NOTICE AND AGENDA OF PUBLIC MEETING OF THE TRANSIT AUTHORITY OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT (LEXTRAN) BOARD OF DIRECTORS

Pursuant to KRS 96.A, the Lextran Board of Directors is to meet monthly. The next meeting will be:
Wednesday, October 25, 2023 at 10:00 a.m. EST

Meeting location:

Lextran – Room 110
200 West Loudon Avenue
Lexington, KY 40508

Pursuant to KRS 61.810, the Board may enter into Closed Session, but shall not take any action in a Closed Session.

Pursuant to the Americans with Disabilities Act, persons with a disability may request a reasonable accommodation for assistance with the meeting or meeting materials. Please contact Emily Elliott at 859-255-7756. Requests made as early as possible will allow time to arrange accommodation.

MEETING INSTRUCTIONS

The October 2023 Board of Directors meeting will be held in person.
The livestream is available on Youtube at:
http://bit.ly/lextranmeeting

TABLE OF CONTENTS

BOARD OF DIRECTORS MEETING

October 25, 2023
10:00 a.m.

MEETING AGENDA

I.	Call to Order & Roll Call	10:00
II.	Public Comment on Agenda Items / Public Hearing	10:05 — 10:10
III.	Approval of Minutes – September 2023 Meeting	10:10 — 10:15
IV.	Chair's Report (Dowell)	10:15 — 10:20
V.	Finance Committee Report (Ward)	10:20 – 10:40
	A. Presentation of FY2023 Audit – Crowe	
VI.	Lextran Monthly Performance Report & Financials – September	10:40 – 10:55
VII.	Action Items	10:55 – 11:10
	A. Resolution 2023-18 – Approve a Resident Assistant General Manager B. Resolution 2023-19 – Designation of a Signatory	
VIII.	Change Order Report	11:10
IX.	Old Business	11:10 – 11:15
	A. Proterra Bankruptcy Update B. BUILD Community Transportation Meeting-Microtransit	
X.	New Business	11:15 – 11:25
	A. Lex18's Heroes Among Us B. John Givens Retirement Recognition	
XI.	Proposed Agenda Items	11:25 – 11:30
	A. Resolution – Kentucky Deferred Comp, Updated Joinder Agreement B. Resolution – Drug & Alcohol Policy Update (November) C. Resolution – Paratransit Eligibility Assessments (November)	
XII.	Closed Session	11:30
XIII.	Adjournment	

The next business meeting of the Board of Directors is scheduled for November 15, 2023 at 10 a.m.

BOARD OF DIRECTORS MEETING

BOARD MINUTES
September 27, 2023

MEMBERS PRESENT
Harding Dowell, Board Chair
Jamie Rodgers, Vice Board Chair (Virtual)
Leidy Borges-Gonzalez (Virtual)
George Ward
Paul Schoninger
Christian Motley

ABSENT
Judge Lindsay Hughes Thurston
Dr. Koffi Akakpo

STAFF PRESENT
Norma Zamora, Interim General Manager
Fred Combs, Director of Planning, Technology and Community Relations
Nikki Falconbury, Director of Finance and Human Resources
Chris Withrow, Director of Maintenance
Jason Dyal, Director of Operations
John Givens, Director of Risk Management
John McNeel, Director of Safety and Security
Catherine Moran, Compliance Specialist
Jessica Pence, Capital Planner
Alan Jones, Systems Administrator
Stephanie Hoke, Finance & Purchasing Manager

OTHERS PRESENT
Jonas Bastien, McBrayer, Lextran Counsel
Joseph David, Lexington Area MPO
Byron Robinson, Wheels General Manager
Laura Kelly, Lextran Operator and ATU Local 639 representative
Seven Wheels Driver Trainees

I. CALL TO ORDER

Board Chair Harding Dowell called the September 27th, 2023, meeting of the Lextran Board of Directors to order at 10:01 a.m. Mr. Dowell performed a roll call to determine which members were present. Quorum was achieved.

II. PUBLIC COMMENT

Laura Kelly introduced herself as a Lextran passenger, Bus Operator, and Financial Secretary for ATU Local 639. She stated that she was motivated to provide outstanding service to her passengers and to Lextran every day. Ms. Kelly acknowledged that there were routine job fairs and continuous driver training classes as well as hiring and retention problems in maintenance and operations. She asked the Board to consider the amount of taxpayer money spent on continuous hiring and training without meaningful effort to find out why people do not want to stay after they have been trained. She stated it's not just a post-Covid fallout or other problems that have traditionally plagued the transit industry, it's also Lextran. Ms. Kelly noted that inertia was not the way forward for Lextran, neither were denial, aggression, or intimidation, all of which have been experienced. She stated that a constant changing of drivers meant a worse passenger experience. New drivers learn the job by doing it and new drivers often operate the routes slower (leading to passengers being late), make mistakes, and get flustered at situations that experienced drivers would not. It takes learning for years for drivers to become highly skilled and unflappable public servants. Ms. Kelly stated that the "revolving door" of hiring took trainers off runs and buses out of service worsening the shortage of both. Ms. Kelly requested that the Board consider directing Lextran management to work with the Union on employee retention and proposed an ad hoc committee for that purpose. Ms. Kelly noted that the Union had stepped up its support for new drivers. She requested that in the interest of a continuous, harmonious labor management relationship and keeping these issues with Lextran that this serious problem that the Union was experiencing with Management be placed on the agenda for the next Board meeting.

III. APPROVAL OF MINUTES

Mr. Dowell called for a motion to approve the minutes from the August 23, 2023, Meeting of the Lextran Board of Directors. George Ward made a motion to approve the minutes and Mr. Schoninger seconded. The motion passed unanimously.

IV. CHAIR'S REPORT

There was no Chair's report.

V. LEXTRAN PERFORMANCE REPORT & FINANCIALS

Fred Combs introduced John McNeel, Director of Safety and Security. Mr. Combs noted that the Bus Roadeo occurred in last weekend. The winner from the Roadeo, Michael Burnett, will be representing Lextran at the APTA International Bus Roadeo. Seven Wheels driver trainees in attendance were recognized.

Mr. Combs presented the Monthly Performance Report for August 2023, which can be found on pages 13-18 of the September 2023 board packet.

HIGHLIGHTS FOR AUGUST:

- Lextran launched the bus stop sign replacement project and installed new signs on five routes.
- Mercedes Harn, a local artist and FCPS teacher, was selected as the winner of the 2023 Bus Shelter Design Contest, held in conjunction with Councilmember Reynolds' office.

- Lextran staff attended several local events such as the EDA Recompete Grant Discussion, State of the Schools Leadership Breakfast, KPTA Conference, and KYSHRM Conference.

Mr. Combs shared a commendation from a customer regarding Lextran's system. Commendations were also received for Bus Operators Roy Campbell Jr, Halima Williams, and Ayman Froukh.

Mr. Combs noted ridership at roughly 345,000 fixed-route trips in August. Fixed-route ridership increased by 53 percent compared to the previous month and by 21 percent compared to August 2022 with increased ridership on routes 9 - Eastland, 14 – UK Blue and UK White, and 18 – Centre Parkway Connector. Paratransit ridership was nearly 15,000 trips in August. Lextran and RATP Dev staff are auditing paratransit ridership data for accuracy and working with Ecolane to ensure that what was happening in the field was being represented accurately in the system. This will help ensure companions, kids, and personal care assistants are counted in ridership and the Ecolane system correct windows for on-time performance. A regular audit of data for both fixed routes and paratransit is due to the FTA National Transit Database in October. The results of the NTD data audit should be ready to be shared at the November Board Meeting.

Jamie Rodgers asked about the EDA Recompete Grant, and Mr. Combs stated that Lextran was a partner and supported the intent of the grant application, to increase employment engagement in healthcare and help remove the transportation barrier.

Ms. Rodgers asked about the increase in ridership data for August. Mr. Combs shared that ridership increased around health care and shopping centers.

On-time performance was recalculated after the Avail upgrade and headway trips were found to be incorrectly included in the on-time performance calculation. There was a note in the Board Packet where on-time performance had been adjusted for accuracy.

In August, there were three preventable accidents on fixed-route and two preventable accidents on paratransit. Safety and preventable accidents were 1.74 per 100,000 miles in the fixed-route system and 1.90 per 100,000 miles in paratransit. There were two workers' compensation claims in August and a total of three YTD which was lower than FY23 YTD number of seven claims.

Lextran operated 11,770 miles between road calls in August. The YTD number of miles between road calls was approximately 2,000 miles higher than last year. Maintenance completed 52 of the 52 preventive maintenance inspections on time. Mr. Dowell asked about the miles between road calls and Mr. Withrow commented that mechanics have been doing a great job keeping up with the necessary work.

FINANCIAL REPORT

Ms. Nikki Falconbury presented the August 2023 Finance Report, found on pages 19-20 of the September 2023 board packet.

Ms. Falconbury reported operating cash for August was strong. In September, Lextran will be paying for new buses and operating cash will be going down until the reimbursement comes in from the FTA. Property taxes were about $22,000 over budget and will start going up in the next six weeks. Passenger revenue was up from this time last year and was over budget. Materials and supplies, wages and fringe benefits were all within budget. The professional services line was under budget due to timing. Diesel fuel averaged $3.08 for the month of August, which was higher than the YTD average cost of $2.82. However, it was about one dollar lower than last July and August. CNG diesel gallon equivalent was $1.69. Paratransit expenses were as expected with the new contract.

Mr. Motley asked about state funding. Ms. Falconbury stated that the toll credits from the state in the past were lost and now Lextran receives a match for grant money that should be around $1.1 million.

VI. ACTION ITEMS

A. **Resolution to Award a Contract for Hybrid Battery Replacement (Resolution 2023-17)**

Ms. Falconbury presented Resolution 2023-17, requesting the authority to enter into a contract for equipment and services related to the replacement of hybrid batteries for Lextran's revenue vehicle fleet.

