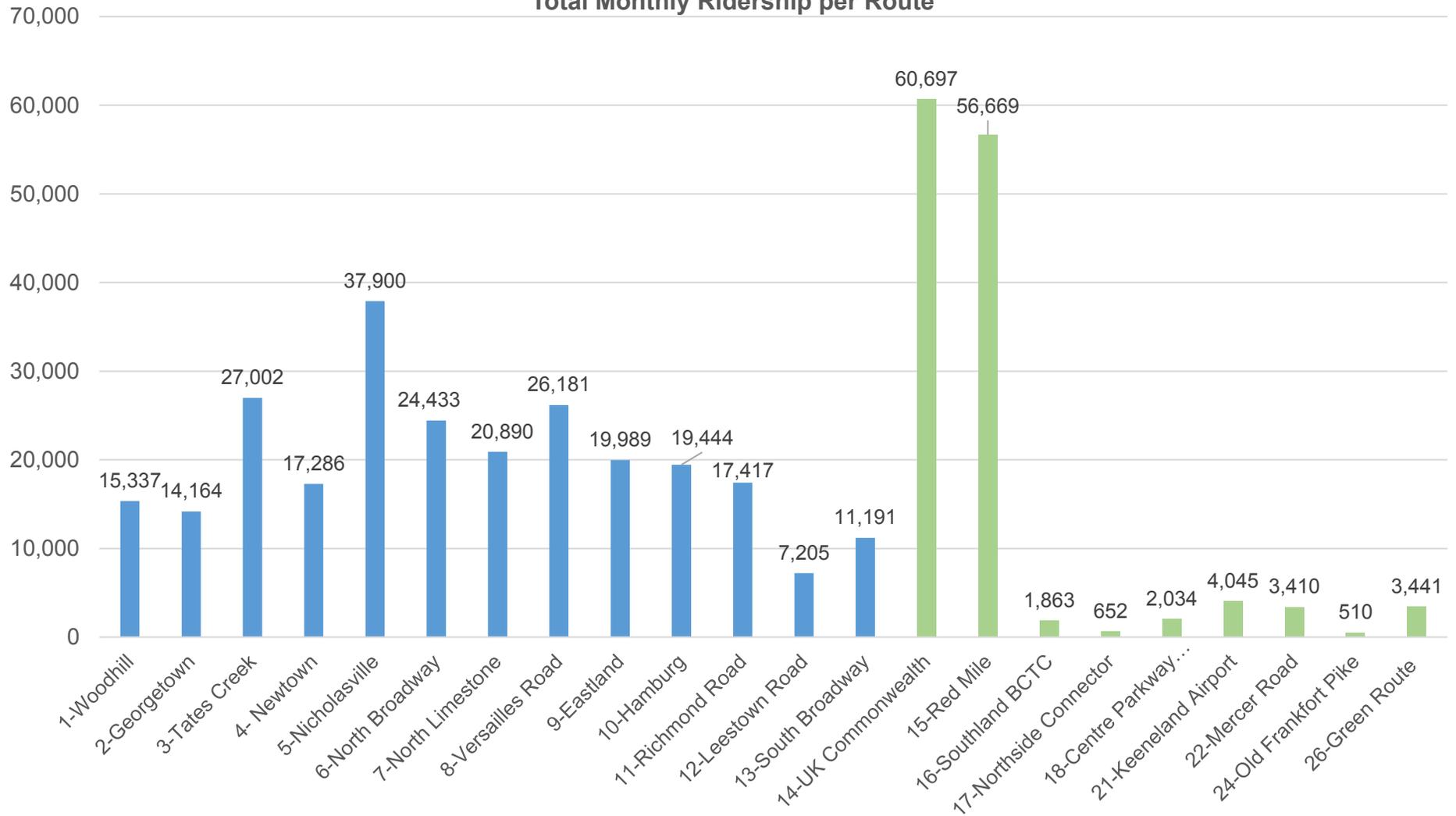


### Route Performance Indicators

Route Name	Total Cost	Net Cost	Net Total Cost per Hour	Passengers per Mile	Passengers per Hour	Net Cost per Passenger	Farebox Recovery Rate	On-Time Performance
8-Versailles Road	\$74,691	\$60,504	\$74.79	3.75	32.36	\$2.31	19.0%	95.7%
6-North Broadway	\$70,706	\$57,837	\$75.53	3.70	31.91	\$2.37	18.2%	93.1%
9-Eastland	\$58,178	\$49,772	\$78.99	3.68	31.72	\$2.49	14.4%	90.8%
7-North Limestone	\$69,667	\$60,585	\$80.30	3.21	27.69	\$2.90	13.0%	95.7%
5-Nicholasville	\$137,887	\$124,219	\$83.18	2.94	25.38	\$3.28	9.9%	82.2%
4- Newtown	\$75,495	\$68,120	\$83.31	2.45	21.14	\$3.94	9.8%	89.5%
13-South Broadway	\$65,903	\$61,715	\$86.46	1.82	15.68	\$5.51	6.4%	87.7%
2-Georgetown	\$72,449	\$67,178	\$85.61	2.09	18.05	\$4.74	7.3%	93.4%
11-Richmond Road	\$80,858	\$73,290	\$83.69	2.31	19.89	\$4.21	9.4%	95.0%
10-Hamburg	\$105,193	\$96,882	\$85.04	1.98	17.07	\$4.98	7.9%	86.5%
1-Woodhill	\$84,740	\$78,811	\$85.87	1.94	16.71	\$5.14	7.0%	89.5%
3-Tates Creek	\$160,187	\$147,176	\$84.83	1.80	15.56	\$5.45	8.1%	86.9%
12-Leestown Road	\$85,560	\$82,235	\$88.74	0.90	7.78	\$11.41	3.9%	92.7%
15-Red Mile	\$113,846	\$113,273	\$91.87	5.33	45.96	\$2.00	0.5%	80.2%
14-UK Commonwealth	\$151,118	\$151,118	\$92.33	4.30	37.09	\$2.49	0.0%	NA
26-Green Route	\$17,614	\$17,614	\$92.33	2.09	18.04	\$5.12	0.0%	NA