RFP 2023-04 was issued on May 8, 2023, with proposals received on August 24, 2023. A staff evaluation committee reviewed and approved the proposal for compliance and responsiveness. Responsive proposal was received from one (1) qualified proposer, Clarke Power Services, Inc.

The term of the contract awarded will be for one (1) year with the option to extend the contract for one (1) additional year.

Mr. Ward asked about the proposed pricing and frequency of replacement. Mr. Withrow said two to three have been replaced in the past two years and Lextran has six hybrid vehicles total. Mr. Withrow estimated there will be three replacements at the most over the next two years. Ms. Falconbury added that this was budgeted as a part of preventive maintenance in the Capital Plan. Mr. Dowell asked about the potential reasons for having only one proposer. Mr. Withrow said that there was only one factory certified installer in our area, although we did reach out to other vendors in nearby areas.

Mr. Ward asked how the prices from this procurement compared with previous prices. Mr. Withrow responded that they were close to previous prices and that the increase in price was not as large as he had expected.

Mr. Ward made a motion to approve Resolution 2023-17, seconded by Mr. Motley. The motion passed unanimously.

VII. CHANGE ORDER REPORT

There was no change order report.

VIII. OLD BUSINESS

There was no old business.

IX. NEW BUSINESS

A. Route 12 – Leestown Road Service Adjustment for the VA Medical Center

Mr. Combs presented the changes to Route 12 – Leestown Road.

In 2020, during the COVID shutdowns, the VA Medical Center requested Lextran cease service to the stop on their campus. At that time, Lextran installed a new stop on Leestown Road.

Mr. Combs reported having recent conversations with the VA Medical Center staff about bringing the fixed-route service back on the VA Medical Center campus.

Beginning on Monday, October 23, 2023, service will be restored on the VA Medical Center campus for a portion of the day. This solution would allow four trips to the campus in the morning and four in the evening, Monday through Friday. The remaining 17 trips will continue to operate on Opportunity way. All trips will continue to serve existing stops on Leestown Road including the additional stop in front of the VA Medical Center.

Mr. Motley asked about the conditions as to why this happened originally. Mr. Combs said that due to COVID testing and rerouting the traffic on their property, it made it difficult for the bus to continue servicing that stop. The stop on-campus was a more helpful and comfortable area for patrons of the VA. The stop on Leestown Road will remain for others who want to use it. Operationally, time will need to be found elsewhere in order to add the service on all trips.

Mr. Dowell asked whether all trips would service Opportunity Way. Mr. Combs said that the route will not be servicing Opportunity Way when it services the VA Medical Center. Mr. Dowell also asked how Route 52 was affected by the service plan and was advised that Route 52, a night combo route, would not change.

Mr. Ward asked whether the users of the stop were mostly employees or passengers. Mr. Combs stated throughout the day there will be patients, and paratransit will always serve those eligible as an additional option. There will likely be staff as well, but the conversation with the VA focused more on patients.

B. Wheels Rider Guide

Mr. Combs shared the Wheels Rider Guide. This outline of the program will have key information about using the service. It includes riding basics, eligibility, code of conduct, a

Title VI notice, and service area map. The goal of the guide was to provide clarity on the specific procedures of trip negotiation, no-show policies, and personal belongings. The document outlined the responsibilities of passengers and Wheels drivers to eliminate confusion that may be occurring.

The document will be available on the website and translations were available upon request. Passenger eligibility recertification must occur, at most, every three years. Mr. Dowell asked whether we reach out to the riders to let them know they need recertification. Mr. Combs stated that ADA Ride was responsible for recertifications, and this document will clarify expectations.

Mr. Ward asked about how common no-shows are and about the consequences for no-shows. Mr. Combs said they are very common, and they are subject to suspensions that occur based on the number of no-shows. Byron Robinson, RATP Dev General Manager, stated that five in a 30-day period will result in a consequence. Catherine Moran, Lextran Compliance Specialist, added that there will be a courtesy letter sent prior to any suspension.

Mr. Dowell asked about the process RATP-Dev uses to notify passengers of their scheduled rides. Mr. Robinson said the system gives reminder calls so long as their phone number was updated in the system. Mr. Motley asked to clarify the no-show window, and Ms. Moran stated that late cancellations with less than a two-hour notice will be considered a no-show. Mr. Robinson stated that RATP-Dev had been courtesy calling those with difficulty remembering appointments. Mr. Dowell asked a clarifying question about the trip notifications and Mr. Robinson responded that the call was automated. Mr. Ward noted similar solutions in other areas such as doctors' offices and barber shops that also have automated notification communications. Mr. Motley commented that the Rider Guide would be a good tool to highlight these issues.

Mr. Ward asked Mr. Robinson about his experience at RATP Dev so far. Mr. Robinson stated that it had been going well and he had been implementing improvements and a continued focus on hiring. Mr. Robinson stated that Wheels was nearly fully staffed and that improvements should continue in the future.

X. PROPOSED AGENDA ITEMS

Ms. Zamora reviewed the proposed agenda items:

A. Resolution – Kentucky Deferred Comp, Updated Joinder Agreement
   Ms. Falconbury stated that Lextran was waiting for a new General Manager to be named before bringing the resolution to the Board of Directors.

B. Resolution – Drug & Alcohol Policy Update

Ms. Falconbury stated that after the ongoing FTA review, there will be minor changes to the Drug & Alcohol Policy that will need to be brought before the Board of Directors.

C. Resolution – Electrician Services
Ms. Falconbury stated that Lextran did not receive any bids for Electrician Services

D. Resolution – Paratransit Eligibility Assessments (November)
Ms. Falconbury described the Paratransit Eligibility Assessments procurement and that the current contract expires at the end of December. Mr. Dowell asked if this contract was going to be an extension of the existing contract. Ms. Falconbury replied that there were no extensions remaining on the existing contract, so this resolution would be for a new contract.

E. Review of Fiscal Year 2023 Audited Financial Statements
Ms. Falconbury described the recent audit process and that the auditors would be reviewing the results of the audit with the Board of Directors in October.

Mr. Motley asked about the electrician services and why we did not get any proposers. Stephanie Hoke stated that the RFP was to keep a contract for on-call services. This was the second RFP that received no bids. The Finance Department had been in contact with local electricians and some previous vendors to ensure that there was no issue with the scope of service. Those companies expressed an issue with staffing and capacity to handle an on-call account.. Electrician services under contract would still be scheduled out normally, apart from emergency services. Mr. Ward suggested that the emergency response time may be an issue for potential proposers. Ms. Hoke stated that no one had commented on the emergency response time being the issue, but there could be a change to the scope.

XI. CLOSED SESSION

There was no closed session.

XII. ADJOURNMENT

Mr. Dowell declared the meeting adjourned. The meeting adjourned at 10:54 a.m.

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

A Component Unit of the Lexington-Fayette
Urban County Government

FINANCIAL STATEMENTS
June 30, 2023

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

FINANCIAL STATEMENTS
June 30, 2023

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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 Lexington-Fayette Urban County Government, as of and for the year ended June 30, 2023, and the fiduciary activities as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the fiduciary activities as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in the Authority's Net Pension Liability (Asset), the Schedule of Employer Contributions – Pension Plan, and the Schedule of Annual Money-Weighted Rate of Return on Pension Plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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.

(Continued)

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 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. 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 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 combining statement of net position (proprietary fund) and combining statement of revenues, expenses and changes in net position (proprietary fund) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2023, 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 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 Authority's 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 LLP

Crowe LLP

Lexington, Kentucky
September 26, 2023

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, 2023.

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. In a 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 as of the preceding December 31st of each year. 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, 2023, 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, 2023 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 - 32 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.

(Continued)

AUTHORITY ACTIVITIES AND FINANCIAL HIGHLIGHTS

- The net position of the Authority increased by $21,187,000 during the year to $83,056,000.
- Total revenues earned by the Authority was approximately $52,306,000.
- Total expenses incurred by the Authority was approximately $31,119,000.
- Common operating statistical data is shown below:

	2023	Change	2022
Unlinked passenger trips	3,667,531	767,689	2,899,842
Vehicle revenue miles	3,057,137	53,902	3,003,235
Vehicle revenue hours	288,965	12	288,953

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 $83,056,000 at June 30, 2023, an approximately $21,187,000 increase from June 30, 2022.

	2023	2022	Change from 2022	% Change from 2022
ASSETS				
Current assets	$ 45,618,000	$ 27,393,000	$ 18,225,000	67%
Noncurrent assets:				
Cash – restricted	-	698,000	(698,000)	(100)
Notes receivable	-	8,355,000	(8,355,000)	(100)
Net capital assets	37,465,000	37,969,000	(504,000)	(1)
Net pension asset	621,000	3,754,000	(3,133,000)	(83)
Total assets	83,704,000	78,169,000	5,535,000	7
Deferred outflows of resources	2,472,000	1,576,000	896,000	57
Total assets and deferred outflows of resources	$ 86,176,000	$ 79,745,000	$ 6,431,000	8%

(Continued)

FINANCIAL POSITION SUMMARY - PROPRIETARY FUND (Continued)

	2023	2022	Change from 2022	% Change from 2022
LIABILITIES				
Current liabilities	$ 1,391,000	$ 1,093,000	$ 298,000	27%
Noncurrent liabilities	360,000	12,951,000	(12,591,000)	(97)
Total liabilities	1,751,000	14,044,000	(12,293,000)	(88)
Deferred inflows of resources	1,369,000	3,832,000	(2,463,000)	(64)
Total liabilities and deferred Inflows of resources	$ 3,120,000	$ 17,876,000	$ (14,756,000)	(83)%
NET POSITION				
Net investment in capital assets	$ 37,465,000	$ 25,994,000	$ 11,471,000	44
Unrestricted	45,591,000	35,875,000	9,716,000	27
Total net position	$ 83,056,000	$ 61,869,000	$ 21,187,000	34%

Total assets increased approximately $5,535,000 due in part to the following:

- Current assets increased primarily due to timing of grant receivables and increase of cash primarily due to receipts of grant funding.
- Decrease in notes receivable of $8,355,000.
- Decrease in net pension asset of approximately $3,133,000.

Total liabilities decreased approximately $12,294,000 due in part to the following:

- Noncurrent liabilities decreased primarily due to forgiveness of the notes payable.

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 (approximately 45% at June 30, 2023) 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 (approximately 55% at June 30, 2023) may be used to meet any of the Authority's ongoing obligations.

(Continued)

CAPITAL ASSETS

At June 30, 2023, the Authority had approximately $37,464,786 invested in capital and other related assets, a decrease of approximately $504,000 or (1%) from 2022. At June 30, 2022, the Authority had approximately $37,969,000 invested in capital and other related assets. Major additions for the past two years include:

For the year ended June 30, 2023:	
• Bus and charger purchases	$ 2,463,000
• Paratransit vehicles	471,000
• Bus shelters	249,000
• Radio & equipment purchases	34,000
	$ 3,217,000
For the year ended June 30, 2022:	
• Bus and charger purchases	$ 2,200,000
• Bus shelters	205,000
• Radio & equipment purchases	188,000
	$ 2,593,000

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.

A summary of changes in capital assets as of June 30, 2023 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 1,705,671	$ -	$ -	$ -	$ 1,705,700
Transit Center easement	2,873,162	-	-	-	2,873,162
Construction in process	402,409	-	-	(402,409)	-
Total capital assets not being depreciated	4,981,242	-	-	(402,409)	4,578,862
Depreciable capital assets:					
Motor coaches and vans	34,797,852	2,463,090	-	(4,620)	37,256,321
Buildings	27,920,486	14,879	(6,886)	-	27,928,478
Paratransit vehicles	-	471,227	-	-	471,227
Equipment and fixtures	7,617,801	268,322	(186,192)	-	7,699,933
Total depreciable capital assets	70,336,139	3,217,518	(193,078)	(4,620)	73,355,959
Less accumulated depreciation	37,347,928	(3,308,349)	186,192	-	(40,470,085)
Total capital assets being depreciated	32,988,211	(90,831)	(6,886)	(4,620)	32,885,924
Net capital assets	$ 37,969,453	$ (90,831)	$ (6,886)	$ (407,029)	$ 37,464,786

(Continued)

CAPITAL ASSETS (Continued)

A summary of changes in capital assets as of June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 1,705,671	$ -	$ -	$ -	$ 1,705,671
Transit Center easement	2,873,162	-	-	-	2,873,162
Construction in process	416,019	-	-	(13,610)	402,409
Total capital assets not being depreciated	4,994,852	-	-	(13,610)	4,981,242
Depreciable capital assets:					
Motor coaches and vans	32,756,203	2,208,544	(171,515)	4,620	34,797,852
Buildings	27,709,709	210,777	-	-	27,920,486
Equipment and fixtures	7,404,393	217,326	(12,908)	8,990	7,617,801
Total depreciable capital assets	67,870,305	2,636,647	(184,423)	13,610	70,336,139
Less accumulated depreciation	34,503,211	3,029,140	(184,423)	-	37,347,928
Total capital assets being depreciated	33,367,094	(392,493)	-	13,610	32,988,211
Net capital assets	$ 38,361,946	$ (392,493)	$ -	$ -	$ 37,969,453

NOTES PAYABLE

Total notes payable at June 30, 2023 was $0. The balance previously consisted 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 2023:

Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
$ 12,673,400	$ -	$(12,673,400)	$ -	$ -

(Continued)

SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION – PROPRIETARY FUND

	2023	2022	Change from 2022	% Change from 2022
Operating revenues	$ 4,247,000	$ 3,827,000	$ 420,000	11%
Operating expenses	(31,728,000)	(26,171,000)	(5,557,000)	21
Loss before depreciation and non-operating revenue and expense	(27,481,000)	(22,344,000)	(5,137,000)	23
Depreciation	(3,308,000)	(3,029,000)	(279,000)	9
Loss before non-operating revenue and expense	(30,789,000)	(25,373,000)	(5,416,000)	21
Non-operating revenue and expense	50,571,000	27,722,000	22,849,000	82
Gain before capital contributions	19,782,000	2,348,000	17,433,000	743
Capital contributions	1,405,000	2,234,000	(829,000)	(37)
Change in net position	$ 21,187,000	$ 4,583,000	$ 16,604,000	(362)%

REVENUE – PROPRIETARY FUND

A summary of revenues for the year ended June 30, 2023, and the amount and percentage of change in relation to prior year amounts is as follows:

	2023	2022	Change from 2022	% of Total	% Change from 2022
Operating:					
Passenger fares	$ 3,627,000	$ 3,312,000	$ 315,000	6%	10%
Advertising	355,000	297,000	58,000	1	20
Other	265,000	218,000	47,000	0	22
Total operating	4,247,000	3,827,000	420,000	7	11
Non-operating revenues:					
Property taxes	22,738,000	21,028,000	1,710,000	40	8
Federal assistance	22,356,000	5,505,000	16,851,000	40	306
Local assistance	-	180,000	(180,000)	0	(100)
State assistance	1,560,000	1,214,000	346,000	3	29
Other gain from NMTC	3,916,000	-	3,916,000	7	100
Total non-operating	46,654,000	27,927,000	18,727,000	83	67
Capital contributions	1,405,000	2,234,000	(829,000)	3	(37)
Total revenues	$ 52,306,000	$ 33,988,000	$ 18,318,000	100%	54%

(Continued)

REVENUE – PROPRIETARY FUND (Continued)

Non-operating revenues decreased approximately $18,727,000 due in part to the following:

- Federal assistance increased approximately $16,851,000 due to the receipt and use of ARPA funding and timing of other federal grant execution an expenditures.

- Property tax revenues received from the mass transit tax increased approximately $1,710,000.

EXPENSES – PROPRIETARY FUND

A summary of expenses for the year ended June 30, 2023, and the amount and percentage of change in relation to prior year amounts is as follows:

	2023	2022	Change from 2022	% of Total	% Change from 2022
Operating:					
Operations	$ 22,135,000	$ 17,971,000	$ 4,164,000	64%	23%
Maintenance	4,932,000	4,043,000	889,000	14	22
General and administrative	4,241,000	3,598,000	643,000	12	18
Non-vehicle	414,000	559,000	(145,000)	1	(26)
Depreciation and amortization	3,308,000	3,029,000	279,000	9	9
Total operating	35,030,000	29,200,000	5,830,000	100	20
Non-operating:					
Gain from sale of capital assets	(2,000)	(10,000)	8,000	0	(80)
New market tax credit Transaction fees	-	216,000	(216,000)	0	(100)
Total non-operating	(2,000)	206,000	(208,000)	0	(100)
Total expenses	$ 35,028,000	$ 29,406,000	$ 5,672,000	100%	19%

Operating expenses increased approximately $5,830,000 due in part to the following:

- Expense related to operations increased by approximately $5,830,000 due to the rising cost of diesel fuel and wages as well as increased costs due to a change in paratransit contact during the fiscal year.

The increase in net position for fiscal year 2023 was approximately $21,187,000 as compared to an increase of approximately $4,583,000 in 2022.

(Continued)

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.

	2023	2022	Change from 2022	% Change from 2022
Operating activities	$ (27,235,000)	$ (24,904,000)	$ (2,331,000)	9%
Noncapital financing activities	42,220,000	33,839,000	8,381,000	25
Capital and related financing activities	(1,799,000)	(604,000)	(1,195,000)	198
Net change in cash	13,186,000	8,331,000	4,855,000	58
Cash, beginning of year	25,084,000	16,753,000	8,331,000	50
Cash, end of year	$ 38,270,000	$ 25,084,000	$ 13,186,000	53%

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

CURRENT OUTLOOK

Fiscal year 2021 was significantly impacted by the COVID-19 pandemic. Lextran temporarily suspended collecting passenger fares in March 2020, similar to many transit agencies nationwide, due to social distancing guidelines and an in effort to protect operators by limiting close contact with customers. The temporary suspension of fares ended in January 2021. Fiscal year 2022 began to see an increase in ridership; however it has remained well below ridership in previous years. In fiscal 2023, ridership continued to inch upward, though still below pre-pandemic levels. Several unknowns remain - such as the likelihood of increased ridership moving forward, the impacts of the rising cost of diesel fuel and the increased cost of a new paratransit contractor.

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, 2023

ASSETS	
Unrestricted current assets:	
Cash	$ 38,270,317
Receivables:	
Trade	300,885
Federal and local grants	4,103,514
Commonwealth of Kentucky	1,876,023
Property taxes	203,667
Inventories of repair parts and fuel	834,812
Prepaid expenses	27,460
Total current assets	45,616,678
Unrestricted noncurrent assets:	
Nondepreciable capital assets	4,578,862
Depreciable capital assets	73,356,009
Accumulated depreciation	(40,470,085)
Depreciable capital assets, net	32,885,924
Net pension asset	621,455
Total noncurrent assets	38,086,241
Total assets	83,702,919
Deferred outflows of resources - pension	2,472,657
Total assets and deferred outflows of resources	$ 86,175,576
LIABILITIES	
Current liabilities:	
Trade accounts payable	$ 871,411
Accrued expenses	365,281
Compensated absences	153,669
Total current liabilities	1,390,361
Noncurrent liabilities:	
Compensated absences	359,875
Total noncurrent liabilities	359,875
Total liabilities	1,750,236
Deferred inflows of resources - pension	1,368,703
Total liabilities and deferred inflows of resources	3,118,939
NET POSITION	
Net investment in capital assets	37,464,786
Unrestricted	45,591,851
Total net position	83,056,637
Total liabilities, deferred inflows of resources and net position	$ 86,175,576