18-Centre Parkway Connector	\$49,310	\$47,040	\$88.08	0.44	3.81	\$23.13	4.6%	92.0%
17-Northside Connector	\$19,211	\$18,323	\$88.07	0.36	3.13	\$28.10	4.6%	97.8%
22-Mercer Road	\$32,359	\$30,485	\$86.99	1.13	9.73	\$8.94	5.8%	89.4%
16-Southland BCTC	\$24,630	\$23,826	\$89.32	0.81	6.98	\$12.79	3.3%	83.9%
21-Keeneland Airport	\$42,750	\$38,866	\$83.94	1.01	8.74	\$9.61	9.1%	86.0%
24-Old Frankfort Pike	\$17,182	\$17,011	\$91.41	0.32	2.74	\$33.35	1.0%	76.0%
<b>Total</b>	<b>\$1,609,535</b>	<b>\$1,485,878</b>	<b>\$85.24</b>	<b>2.61</b>	<b>22.47</b>	<b>\$3.79</b>	<b>7.7%</b>	<b>88%</b>

Note: Route 14 UK Commonwealth and Route 26 Green Route do not collect fares.

## October 2017 Total Monthly Ridership per Route





## October Safety, Maintenance, and Operations Indicators

Indicator	Lextran Fixed Route System			Wheels		
	This Month	FY18 YTD	FY17 Total	This Month	FY18 YTD	FY17 Total
Preventable Accidents	3	15	44	1	4	22
Non-Preventable Accidents	8	23	32	1	6	9
Accident Frequency Rate	2.00	2.60	2.36	0.61	0.64	1.22
Accident Frequency Rate Goal*	1.75	1.75	1.75	2	2	2
Injury Frequency Rate	31.93	20.93	17.60	N/A	N/A	N/A
Injury Frequency Rate Goal**	27.04	27.04	27.04	N/A	N/A	N/A
Days without preventable accident	28	106	217	N/A	N/A	N/A
Days of Lost time	34	104	321	N/A	N/A	N/A
Workers Comp Claims	5	11	35	N/A	N/A	N/A
Miles Between Road Calls	2,927	3,052	4,449	N/A	N/A	N/A
Preventive Maintenance Inspections	41	138	390	N/A	N/A	N/A