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, 2023

Operating revenues	
Passenger fares	$ 3,627,175
Advertising	355,271
Fuel tax refunds and other	264,789
Total operating revenues	4,247,235
Operating expenses	
Operations	22,135,019
Maintenance	4,932,061
General and administrative	4,246,654
Non-vehicle	413,915
Depreciation and amortization	3,308,349
Total operating expenses	35,035,998
Operating loss	(30,788,763)
Non-operating revenues (expenses)	
Property taxes	22,738,002
Federal assistance	22,355,680
State assistance	1,559,509
Other gain from NMTC	3,915,991
Gain on disposal of capital assets	1,912
Total non-operating revenues (expenses)	50,571,094
Gain before capital contributions	19,782,331
Capital contributions:	
Federal contributions	1,405,129
Total capital contributions	1,405,129
Change in net position	21,187,460
Net position, beginning of year	61,869,177
Net position, end of year	$ 83,056,637

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, 2023

Cash flows from operating activities	
Cash received from passengers and service contracts	$ 4,360,941
Cash payment to suppliers for goods and services	(15,006,218)
Cash payments to employees for services	(16,589,265)
Net cash flows from operating activities	(27,234,542)
Cash flows from noncapital financing activities	
Federal assistance	18,508,538
State assistance	996,338
Property taxes	22,715,710
Net cash flows from noncapital financing activities	42,220,586
Cash flows from capital and related financing activities	
Capital contributions	1,405,129
Proceeds from sale of capital assets	13,339
Purchases of capital assets	(3,217,518)
Net cash flows from capital and related financing activities	(1,799,050)
Net change in cash	13,186,994
Cash, beginning of year	25,083,323
Cash, end of year	$ 38,270,317
Operating loss	$ (30,788,763)
Adjustments to reconcile loss from operations to cash used in operating activities:	
Depreciation and amortization	3,308,349
Change in assets and liabilities:	
Trade receivables	113,706
Inventories of maintenance parts and fuel	(19,583)
Prepaid expenses	1
Net pension asset	3,132,311
Deferred outflows of resources	(896,273)
Accounts payable	224,164
Accrued expenses	53,116
Compensated absences	101,984
Deferred inflows of resources	(2,463,554)
Net cash used in operating activities	$ (27,234,542)

See accompanying notes to financial statements.

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
December 31, 2022

ASSETS	
Cash and cash equivalents	$ 504,936
Interest and dividends receivable	43,824
Contributions receivable	66,786
Investments, at fair value	
U.S. government obligations	979,966
Corporate bonds	3,418,539
Corporate stocks	8,300,083
Mutual funds	4,309,084
Total investments, at fair value	17,007,672
Total assets	$ 17,623,218
NET POSITION	
Net position restricted for pensions	$ 17,623,218

See accompanying notes to financial statements.

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
Year ended December 31, 2022

Additions	
Contributions	
Employer	$ 382,501
Plan members	444,429
Total contributions	826,930
Investment earnings	
Net appreciation in fair value of investments	(2,835,055)
Interest and dividend income	345,545
Total investment income	(2,489,510)
Total additions	(1,662,580)
Deductions	
Benefit payments	836,554
Administrative expenses	5,000
Total deductions	841,554
Net increase in net position	(2,504,134)
Plan net position, beginning of the year	20,127,351
Plan net position, end of the year	$ 17,623,217

See accompanying notes to financial statements.

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. As of June 30, 2023, neither the Foundation or Lextran Real Properties have any assets or liabilities.

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.

(Continued)

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, 2022.

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.

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.
- *UK Partnership Agreement* - 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, 2023, total revenue recognized by the Authority was $2,461,363.
- *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 42% of total 2023 revenues. The Authority relies on property taxes for operations and capital acquisitions. Property tax revenues represented approximately 40% of total revenues in 2023.

(Continued)

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2023, the accompanying financial statements reflect property taxes receivable of $203,667. 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.

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 along with local matching funds. 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. At times, the Authority may receive donated capital or other related assets from other organizations or governments. Those assets are initially reported at their acquisition value, which approximates their appraised value, and are depreciated over their remaining useful lives.

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.

(Continued)

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	$ 411,560	$1,101,693	$ (999,709)	$ 513,544	$ 153,669

The total non-vested portion of sick leave amounted to $504,482 as of June 30, 2023.

Net Pension Asset: The Authority has recorded a net pension asset 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 asset, 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, 2023. Settlements have not exceeded insurance coverage for the three years ended June 30, 2023. 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

(Continued)

NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contingencies: As of June 30, 2023, the Authority had not received the final project closeout for all grants for the year ended June 30, 2023. A final project closeout represents that the project has been completed and totally funded with final approval by the Federal Transit Administration. 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.

Adoption of New Accounting Pronouncements: For the year ended June 30, 2023, the Authority adopted the following accounting pronouncements:

- GASB Statement No. 91, *Conduit Debt Obligations*, was adopted with no impact on the financial statements.
- GASB Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was adopted with no impact on the financial statements.
- GASB Statement No. 96, *Subscription Based Information Technology Arrangements*, was adopted with no impact on the financial statements.
- GASB Statement No. 99, *Omnibus*, was adopted with no impact on the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

As of June 30, 2023, the Authority had cash balances totaling $38,270,000, all of which is unrestricted.

As of June 30, 2023, the Authority held no investments, as all deposits were classified as cash and cash equivalents.

Custodial Credit Risk: All of the Authority's deposits are either insured or collateralized. At June 30, 2023, the carrying amount of the Authority's deposits was approximately $38,270,000 and the bank balance was approximately $38,458,000. 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.

(Continued)

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

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.

NOTE 3 – CAPITAL AND OTHER RELATED ASSETS

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	$ 1,705,700	$ -	$ -	$ -	$ 1,705,700
Transit Center easement	2,873,162	-	-	-	2,873,162
Construction in process	402,409	-	-	(402,409)	-
Total capital assets not being depreciated	4,981,271	-	-	(402,409)	4,578,862
Depreciable capital assets:					
Motor coaches and vans	34,797,851	2,463,090	-	(4,620)	37,256,321
Buildings	27,920,485	14,879	(6,886)		27,928,478
Paratransit vehicles	-	471,227	-	-	471,227
Equipment and fixtures	7,617,803	268,322	(186,192)	-	7,699,933
Total depreciable capital assets	70,336,139	3,217,518	(193,078)	(4,620)	73,355,959
Less accumulated depreciation	(37,347,928)	(3,308,349)	186,192	-	(40,470,085)
Total capital assets being depreciated	32,988,211	(90,831)	(6,886)	(4,620)	32,885,874
Net capital assets	$ 37,969,482	$ (90,831)	$ (6,886)	$ (407,029)	$ 37,464,736

(Continued)

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 expired in September 2018, and the Authority entered into a new five year agreement to provide fuel at a firm fixed price based on the daily rack average Oil Price Information Service's (OPIS) for the Lexington, Kentucky region. OPIS is an independent third-party that provides daily spot price assessments for refined oil products.

NOTE 5 – 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. Upon expiration, a new lease agreement with The Goodyear Tire and Rubber Company was entered into effective January 2021 through December 2025 with two one-year extension options and is also variable and based upon monthly revenue vehicle mileage. For the year ended June 30, 2023, total tire lease expense was $86,165. GASB Statement No. 87, *Leases*, is not applicable for this lease since the payments are variable.

NOTE 6 – NOTES PAYABLE

During 2015, the Authority issued notes payable in an aggregate amount of $22,173,400. Of the total, $9,500,000 was a note issued by a bank and $12,673,400 related to notes issued by community development entities in conjunction with the NMTC transaction. During the year ending June 30, 2021, the Authority paid off the remaining balance of the note issued by the bank. During 2022, the put/call options related to the notes issued by the community development entities were exercised as the end of the seven-year compliance period. See Note 9 for additional information on the NMTC transaction. All notes were issued to finance the construction of the new headquarters facility. The following is a summary of the changes in the principal amounts of notes payable during 2023:

Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
$ 12,673,400	$ -	$(12,673,400)	$ -	$ -

In July 2022, the options described above were exercised, accordingly as of the close date of the options the Authority owned the $8,730,000 in notes due from Lextran Real Properties to Community Ventures and the Foundation owned the $3,943,400 in notes due from Lextran Real Properties to AMCREF and CHHS. As a result of these transactions, no principal payments were made on the $12,673,400 in notes, the notes were fully forgiven, and approximately $4,165,000 of interest payments were relieved. The Authority also realized a non-cash gain of $3,916,000 in the year ended June 30, 2023, and Lextran Real Properties and the Foundation had no remaining assets or liabilities.

(Continued)

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.

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 December 31, 2022:

	Fair Value Measurements as of December 31, 2022		
	Level 1	Level 2	Level 3
Investments at fair value			
U.S. government obligations	$ -	$ 979,966	$ -
Corporate bonds	-	3,418,539	-
Corporate stocks	8,300,083	-	-
Mutual funds	4,309,084	-	-
Total investments by fair value level	$ 12,609,167	$ 4,398,505	$ -

(Continued)

NOTE 7 – FIDUCIARY FUND (Continued)

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.

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, 2022, the carrying amount and bank balance of the Authority’s deposits was approximately $505,000.

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, 2022, 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, 2022, the Plan held no investments from a single issuer that exceeded 5% or more of the total investments.

(Continued)

NOTE 7 – FIDUCIARY FUND (Continued)

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 December 31, 2022 are listed below:

Investment	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years	S&P Rating	Fair Value
U.S. government obligations	$ 979,966	$ -	$ -	$ -	$ 979,966	AA+	$ 119,505
Corporate bonds	3,418,539	714,954	2,347,312	105,569	250,704	AA-	-
	$ 4,398,505	$ 714,954	$ 2,347,312	$ 105,569	$1,230,670	A+	-
						A	436,372
						A-	741,307
						BBB+	916,460
						BBB	954,191
						BBB-	250,704
						NR	979,966
							$ 4,398,505

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.

At June 30, 2023, the following employees were covered by the benefit terms:

- Inactive employees or beneficiaries currently receiving benefits 71
- Inactive employees entitled to but not yet receiving benefits 99
- Active employees 179

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. Effective October 1, 2011, 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 and after, the employee contribution is $1.22 per hour. Effective October 1, 2011, the Authority contributed $.95 per hour for full-time participants. Effective July 1, 2017, the employer contribution rate increased to $1.05 per hour for full time participants. The projection of benefits does not explicitly incorporate the potential effects of legal or contractual funding limitations.