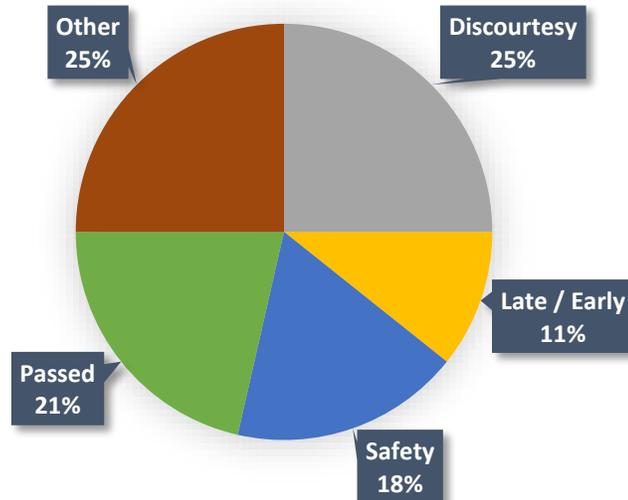
\*The accident frequency goals are calculated per 100,000 miles.

\*\*The incident frequency goal is calculated per 200,000 working hours.

## October Call Logs

Comments by Type	Lextran Fixed Route System			Wheels		
	This Month	FY18 YTD	FY17 YTD	This Month	FY18 YTD	FY17 YTD
Total Commendations	0	1	7	0	6	43
Discourtesy	7	23	105	3	19	78
Late / Early	3	11	47	10	22	59
Safety	5	20	50	6	39	111
Passed	6	16	61	0	0	0
Other	7	13	61	0	0	2
Request: Information	0	1	22	0	1	0
Request: Service	0	12	8	0	0	0
Request: Amenities	0	0	5	0	0	0
Website	0	3	5	0	0	0
Total Calls into System	11,813	53,536	74,218*	18,598	81,083	276,716
Total Calls into IVR	52,510	202,094	622,584	N/A	N/A	N/A
Average Length of Call	0:01:26	0:01:30	0:01:25*	01:08	01:03	00:53
Average Time to Abandon	0:00:12	0:00:15	0:00:21*	00:57	01:04	01:06

## Lextran Comments for October 2017



### Customer Comment

9:55am pull out turned in to a 25 minute fiasco because of poor communication. The bus was broken down and passengers were moved back and forth four times to different bays with different trolleys and buses. Now I am on board with arriving late to work with no reason why and no apology.

### Lextran CSR Response

I apologize for all of the confusion and the mix-up this morning at the Transit Center. I am not sure what went wrong, but we will be getting with the supervisors to look into it. We are also happy to provide you and/or any of the other people with a late note for your employer. It never feels good to be shuffled around and feel like you aren't getting the full story AND be late for work to add insult to injury. Any additional feedback you may be able to provide will help us to improve and thanks for making us aware of the situation. Again, I apologize for the inconvenience and confusion.

### Customer Follow-up

Thank you very much for your speedy response. I appreciate your feedback. Also, it means a lot to hear back from you/ Lextran in such a positive manner. It seems sometime as passengers are voices aren't heard. You certainly changed my opinion. Thank you! You made my day

TXRH 48.78 +0.8 +1.67% ▲ | UPS 117.06 -0.09 -0.08% ▼ | XRX 32.72 -0.08 -0.24% ▼ | YUM 77.13 -0.04 -0.05%

# Lextran receives \$1 million grant through FTA's Low or No Emission Vehicle Program

Battery-powered buses support UK's 'Blue Goes Green' Program

🕒 September 13, 2017 👁 27 Views



WASHINGTON, D.C. (Sept. 13, 2017) – Lextran will receive a \$1 million grant through the Federal Transit Authority's Low or No Emission Vehicle Program, U.S. Rep. Andy Barr, R-6th, announced on Wednesday.

The funds will be used to purchase battery-powered buses and on-route charging stations in coordination with the University of Kentucky's 'Blue Goes Green' program which seeks a zero-emissions campus for transportation. Congressman Barr wrote a letter to the Federal Transit Administration in support of the grant application.