(Continued)

NOTE 8 – RETIREMENT PLANS (Continued)

Net Pension Asset: The Authority's net pension asset was measured as of January 1, 2023 and the total pension liability used to calculate the net pension asset 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:

Cost method	Entry Age Normal Cost
Investment rate of return	6.0%
Assumed hours contributed on	320,000
Mortality rates	PubG-2010 Table with MP-2019
Salary growth rate	Not applicable
Inflation rate	None

Changes in Assumptions: Since the prior measurement date the only change affecting the measurement of the total pension liability was a change in investment rate of return.

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

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

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 -12.4%.

Discount Rate: The discount rate used to measure the total pension asset was 6.0 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.

(Continued)

NOTE 8 – RETIREMENT PLANS (Continued)

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balances at January 1, 2022	$ 16,373,585	$ 20,127,351	$ (3,753,766)
Changes for the year:			
Service cost	702,773	-	702,773
Interest	978,401	-	978,401
Differences between expected and actual experience	(216,443)	-	(216,443)
Contributions – employer	-	385,501	(382,501)
Contributions – employee	-	444,429	(444,429)
Net investment income	-	(2,489,510)	2,489,510
Benefit payments, including refunds of employee contributions	(816,554)	(816,554)	-
Assumption change	-	-	-
Administrative expense	-	(5,000)	5,000
Net changes	628,177	(2,504,134)	3,132,311
Balance at December 31, 2022	$ 17,001,762	$ 17,623,217	$ (621,455)

Sensitivity of the Net Pension Asset to Changes in the Discount Rate: The following presents the net pension liability or asset of the Authority, calculated using the discount rate of 6.0 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 (5.0 percent) or 1-percentage point higher (7.0 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Authority's net pension asset	$ 1,479,473	$ (621,455)	$ (2,373,078)

Pension Plan Fiduciary Net Position: The net position of the fiduciary fund was $17,623,217 at December 31, 2022. More detailed information about the fiduciary fund is included Note 7 of the financial statements. The plan does not present separately audited financial statements.

(Continued)

NOTE 8 – RETIREMENT PLANS (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2023, the Authority recognized pension expense of $199,168. At June 30, 2023, 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	$ -	$ 1,368,703
Changes of assumptions	1,132,433	-
Net difference between projected and actual earnings on pension plan investments	1,119,401	-
Total to be amortized over time	2,251,834	1,368,703
Authority contributions subsequent to the measurement date	220,823	-
Total deferred amounts	$ 2,472,657	$ 1,368,703

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date of $220,823 will be recognized as a reduction of the net pension asset in the year ended June 30, 2023. A twelve-year average remaining services life is used to amortize the remaining deferred inflows and outflows of resources. The remaining 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:	
2024	$ (216,491)
2025	132,606
2026	346,654
2027	701,824
2028	(22,903)
Thereafter	(58,559)
	$ 883,131

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, 2023, employee contributions totaled $139,370, and the Authority recognized employer contribution expense of $28,634. At June 30, 2023, the Authority had no outstanding liability for employer contributions.

(Continued)

NOTE 8 – RETIREMENT PLANS (Continued)

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.

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.

(Continued)

NOTE 9 – NEW MARKET TAX CREDITS (Continued)

- The Authority 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. 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.

In July 2022, the options described above were exercised, accordingly as of the close date of the options the Authority owned the $8,730,000 in notes due from Lextran Real Properties to Community Ventures and the Foundation owned the $3,943,400 in notes due from Lextran Real Properties to AMCREF and CHHS. As a result of these transactions, no principal payments were made on the $12,673,400 in notes, the notes were fully forgiven, and approximately $4,165,000 of interest payments were relieved. The Authority also realized a non-cash gain of $3,916,000 in the year ended June 30, 2023, and Lextran Real Properties and the Foundation had no remaining assets or liabilities.

NOTE 10 – CONDENSED COMBINING INFORMATION

The following summarizes the combining information for the statement of net position as of June 30, 2023:

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Current assets	$ 45,616,678	$ -	$ -	$ -	$ 45,616,678
Capital assets	37,464,786	-	-	-	37,464,786
Other assets	621,455	-	-	-	621,455
Deferred outflows	2,472,657	-	-	-	2,472,657
Total assets and deferred outflows	86,175,576	-	-	-	86,175,576
Current liabilities	1,390,361	-	-	-	1,390,361
Noncurrent liabilities	359,875	-	-	-	359,875
Deferred inflows	1,368,703	-	-	-	1,368,703
Total liabilities and deferred inflows	3,118,939	-	-	-	3,118,939
Net position					
Net investment in capital assets	37,464,786	-	-	-	37,464,786
Unrestricted	45,591,851	-	-	-	45,591,851
Total net position	$ 83,056,637	$ -	$ -	$ -	$ 83,056,637

(Continued)

NOTE 10 – CONDENSED COMBINING INFORMATION (Continued)

The following summarizes the combining information for the statement of revenues, expenses, and changes in net position for the year ended June 30, 2023:

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Operating revenues					
Passenger fares	$ 3,626,175	$ -	$ -	$ -	$ 3,627,175
Advertising	355,271	-	-	-	355,271
Fuel tax refunds and other	261,540	-	3,249	-	264,789
Total operating revenues	4,243,986	-	3,249	-	4,247,235
Operating expenses					
Operating expenses	31,664,208	697,579	274,087	(908,225)	31,727,649
Depreciation and amortization	3,308,349	-	-	-	3,308,349
Total operating expenses	34,972,557	697,579	274,087	(908,225)	35,035,998
Operating income (loss)	(30,728,571)	(697,579)	(270,838)	908,225	(30,788,763)
Non-operating revenues (expenses)					
Property taxes	22,738,002	-	-	-	22,738,002
Federal assistance	22,355,680	-	-	-	22,355,680
State assistance	1,559,509	-	-	-	1,559,509
Other gain from NMTC	5,026,210	(201,994)	-	(908,225)	3,915,991
Gain from sale of capital assets	1,912	-	-	-	1,912
Total non-operating revenues (expenses)	51,681,313	(201,994)	-	(908,225)	50,571,094
Capital contributions	1,405,129	-	-	-	1,405,129
Change in net position	22,357,871	(899,573)	(270,838)	-	21,187,460
Net position, beginning of year	60,698,766	899,573	270,838	-	61,869,177
Net position, end of year	$ 83,056,637	$ -	$ -	$ -	$ 83,056,637

The following summarizes the combining information for the statement of cash flows for the year ended June 30, 2023:

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Net cash provided (used) by:					
Operating activities	$ (26,963,704)	$ -	$ (270,838)	$ -	$ (27,234,542)
Noncapital financing activities	42,220,586	-	-	-	42,220,586
Capital and related financing activities	(1,101,442)	(697,608)	-	-	(1,799,050)
Net change in cash	**14,155,440**	**(697,608)**	**(270,838)**	**-**	**13,186,994**
Beginning cash and cash equivalents	24,114,877	697,608	270,838	-	25,083,323
Ending cash and cash equivalents	$ 38,270,317	$ -	$ -	$ -	$ 38,270,317

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY (ASSET)
Plan year ended December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability								
Service cost	$ 702,733	$ 659,443	$ 652,170	$ 610,201	$ 598,783	$ 578,460	$ 571,542	$ 603,766
Interest	978,401	976,720	930,055	868,215	848,669	820,605	782,444	754,084
Differences between expected and actual experience	(216,443)	(436,863)	(115,175)	(468,265)	(460,853)	(331,676)	(182,823)	(386,269)
Changes of assumptions	-	893,912	-	600,852	-	-	-	-
Benefit payments, including refunds of employee	(836,554)	(832,726)	(672,786)	(688,445)	(694,764)	(596,909)	(578,152)	(460,082)
Net change in total pension liability	628,137	1,260,486	794,264	922,558	291,835	470,480	593,011	511,499
Total pension liability – beginning	16,373,585	15,113,099	14,318,835	13,396,277	13,104,442	12,633,962	12,040,951	11,529,452
Total pension liability – ending	$ 17,001,762	$ 16,373,585	$ 15,113,099	$ 14,318,835	$ 13,396,277	$ 13,104,442	$ 12,633,962	$ 12,040,951
Plan fiduciary net position								
Contributions – employee	$ 444,429	$ 448,149	$ 474,073	$ 439,917	$ 399,577	$ 379,082	$ 450,724	$ 471,580
Contributions – employer	382,501	385,702	408,013	378,617	464,270	464,167	350,973	367,214
Net investment income	(2,489,510)	2,899,560	2,055,075	2,553,637	(1,060,752)	1,838,678	739,691	(89,256)
Benefit payments, including refunds of employee	(816,554)	(832,726)	(672,786)	(688,445)	(694,764)	(596,909)	(578,152)	(460,082)
Administrative expense	(5,000)	(5,000)	(5,000)	(5,000)	(7,063)	(6,813)	(14,331)	(13,335)
Net change in plan fiduciary net position	(2,504,134)	2,895,685	2,259,375	2,678,726	(898,732)	2,078,205	948,905	276,121
Plan fiduciary net position – beginning	20,127,351	17,231,666	14,972,291	12,293,565	13,192,297	11,114,092	10,165,187	9,889,066
Plan fiduciary net position – ending	$ 17,623,217	$ 20,127,351	$ 17,231,666	$ 14,972,291	$ 12,293,565	$ 13,192,297	$ 11,114,092	$ 10,165,187
Authority's net pension liability (asset) - ending	$ (621,455)	$ (3,753,766)	$ (2,118,567)	$ (653,456)	$ 1,102,712	$ (87,855)	$ 1,519,870	$ 1,875,764
Plan fiduciary net position as a percentage of the total pension liability	103.66%	122.93%	114.02%	104.56%	91.77%	100.67%	87.97%	84.42%
Covered payroll	$ 11,848,368	$ 10,581,410	$ 10,059,904	$ 10,351,028	$ 9,680,930	$ 9,228,639	$ 8,718,644	$ 8,521,947
Authority's net pension liability as a percentage of covered payroll	(5.25)%	(35.48)%	(21.06)%	(6.31)%	11.39%	(.95)%	17.43%	22.01%

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 that occurred within the fiscal year.