"The awarding of this federal grant will help Lextran and the University of Kentucky to reduce emissions in and around campus which will benefit the community as a whole," Barr said. "I am proud that my office was able to assist in this effort and I appreciate all of the hard work by Lextran and the University of Kentucky to secure these funds that will be used to better our community."

"Lextran is excited to expand our electric bus program with this grant award from the Federal Transit Administration," said Lextran General Manager Carrie Butler. "We are grateful for the support of

Congressman Barr and his staff in helping to secure these funds.”

---





FAYETTE COUNTY

## Van veers into downtown Transit Center

BY MIKE STUNSON  
*mstunson@herald-leader.com*

SEPTEMBER 14, 2017 12:31 PM

A van crashed into the Transit Center in downtown Lexington Thursday, temporarily disrupting traffic and forcing Lextran buses to unload and load in a new location.

The crash involved a dump truck and the van, with the van crashing into offices of the Lextran building on East Vine Street, said Lexington Fire Department Battalion Chief Joseph Best. There were no injuries, he added.

Best said the offices were not structurally damaged, but they will be unusable until they are repaired.

ADVERTISING



Lextran said buses were being loaded and unloaded on the High Street side of the center until the wreck was cleaned up.

Vine Street was briefly co



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The van was pulled out of the Lextran building a short time after the crash. Josh Dezarn

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Jaguar E-Type Zero Is an All-Electric Version of the Brand's Most Iconic Sports Car



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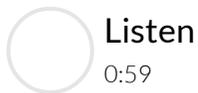


Lexington's mass transit system is the recipient of a \$1 million federal grant.

The funding from the Federal Transit Authority's Low or No Emission Vehicle Program is far less than what was requested.

[http://mediad.publicbroadcasting.net/p/weku/files/styles/x\\_large/public/201709/ELECTRICBUS.jpg](http://mediad.publicbroadcasting.net/p/weku/files/styles/x_large/public/201709/ELECTRICBUS.jpg)

CREDIT KENTUCKY.COM



Listen

0:59

The \$1 million in FTA funding will be used toward a **Lextran** purchase of an electric bus. Five electric buses are traveling Lexington streets now with another expected by the end of the year.

**Lextran** had sought \$10 million through the grant program, but General Manager Carrie Butler is not surprised with the final grant amount.

"We weren't surprised. We understand how competitive the program is and how much interest there is in deployment of electric buses or low or no emission vehicles," said Butler.

Butler says the majority of buses in **Lextran's** fleet remain diesel-powered. But the mass transit administrator says five new compressed natural gas buses are due to arrive in the next few months. Butler says that will bring the total number of CNG vehicles to 12.

**TAGS:** [LEXTRAN \(/TERM/LEXTRAN\)](#) [LEXINGTON ELECTRIC BUSES \(/TERM/LEXINGTON-ELECTRIC-BUSES\)](#)

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[u=http%3A%2F%2Fwww.tinyurl.com%2Fycxncjuf&t=Million%20Dollar%20Grant%20to%20Help%20Lextran%20Expand%20Electric%20Fleet](http://facebook.com/sharer.php?url=http%3A%2F%2Fwww.tinyurl.com%2Fycxncjuf&t=Million%20Dollar%20Grant%20to%20Help%20Lextran%20Expand%20Electric%20Fleet)

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 [Email \(mailto:?](mailto:)

[subject=Million%20Dollar%20Grant%20to%20Help%20Lextran%20Expand%20Electric%20Fleet&body=http%3A%2F%2Fwww.tinyur](mailto:)



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MAY 18, 2017

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## Today on KSR, powered by **Lextran**: Goodbye, Rick?

By **Mrs. Tyler Thompson** on ©September 27th, 2017 @ 8:57am  
Posted in [Basketball](#), [Main](#), [University-6](#) | [Leave a response](#)



### A message from our friends at **Lextran**:

Heading to the game? Hop on the **Lextran** football shuttle to Kroger Field! **Lextran** operates shuttle service during every UK home football game from downtown and campus. The service begins three hours prior to kick-off and runs for 30 minutes after the start of the game. Shuttle will pick back up at the beginning of the 4<sup>th</sup> quarter. Pay \$1 each way onboard the bus. Please have exact change! Further details can be found at [www.lextran.com](http://www.lextran.com)!

Is today the day Rick Pitino gets fired?

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## Keeneland to begin fall meet, host college days

Rick Childress Oct 4, 2017



Students cheer for their horse to win at Keeneland Race Course in Lexington, Ky., on Friday, April 4, 2014. Photo by Michael Reaves | Staff  
Michael Reaves

Changing leaves, sweater weather and pumpkin spice latte ads signal that fall has finally overtaken the Bluegrass.

The cooler weather also shows that it's time for another Central Kentucky tradition: Keeneland's fall meet is right around the corner.

On Saturday, Oct. 6, Keeneland's bugler will play his first "Call to Post" of the fall season.

"I think students love coming to Keeneland because it's a wonderful way for them to experience what the Bluegrass is all about," said Kara Heissenbuttel, Keeneland's director of employee and patron experience.

"I think that we're all so lucky to live in the Bluegrass," Heissenbuttel said. "It's such a beautiful area and I think that Keeneland really highlights the beauty of the Bluegrass and southern hospitality."

Keeneland's southern hospitality is often directed at UK students. The track has several promotions specifically for college students.

College Scholarship Day on Oct. 20 will give students with a valid college ID free admission to the track, Heissenbuttel said. There will be free food, live music and after each of the day's 10 races, a \$1,000 scholarship will be awarded to a lucky student. Heissenbuttel said there will also be one drawing for a massive \$10,000 scholarship.

The SeeBlue Day at the Races on Oct. 27 will give free admission to UK students, alumni, faculty and staff, along with reserved Grandstand seating, Heissenbuttel said.

According to Keeneland's website, the UK cheerleading team, mascot and band will also be there to inspire the Keeneland crowds the day before the football team's kickoff against rival Tennessee.

Many students go to Keeneland specifically for the track's tailgating lot, Heissenbuttel said. The lot has a jumbo-sized TV, access to wagering and several food trucks.

LexTran also offers a shuttle that travels to Keeneland every day of the fall meet. For \$1, patrons can board the Keeneland trolley and travel to the track from the downtown transit center, LexTran's website said.

"So, if [students] are not from Lexington and came to UK for college, this is one of those things that they remember about their time spent here," Heissenbuttel said. "It's a tradition that they start as students and then after they graduate, they come back and have reunions and meet up with their old college friends."

Keeneland's general admission tickets cost \$5. The gates open at 11 a.m., and the first race will begin at 1:05 p.m.

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## Horses before football: Racing fans flock to Keeneland for fall slate

BY PETER BAUGH Oct 7, 2017



A Rolex clock showcases the time outside Grandstand South of Keeneland Racecourse on Saturday in Lexington, Ky. The first horse race was at 1 p.m.

JESSI DODGE/MISSOURIAN

LEXINGTON, Ky. — Tyler Riggs has his own version of the Triple Crown, and it all starts at Keeneland Racecourse.

First leg: tailgating and watching the horse races.

Second leg: tailgating and attending the Kentucky football game.

Third leg: a postgame trip to the Lexington bars.

Riggs stationed himself on a hill near the racetrack Saturday morning, drinking beer and playing cornhole with friends. He graduated from Kentucky in 2015 and constantly visited Keeneland in college.

His endurance isn't what it once was during his school days, but he's still hoping to complete the triple crown.

"We're a little older, so we'll see," he said.

A mix of students, families and curious tourists gathered at Keeneland on Saturday morning. The track opened for the fall season Friday, prompting a pilgrimage of racing fans to Lexington.

Keeneland, founded in 1936, is recognized as a National Historic Landmark by the U.S. Government, and its accessible prices (\$5 for entrance and free parking) make it an attractive destination for people of all ages.

Grandstand South was bustling three hours before the first race of the day. Greg Burke, the lead BETologist, stood outside wearing a green vest with a matching bow tie. His Keeneland top hat featured two buttons that read, "Ask me about betting."