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PENSION PLAN
Year ended December 31, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 258,344	$ 211,294	$ 178,097	$ 309,321	$ 134,513	$ 285,714	$ 322,476	$ 301,322
Contributions in relation to the actuarially determined contribution	412,305	362,824	376,702	408,084	365,977	407,903	357,456	362,626
Contribution excess	$ (153,961)	$ (151,530)	$ (198,605)	$ (98,763)	$ (231,464)	$ (122,189)	$ (34,980)	$ (61,304)
Covered payroll	$ 11,848,358	$ 10,581,410	$ 10,059,904	$ 10,351,028	$ 9,680,930	$ 9,228,639	$ 8,718,644	$ 8,521,947
Contributions as a percentage of covered payroll	3.48%	3.43%	3.74%	3.94%	3.78%	4.42%	4.10%	4.26%

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	9 years
Asset valuation method	Market value
Inflation	None
Salary increases	Not applicable, as benefits are not related to salary.
Investment rate of return	6.00%
Retirement Age	Earlier of age 65, or age 62 with 10 years of service.
Mortality	PubG-2010 Table with MP-2019

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, 2022

Year Ending December 31	Annual Money-Weighted Rate of Return
2013	14.8%
2014	4.6%
2015	(0.9%)
2016	7.2%
2017	16.4%
2018	(8.0%)
2019	20.7%
2020	13.6%
2021	16.8%
2022	(12.4%)

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET POSITION (PROPRIETARY FUND)
June 30, 2023

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Unrestricted current assets:					
Cash	$ 38,270,317	$ -	$ -	$ -	$ 38,270,317
Accounts receivable					
Trade	300,885	-	-	-	300,885
Federal and local grants	4,103,514	-	-	-	4,103,514
Commonwealth of Kentucky	1,876,023	-	-	-	1,876,023
Property taxes	203,667	-	-	-	203,667
Inventories of repair parts and fuel	834,812	-	-	-	834,812
Prepaid expenses	27,460	-	-	-	27,460
Total current assets	45,616,678	-	-	-	45,616,678
Unrestricted noncurrent assets					
Non-depreciable capital assets	4,578,862	-	-	-	4,578,862
Depreciable capital assets	32,885,924	-	-	-	32,885,924
Net pension asset	621,455	-	-	-	621,455
Total noncurrent assets	38,086,241	-	-	-	38,086,241
Total assets	83,702,919	-	-	-	83,702,919
Deferred outflows of resources - pension	2,472,657	-	-	-	2,472,657
Total assets and deferred outflows	$ 86,175,576	$ -	$ -	$ -	$ 86,175,576

(Continued)

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF NET POSITION (PROPRIETARY FUND)
June 30, 2023

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Trade accounts payable	$ 871,411	$ -	$ -	$ -	$ 871,411
Accrued expenses	365,281	-	-	-	365,281
Compensated absences	153,669	-	-	-	153,669
Total noncurrent liabilities	1,390,361	-	-	-	1,390,361
Compensated absences	359,875	-	-	-	359,875
Total noncurrent liabilities	359,875	-	-	-	359,875
Total liabilities	1,750,236	-	-	-	1,750,236
Deferred inflows of resources - pension	1,368,703	-	-	-	1,368,703
Total liabilities and deferred inflows	3,118,939	-	-	-	3,118,939
Net position					
Net investment in capital assets	37,464,786	-	-	-	37,464,786
Unrestricted	45,591,851	-	-	-	45,591,851
Total net position	83,056,637	-	-	-	83,056,637
Total liabilities, deferred inflows and net position	$ 86,175,576	$ -	$ -	$ -	$ 86,175,576

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION (PROPRIETARY FUND)
June 30, 2023

	Transit Authority of Lexington-Fayette Urban County Government	Lextran Real Properties Inc.	Lextran Foundation, Inc.	Eliminations	Total Combining Balance
Operating revenues					
Passenger fares	$ 3,627,175	$ -	$ -	$ -	$ 3,627,175
Advertising	355,271	-	-	-	355,271
Fuel tax refunds and other	261,540	-	3,249	-	264,789
Total operating revenues	4,243,986	-	3,249	-	4,247,235
Operating expenses					
Operations	22,135,019	-	-	-	22,135,019
Maintenance	4,932,061	-	-	-	4,932,061
General and administrative	4,183,213	697,579	274,087	(908,225)	4,246,654
Non-vehicle	413,915	-	-	-	413,915
Depreciation and amortization	3,308,349	-	-	-	3,308,349
Total operating expenses	34,972,557	697,579	274,087	(908,225)	35,035,998
Operating income (loss)	**(30,728,571)**	**(697,579)**	**(270,838)**	**(908,225)**	**(30,788,763)**
Non-operating revenues (expenses)					
Property taxes	22,738,002	-	-	-	23,738,002
Federal assistance	22,355,680	-	-	-	22,355,680
State assistance	1,559,509	-	-	-	1,559,509
Other gain from NMTC	5,026,210	(201,994)	-	(908,225)	3,915,991
Gain on sale of capital assets	1,912	-	-	-	1,912
Total non-operating revenues (expenses)	51,681,313	(201,994)	-	(908,225)	50,571,094
Gain (loss) before capital contributions	20,952,742	(899,573)	(270,838)	-	19,782,331
Capital contributions					
Federal contributions	1,405,129	-	-	-	1,405,129
Total capital contributions	1,405,129	-	-	-	1,405,129
Change in net position	**22,357,871**	**(899,573)**	**(270,838)**	**-**	**21,187,460**
Net position, beginning of year	60,698,766	899,573	270,838	-	61,869,177
Net position, end of year	$ 83,056,637	$ -	$ -	$ -	$ 83,056,637

TRANSIT AUTHORITY OF
THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

Federal Grantor/ Program or Cluster Title	ALN Number	Pass-through or Federal Grant Number	Expenditures
Department of Transportation Federal Transit Administration			
Direct Programs:			
Federal Transit Cluster:			
Federal Transit Formula Grants	20.507	KY-2019-010	$ 23,818
Federal Transit Formula Grants	20.507	KY-2020-005	15,823
Federal Transit Formula Grants	20.507	KY-2021-013	85,098
COVID-19 - Federal Transit Formula Grants	20.507	KY-2021-016	13,693,698
Low or No Emissions Discretionary Grants	20.526	KY-2022-014	1,173,379
Low or No Emissions Discretionary Grants	20.526	KY-2022-018	53,521
Federal Transit Formula Grants	20.507	KY-2023-001	4,195,173
Federal Transit Formula Grants	20.507	KY-2023-002	4,299,408
Total Federal Transit Cluster			23,539,918
Direct Programs:			
Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program	20.513	KY-2019-014	159,391
Direct Programs:			
Section 5312 Research, Development, Demonstration and Deployment Projects Program	20.530	KY-2021-007	32,000
Section 5312 Research, Development, Demonstration and Deployment Projects Program	20.514	KY-26-0006-000	29,500
			61,500
Total Expenditures of Federal Awards			$ 23,760,809

See accompanying notes to schedule of expenditures of federal awards.

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 2023.

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 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.

Crowe LLP
Independent Member Crowe Global

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, 2023 and the fiduciary activities as of and for the year ended December 31, 2022, 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 26, 2023.

Report on 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on 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 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 LLP

Crowe LLP

Lexington, Kentucky
September 26, 2023

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR 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 Major Federal Program

Opinion on Major Federal Program

We have audited the Transit Authority of the Lexington-Fayette-Urban County Government (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023 and the fiduciary activities as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated September 26, 2023, which contained an unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Lexington, Kentucky
September 26, 2023

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements				
Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	X	No
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No
Federal Awards				
Internal control over major programs:				
Material weakness(es) identified?		Yes	X	None Reported
Significant deficiencies identified not considered to be material weaknesses?		Yes	X	None Reported
Type of auditors' report issued on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)?		Yes	X	None Reported

Identification of major programs:

ALN Number(s)	Name of Federal Program or Cluster Number
20.507, 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000			
Auditee qualified as low-risk auditee?	X	Yes		No

SECTION 2 – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings for the year ended June 30, 2023.

SECTION 3 – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings for the year ended June 30, 2023.

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

In planning and performing our audit of the financial statements of the Transit Authority of Lexington-Fayette Urban County Government (the Authority) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

The purpose of this letter 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 Authority's internal control over financial reporting or on compliance. This letter 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. Accordingly, this letter is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Lexington, Kentucky
September 26, 2023

Crowe LLP
Independent Member Crowe Global

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

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 Transit Authority of Lexington-Fayette Urban County Government (the Authority) for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of the Authority'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.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE AUTHORITY

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Authority under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have no relationships with the Authority that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

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.

- 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.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- 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 between the entity and 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.