Burke's job is to educate visitors on gambling before they approach the betting windows. He explains racing vernacular to Keeneland newcomers and has short conversations about the horses.

“There’s all kinds of different ways that people pick their horses,” Burke said. “You can pick it just because it’s the gray horse or because you like the fact that the horse is wearing the pink cloth. There’s no wrong reason to pick a horse.”

Trayce Williamson, who said she knows next to nothing about racing, is one of the people who always picks the gray horses to win. She’s from Cincinnati and took a bus to Keeneland to experience the tailgating and gambling scene.

Tailgates extended on a grassy knoll by the racecourse, and visitors walked past stables to catch glimpses of the thoroughbreds. The horses’ distinct scent lingered on the crisp, fall air.

Nick Rydz, a Kentucky student, set up his tailgate on the knoll. He wore a black suit jacket over a light blue shirt. Sprite, Miller Lite and cupcakes lined his table as country music blared from nearby car speakers.

Like many of his fellow students, Rydz planned to head toward Kroger Field before the 6:30 p.m. game time for Kentucky-Missouri. **Lextran**, the public bus system in Lexington, offers a shuttle between the racetrack and the stadium. Whether he actually would attend the game, however, was still up in the air.

“I’ll definitely go and tailgate,” he said with a chuckle. “Then we’ll see what happens.”

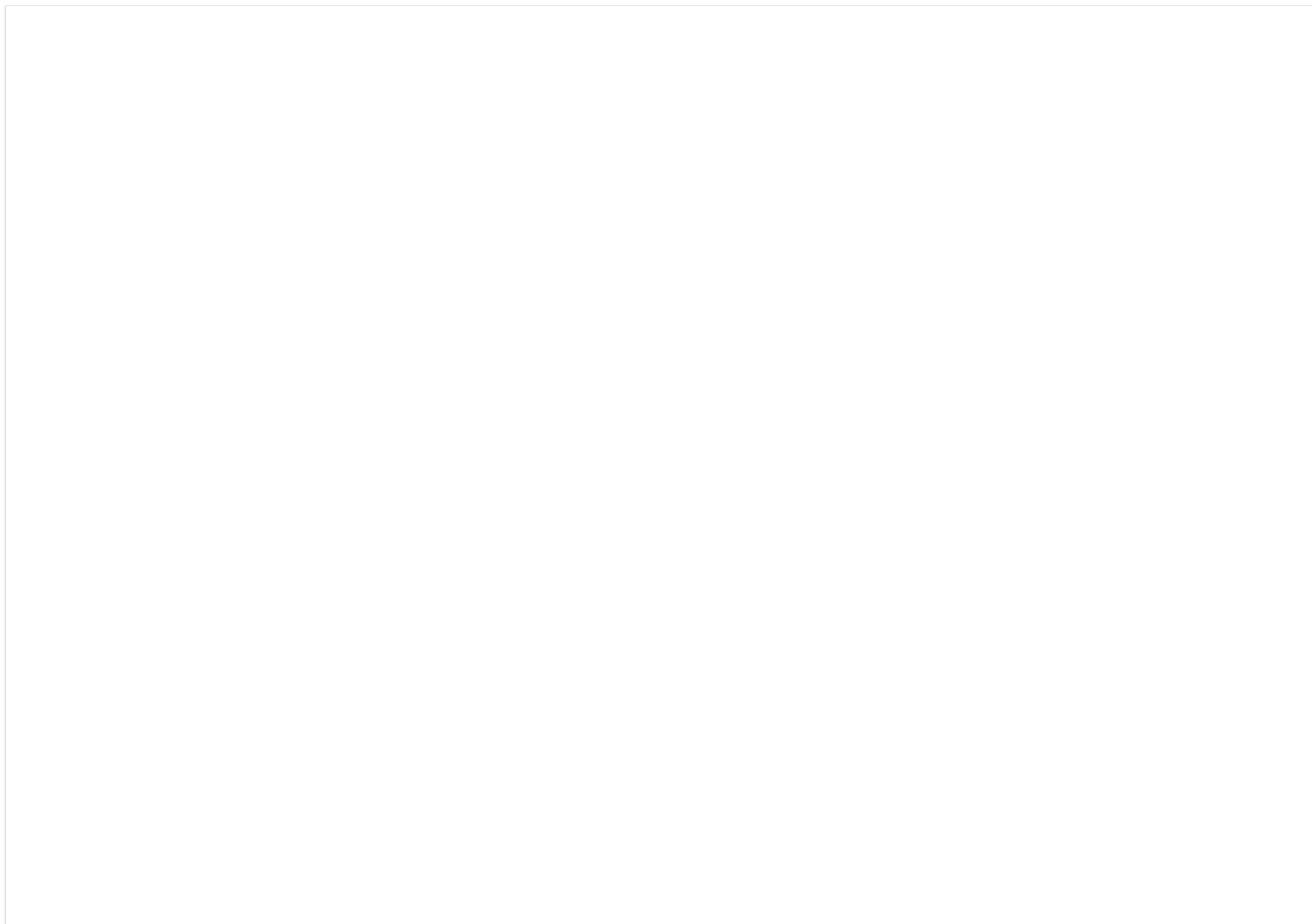
Standing near the grandstand, LeeAnn Elkins wore black horse earrings that glittered in the sunlight. It was her 40th year attending races at Keeneland, and a 2½-hour drive from Ohio wasn’t going to stop her and her husband from going to opening weekend.

The couple talked about their love for racing and shared the story of how they once met Triple Crown winner American Pharoah, but Elkins glowed the most when discussing her favorite racecourse.

“If you don’t even think you like horse racing,” she said, “You need to come to Keeneland.”

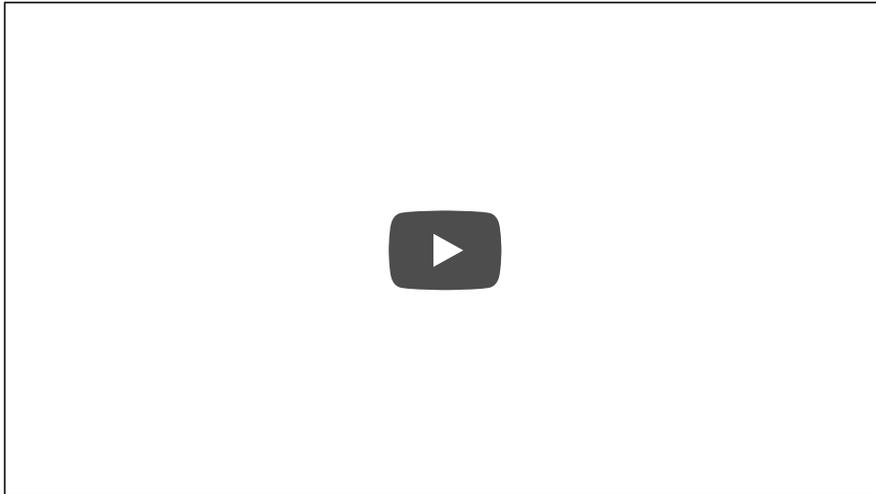
*Supervising editors are Brooks Holton and Pete Bland.*

MORE INFORMATION



# City Takes Action Against Texting While Walking

Posted: Oct 26, 2017 3:09 PM EDT  
Updated: Oct 26, 2017 3:09 PM EDT



Lexington, Ky. (LEX 18)-- Walking and texting is becoming almost as hazardous as driving and texting, so the City of Lexington has decided to address the problem in a practical manner.

The city's engineering and traffic department worked with **Lextran** and the University of Kentucky to strategically wrap already existing utility boxes to remind people walking downtown, "That Text Can Wait," and the city didn't want to wait any longer to take action.

"This is kind of a message just to say, 'Hey heads up, check out the world surrounding you. there's a lot of vehicles around, just be safe,'" said David Filiatreau, signal systems manager with the City of Lexington. "I think everyone has notice the increase of usage."

Distracted walking, just like distracted driving, can have its consequences, as Debbie Burns and her husband almost discovered the hard way.

"My husband almost got hit by a bus doing that (texting and walking). So we just keep our phones put away," she said.

The signs began popping up within the last 48 hours. It cost about \$800 to \$1,000 to wrap the utility poles, and more could be coming.