Accounting Standard	Impact of Adoption
Adoption of New Accounting Pronouncements: • GASB Statement No. 91, *Conduit Debt Obligations* • GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* • GASB Statement No. 96, *Subscription Based Information Technology Arrangements* • GASB Statement No. 99, *Omnibus*	Adoption of these Statements did not have a material impact on the Authority's financial position or results of operations.
Significant Unusual Transactions.	In July 2022, the options related to the NMTC Transactions were exercised, accordingly as of the close date of the options the Authority owned the $8,730,000 in notes due from Lextran Real Properties to Community Ventures and the Foundation owned the $3,943,400 in notes due from Lextran Real Properties to AMCREF and CHHS. As a result of these transactions, no principal payments were made on the $12,673,400 in notes, the notes were fully forgiven, and approximately $4,165,000 of interest payments were relieved. The Authority also realized a non-cash gain of $3,916,000 in the year ended June 30, 2023, and Lextran Real Properties and the Foundation had no remaining assets or liabilities.
Significant Accounting Policies in Controversial or Emerging Areas.	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 Authority'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
Allowance for Doubtful Accounts and Bad Debt Expense	The allowance for doubtful accounts was determined by management by a process involving consideration of past experiences, current aging information, and other available data including environmental factors such as industry, geographical, economic and political factors.	We tested this accounting estimate by reviewing, on a test basis, the information listed.
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 and Deferred Outflows and Inflows of Resources	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 Capital Assets	Management has determined the economic useful lives of capital assets based on history of similar types of assets, future plans as to their use, and other factors that affect their economic value to the Authority.	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 Authority'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
Other Information Included in an Annual Report Information may be prepared by management that accompanies or includes 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 a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that: • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We understand that management has not prepared other information to accompany the audited financial statements. - Management's Discussion and Analysis of Financial Condition and Results of Operations - We read the other information and noted no material inconsistencies or misstatement of facts based on our reading thereof.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements with Management 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 Authority's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Difficulties or Contentious Matters We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team.	During the audit, there were no such issues for which we consulted outside the engagement team.

Communication Item	Results
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	There are no such circumstances that affect the form and content of the auditor's report.
Consultations with Other Accountants 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.	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.
Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
Significant Related Party Findings or Issues We are to communicate to you significant findings or issues arising during the audit in connection with the Authority's related parties.	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.
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	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.

We are pleased to serve the Authority 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 LLP

Crowe LLP

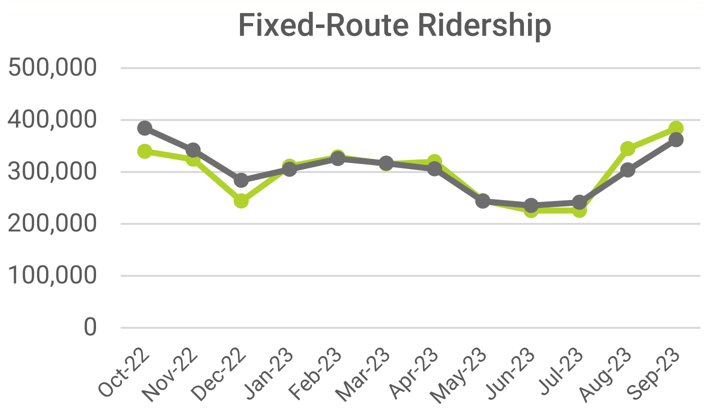
Lexington, Kentucky
September 26, 2023

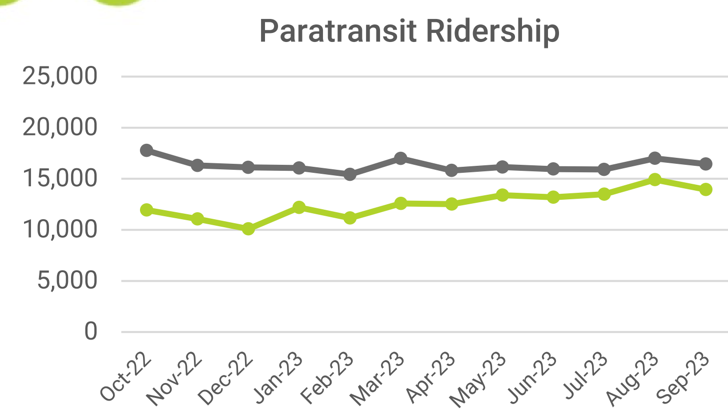
LEXTRAN MONTHLY PERFORMANCE REPORT – SEPTEMBER 2023

We serve people and our community with mobility solutions.

The 15th Annual Lextran Roadeo was held on September 23rd. Michael Burnett, the first-place winner, will represent Lextran at the APTA International Bus Roadeo competition in April 2024. Lextran hosted the Mayor's Urban Growth Management Advisory Committee on a tour of land that is under consideration to join Lexington's Urban Service Boundary. A hiring event was held at the Loudon Administrative offices that resulted in 32 interviews. Lextran staff engaged in several community events, including five Community Travel Training sessions (two in Spanish) and four 'How to Ride' sessions.

DEMONSTRATE VALUE TO THE COMMUNITY





Performance Indicator	Fixed Route System			Paratransit (Wheels)		
System Production	**This Month**	**FY24YTD**	**FY23YTD**	**This Month**	**FY24YTD**	**FY23YTD**
Total Ridership	383,854	954,713	809,065	13,937	42,335	44,670
Weekday Ridership	324,019	813,496	692,272	11,255	34,718	36,810
Saturday Ridership	38,189	82,524	65,547	1,455	3,948	3,917
Sunday Ridership	17,794	51,025	44,651	987	3,196	3,381
Holiday Ridership	3,852	7,668	6,595	240	473	562
Total Revenue Miles	154,130	465,444	458,174	85,321	254,296	292,268
Total Revenue Hours	16,349	48,484	47,817	6,285	19,250	21,498
Trips per Mile	2.49	2.05	1.77	0.16	0.17	0.15
Trips per Hour	23.48	19.69	16.92	2.22	2.20	2.08

- Fixed-route ridership increased by 11 percent compared to the previous month and by 14 percent compared to September 2022.
- September 2023 ridership exceeded the average September ridership by 6 percent.
- Trips per Mile and Hour for FY24YTD currently exceed that of FY23YTD on both systems.

LEXTRAN IN THE MEDIA

- September 6 – Two separate crashes stall traffic; one on Winchester Road, one on Leestown Road
  https://www.wtvq.com/2-separate-crashes-stall-traffic-one-on-winchester-road-one-on-leestown-road/

- September 14 – The Football Season Guide
  https://www.visitlex.com/guides/post/the-football-season-guide/

- September 18 – Lextran Wheels rider shares continued concerns about the program
  https://www.lex18.com/community/lextran-wheels-rider-shares-continued-concerns-about-the-program

- September 18 – Lexington city leaders get briefed on road work communication efforts
  https://www.weku.org/lexington-richmond/2023-09-18/lexington-city-leaders-get-briefed-on-road-work-communication-efforts

- September 29 – Big Blue Wheels: Pick your ride Wednesday, Oct. 4
  https://uknow.uky.edu/campus-news/big-blue-wheels-pick-your-ride-wednesday-oct-4

COMMUNITY INVOLVEMENT AND OTHER MEETINGS

- September 1 – Senior Services Meeting
- September 7 – 'How to Ride' - One Parent Scholar House
- September 7 – Pedestrian Safety Working Group
- September 11 – Winburn Community Partners Meeting
- September 12 – Urban Service Boundary Expansion Bus Tour
- September 13 – US 27 Project Management Team Meeting
- September 14 – Breckenridge Elementary School Multilingual Family Breakfast
- September 14 – Kentucky Refugee Ministries Quarterly Update
- September 15 – Lextran Job Hiring Event
- September 18 – Fusus Integration Presentation
- September 18 – Community Travel Training
- September 19 – Community Travel Training
- September 20 – Special Meeting of the Transportation Policy Committee
- September 20 – Community Travel Training – Spanish
- September 21 – 'How to Ride' – FCPS Migrant Education
- September 22 – Eastern State Hospital Recovery Festival
- September 22 – Sullivan University New Student Orientation
- September 23 – 14th Annual Lextran Roadeo
- September 25 – Lextran Finance Committee
- September 26 – Community Travel Training

COMMUNITY INVOLVEMENT AND OTHER MEETINGS (CONTINUED)

- September 26 – 'How to Ride' - Mary Todd Elementary Multilingual Family Workshop
- September 27 – Dismas Charities Community Resource Board Meeting
- September 27 – Access Lexington Meeting
- September 28 – Kentuckians for Better Transportation Meeting with TARC, TANK, and Lextran
- September 28 – DrugFreeLex Meeting
- September 28 – WORK Lexington Career and Resource Fair
- September 28 – VRUCK Horses Healing People
- September 29 – Resources at Food Pantry at Centro de San Juan Diego
- September 29 – Community Travel Training - Spanish
- September 29 – Recovery Revival Festival – Spero Health
- September 29 – VRUCK Hope and Healing Conference
- September 30 – 'How to Ride' - Mary Todd Elementary Multilingual Family Workshop

DELIVER A HIGH-QUALITY PRODUCT

Performance Indicator	Fixed Route						Paratransit (Wheels)					
Service Quality	This Month		FY24 YTD		FY23 YTD		This Month		FY24 YTD		FY23 YTD	
On-Time Performance	84.63%		88.30%		89.83%		65.27%		70.00%		60.59%	
Farebox Recovery	6.60%		7.00%		6.29%		N/A		N/A		N/A	
Operating Expenses	$1,686,448		$4,982,944		$4,634,980		$648,767		$1,929,871		$1,167,170	
Per Mile	$3.80		$3.55		$3.90		N/A		N/A		N/A	
Per Hour	$67.33		$68.96		$60.29		N/A		N/A		N/A	
Customer Service	This Month		FY24 YTD		FY23 YTD		This Month		FY24 YTD		FY23 YTD	
	Count	Rate	Count	Rate	Count	Rate	Count	Rate	Count	Rate	Count	Rate
Customer Feedback Totals per 100k Trips	60	15.63	146	15.29	165	20.39	26	186.55	54	127.55	69	154.47
Commendations	2	0.52	8	0.84	16	1.98	0	0.00	0	0.00	4	8.95
Discourtesy	18	4.69	44	4.61	31	3.83	8	57.40	13	30.71	26	58.20
Late or Early	1	0.26	6	0.63	19	2.35	6	43.05	12	28.35	14	31.34
Safety	12	3.13	28	2.93	25	3.09	7	50.23	17	40.16	25	55.97
Passed Boarding /Missed Trips (Wheels)	14	3.65	32	3.35	30	3.71	0	0.00	5	11.81	0	0.00
Information and Service Requests	7	1.82	11	1.15	19	2.35	0	0.00	0	0.00	0	0.00
Other	6	1.56	17	1.78	25	3.09	5	35.88	7	16.53	0	0.00
Call Length	1:03		0:59		1:20		1:39		1:35		1:18	
Time to Abandon	0:09		0:29		1:40		1:14		3:54		1:00	

- Fixed-route on-time performance decreased by about four percent from the previous month, and by about three percent from September 2022.
- Paratransit on-time performance decreased by about 13 percent from the previous month but increased by about eight percent from September 2022.
- Note the on-time performance for paratransit will likely be adjusted after the NTD audit.

MANAGE AND SUSTAIN RESOURCES

Performance Indicator	Fixed Route System			Paratransit (Wheels)		
Safety	**This Month**	**FY24 YTD**	**FY23 YTD**	**This Month**	**FY24 YTD**	**FY23 YTD**
Preventable Accidents	1	7	11	2	6	6
Preventable Accidents per 100,000 miles	0.61	1.43	2.29	1.95	1.95	1.82
Days with No Preventable Accidents	29	85	81	27	83	86
Workers Compensation Claims	1	4	9	N/A	N/A	N/A
Injury Frequency Rate	6.59	7.77	17.54	N/A	N/A	N/A
Days of Lost Time	26	49	62	N/A	N/A	N/A

- From August to September, the total number of preventable accidents decreased by two for fixed-route and remained the same for paratransit.
- The injury frequency rate decreased from 13.1 to 6.6 between August and September as a result of half as many OSHA-reportable workplace injuries and roughly the same number of hours worked.

Performance Indicator	Fixed Route System		
Maintenance	**This Month**	**FY24YTD**	**FY23YTD**
Miles between Road Calls	25,688	14,545	9,860
Percent of Preventive Maintenance Inspections on Schedule	98%	100%	100%

- In September, the maintenance department reported 25,688 miles between road calls.
- Maintenance completed 98 percent (59 of 60) of preventive maintenance inspections on schedule in September. The preventive maintenance inspection that was completed past schedule was on a non-revenue vehicle and due to a computer error.

Performance Indicator	Fixed Route System	
Training Activities	**This Month**	**FY24YTD**
Incident Remedial Training	5	6
Dispatch Orientation	4	4
Workers Comp Remedial Training	3	3
Accident Remedial	1	6

Hiring and Recruiting	This Month	Interviews	New Hires
Open Positions	32	56	4
Operations	20	43	1
Maintenance	8	7	1
Administration	4	6	2

Procurements	
CAD/AVL Intelligent Transportation and ERP Systems	Open
Employee Development and Customer Service Training	Open
Paratransit Eligibility Assessments	Open
Janitorial Supplies	Upcoming
Paratransit Services	Upcoming
Shelters and Benches	Upcoming
Towing Services	Upcoming

FINANCIALS

BALANCE SHEET

as of September 30, 2023

	CURRENT YEAR-TO-DATE	LAST YEAR-TO-DATE
ASSETS		
Current assets		
Operating Cash	$30,901,938	$18,224,569
Accounts receivable	$756,703	$1,903,691
Inventory	$901,922	$852,272
Work in process	$5,356,615	$845,279
Prepaid	$1,149,832	$967,306
Total Current Assets	$39,067,010	$22,793,116
Long term asset - Pension	$2,472,657	$1,962,500
Total Long Term Assets	$2,472,657	$1,962,500
Net capital and related assets	$36,606,278	$36,810,074
TOTAL ASSETS	$78,145,945	$61,565,690
LIABILITIES		
Current liabilities		
Accounts payable	$861,626	$744,089
Payroll liabilities	$666,687	$566,709
Total Current Liabilities	$1,528,313	$1,310,798
Long term liability - Pension	$747,248	$464,607
Total Long Term Liabilities	$747,248	$464,607
NET POSITION	$75,870,384	$59,790,285
TOTAL LIABILITIES AND NET POSITION	$78,145,945	$61,565,690

Lextran

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

September 2023

REVENUES	FY2024 ACTUAL	FY2024 BUDGET	FY2024 VARIANCE	FY 2023 ACTUAL
Property taxes	$374,343	$448,365	($74,022)	$394,802
Passenger revenue	$348,760	$306,806	$41,954	$291,628
Federal funds	$0	$1,525,000	($1,525,000)	$0
State funds	$0	$0	$0	$0
Advertising revenue	$260,000	$260,000	$0	$260,000
Other revenue	$672,158	$669,401	$2,757	$6,079,606
TOTAL REVENUES	$1,655,260	$3,209,572	($1,554,311)	$7,026,036
EXPENSES				
Wages	$2,829,875	$2,897,607	($67,732)	$2,722,601
Fringe benefits	$1,483,656	$1,644,320	($160,664)	$1,436,447
Professional services	$340,265	$494,934	($154,668)	$321,683
Materials and supplies	$314,518	$357,125	($42,607)	$290,546
Fuel-Diesel	$245,005	$372,125	($127,120)	$358,765
Fuel-Other	$143,665	$196,288	($52,622)	$150,830
Utilities - Facilities	$108,501	$104,125	$4,376	$96,565
Utilities - Electric Bus	$0	$21,500	($21,500)	$3,008
Insurance	$232,347	$217,629	$14,718	$202,327
Fuel taxes	$54,416	$50,000	$4,416	$55,739
Paratransit Expenses	$2,090,475	$2,020,000	$70,475	$1,445,986
Vanpool Expenses	$12,358	$18,000	($5,642)	$7,178
Dues and subscriptions	$39,759	$35,900	$3,859	$1,887
Travel, training and meetings	$24,526	$49,950	($25,424)	$36,830
Media advertising	$46,475	$57,500	($11,025)	$24,465
Miscellaneous	$14,979	$18,850	($3,871)	$25,096
Leases and rentals	$2,184	$2,184	$0	$2,184
Depreciation	$858,508	$858,508	($0)	$752,378
TOTAL EXPENSES	$8,841,512	$9,416,544	($575,032)	$7,934,516
CHANGE IN NET POSITION	($7,186,252)	($6,206,972)	($979,280)	($908,480)

Monthly Average Diesel Cost:	$3.38
YTD Average Diesel Cost:	$3.00
CNG Diesel Gallon Equivalent:	$1.31

MEMORANDUM

October 25, 2023

TO: Lextran Board of Directors

FROM: Norma Zamora, Interim General Manager

SUBJECT: Resolution 2023-18, Approval of Assistant General Manager

The following resolution requests the approval of Randolph Williams as Lextran's Resident Assistant General Manager, as submitted and recommended by Transdev, Lextran's contracted Management Services company.

Lextran's contract with Transdev provides for the Board's review and approval of the Resident Assistant General Manager. Mr. Williams was screened by Transdev's Talent Acquisition department and interviewed with former Lextran General Manager Jill Barnett, Transdev Region Vice President Jarod Varner, and Lextran Interim General Manager Norma Zamora. In addition, a virtual interview was conducted with Board Chair Harding Dowell, Board Vice Chair Jamie Rodgers, and Board Finance Committee Chair George Ward.

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

RESOLUTION 2023-18

TRANSIT AUTHORITY OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

OCTOBER 25, 2023

WHEREAS, Kentucky Revised Statutes 96A.l 00 provides that a mass transit authority may enter into a management contract for operating the mass transit system "under such terms and conditions as it may determine to be proper and desirable; provided, however, any such management contract shall retain in the authority the power to establish, and to adjust from time to time, rates and charge, and the power to issue revenue bonds, mortgage bonds, or other obligations of the authority payable from the income and revenues thereof';

WHEREAS, the Transit Authority of Lexington-Fayette Urban County Government entered into a contract with Transdev Services, Inc. dated July 21, 2021, for the provision to Lextran of transit management services, including a Resident General Manager and Assistant General Manager;

WHEREAS, Section 15.02 of said Contract provides that Lextran shall have the right of review and approval in the selection of the Resident General Manager and Assistant General Manager;

WHEREAS, it is the intention of the Board of Directors of Lextran to approve Randolph Williams as Resident Assistant General Manager. The Resident Assistant General Manager will be charged with supporting the Resident General Manager in the management of the Lextran system in accordance with all applicable laws, rules, regulations, resolutions, motions, bylaws, policies, operating procedures, and contracts, including the aforementioned contract with Transdev Services, Inc., for the provision of transit management services.

NOW, THEREFORE BE IT RESOLVED, by the Board of Directors of the Transit Authority of Lexington-Fayette Urban County Government that Randolph Williams is hereby approved as Resident Assistant General Manager, effective November 6, 2023, and that the preamble to this resolution is incorporated herein by reference, the same as if fully set forth herein.

______________________	______________________
MOTION	**SECOND**
______________________	______________________
CHAIRPERSON	**DATE**

MEMORANDUM

October 25, 2023

TO: **Lextran Board of Directors**

FROM: **Nikki Falconbury, Director of Finance & HR**

CC: **Norma Zamora, Interim General Manager**

SUBJECT: **Designation of a Signatory**

Attached is a resolution requesting authority to designate Randolph Williams, Jr., Assistant General Manager, as an additional signatory for checking accounts established for the operation of the Transit Authority of Lexington-Fayette Urban County Government (Lextran). This action is being requested to replace John Givens, Director of Risk Management, upon his retirement.

If you have any questions, please call me at 859.255.7756.

RESOLUTION 2023-19

TRANSIT AUTHORITY OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

OCTOBER 25, 2023

WHEREAS, Randolph Williams, Jr. is the Assistant General Manager of the Transit Authority of Lexington-Fayette Urban County Government;

WHEREAS, Randolph Williams, Jr. should be named a signatory for checking accounts established for the operation of the Transit Authority business;

WHEREAS, John Givens will be removed from the signatory block.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE TRANSIT AUTHORITY OF THE LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT; that Randolph Williams, Jr. be and hereby is a designated authorized signatory for checking accounts established for the operation of Transit Authority business, effective after his start date of November 6, 2023.

____________________	____________________
MOTION	**SECOND**
____________________	____________________
CHAIRPERSON	**DATE**