

resolution process, or that the matter cannot be brought to the attention of the supervisor or department head directly, contact Human Resources directly for assistance.

When a matter is not satisfactorily resolved by the supervisor, employees may ask Human Resources for intervention. Human Resources may, if needed, advise executive management of the situation for input and require a written summary of the complaint or grievance in order to document the nature of the grievance and the steps taken toward resolution. Human Resources has responsibility for communicating how any work-related issue will be resolved and confirming that any related follow-up actions are satisfactorily completed.

Matters will be dealt with in confidence whenever possible, but employees must realize confidentiality may not be possible in all circumstances.

Electronic Device Policy

Apple Bus Company prohibits an employee's use of any electronic entertainment or communication device while operating an Apple Bus owned or leased vehicle or any vehicle on behalf of Apple Bus. This prohibition includes receiving or placing calls, text messaging, surfing the internet, receiving or responding to email, checking for phone messages, or any other purpose related to your employment, the business, customers, vendors, volunteer activities, meetings, or civic responsibilities performed for or attended in the name of Apple Bus Company, or any other organization or personally related activity not named in this policy.

Employee Social Media Policy

Employees of Apple Bus Company must be mindful of all posts, comments, and pictures when using social media websites (i.e. Facebook, twitter, MySpace, etc.). All employees must realize that they represent Apple Bus Company at all times. Potential damaging posts and pictures could cause irreparable harm to the employee, bus terminal, and Apple Bus Company as a whole. Comments and posts that are of a negative slant toward Apple Bus Company (managers or employees), or egregious in nature may result in disciplinary action leading up to termination for the employee.

Progressive Discipline

APPLE BUS COMPANY own best interest lies in ensuring fair treatment of all employees and in making certain that disciplinary actions are prompt, uniform, and impartial. The major purpose of any disciplinary action is to correct the problem, prevent recurrence, and prepare the employee for satisfactory service in the future. Although employment with APPLE BUS COMPANY is based on mutual consent and both the employee and APPLE BUS COMPANY have the right to terminate employment at-will, with or without cause or advance notice, APPLE BUS COMPANY may use progressive discipline at its discretion.

Disciplinary action may call for any of four steps -- verbal warning, written warning, suspension with or without pay, or termination of employment -- depending on the severity of the problem and the number of occurrences. There may be circumstances when one or more steps are bypassed.

Progressive discipline means that, with respect to most disciplinary problems, these steps will normally be followed: the first offense may result in a verbal warning; the second offense may result in a written warning; the third offense may lead to a suspension; and a fourth offense may result in termination of employment. If more than 12 months have passed since the last disciplinary action, the process will normally start over.

APPLE BUS COMPANY recognizes that there are certain types of employee problems that are serious enough to justify either a suspension, or, in extreme situations, termination of employment, without going through the usual progressive discipline steps.

By using progressive discipline, APPLE BUS COMPANY hopes that most employee problems can be corrected at an early stage, benefiting both the employee and APPLE BUS COMPANY.

An employee may appeal the disciplinary order of action, received by the Operations Manager, in writing to the company's president within ten (10) business days.

Sexual and Other Unlawful Harassment

APPLE BUS COMPANY is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, sexual orientation, or any other legally protected characteristic will not be tolerated. APPLE BUS COMPANY provides sexual harassment training to all employees to ensure an employee the opportunity to work in an environment free of sexual and other unlawful harassment.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- Unwanted sexual advances
- Offering employment benefits in exchange for sexual favors
- Making or threatening reprisals after a negative response to sexual advances
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes
- Verbal sexual advances or propositions

- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, or suggestive or obscene letters, notes, or invitations
- Physical conduct that includes touching, assaulting, or impeding or blocking movements

APPLE BUS COMPANY opposes sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute. Sexual harassment occurs when:

- (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment;
- (2) submission or rejection of the conduct is used as a basis for making employment decisions; or,
- (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If an employee, male or female, experiences or witnesses sexual or other unlawful harassment in the workplace, the employee should report it immediately to their supervisor. If the supervisor is unavailable or the employee believes it would be inappropriate to contact that person, they should immediately contact Human Resources or any other member of management. An employee can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, an employee's confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, the employee will be informed of the outcome of the investigation.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise Human Resources or any member of management so it can be investigated in a timely and confidential manner. Anyone engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of employment.

EMPLOYMENT PRACTICES

Qualifications

Employees are selected on their ability, experience, training, driving record, and character, without discrimination of disability, race, religion, creed, color, national origin, or sex. Drivers must be at least twenty-one years of age, possess an appropriate driver's license as well as any permits required by law, and have at least five years of supportable driving history.

Each prospective employee must complete an Apple Bus Company application, all other forms required by our company, school district, and federal, state, and county government, and return completed, signed, and dated. An Operation Managers will then forward all information gathered to the home office where a background check and driving record will be performed. Eligibility of prospective employees is first established by the results of their driving record and background check. With clearance from the home office the Operation Manager will subject each employee to a pre-employment drug screen. A current health certificate dated and signed by a qualified, company approved physician must be supplied. Medical examination must indicate that the employee is physically competent to operate the vehicle and to perform the tasks necessary for the position.

Equal Employment Opportunity

It is the policy of APPLE BUS COMPANY to offer Equal Employment Opportunity to all qualified employees and applicants, regardless of race, color, religion, national origin, sex, age, disability or genetic information. The employment policies and practices of APPLE BUS COMPANY are consistent with federal Fair Employment laws and will continue to be such as to ensure that no distinctions are made in levels of pay, opportunities for advancement (including training, upgrading, and promotion) and all other terms or conditions of employment because of an employee's race, color, religion, national origin, sex, age, or disability.

Any employee, who experiences discrimination while performing work for APPLE BUS COMPANY, should contact Human Resources immediately. Anyone found to have illegally discriminated against a coworker will be subject to disciplinary action up to and including termination.

Immigration Law Compliance

APPLE BUS COMPANY is committed to employing only United States citizens and aliens who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility.

Former employees who are rehired must also complete the form if they have not completed an I-9 with APPLE BUS COMPANY within the past three years, or if their previous I-9 is no longer retained or valid.

Employees with questions or seeking more information on immigration law issues are encouraged to contact Human Resources. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

Disability Accommodations

APPLE BUS COMPANY is committed to complying fully with the Americans with Disabilities Act (ADA) and ensuring Equal Employment Opportunity for qualified persons with disabilities. All employment practices and activities are conducted on a non-discriminatory basis.

Hiring procedures provide persons with disabilities meaningful employment opportunities. Pre-employment inquiries are made only regarding an applicant's ability to perform the duties of the position.

Reasonable accommodation is available to all disabled employees, where their disability affects the performance of job functions. All employment decisions are based on the merits of the situation in accordance with defined criteria, not the disability of the individual.

Qualified individuals with disabilities are entitled to equal pay and other forms of compensation (or changes in compensation) as APPLE BUS COMPANY does in all job assignments, classifications, organizational structures, position descriptions, lines of progression, and seniority lists. Leave of absences of all types will be available to all employees on an equal basis.

APPLE BUS COMPANY is also committed to not discriminating against any qualified employees or applicants because they are related to or associated with a person with a disability. APPLE BUS COMPANY will follow any state or local law that provides individuals with disabilities greater protection than the ADA.

This policy is neither exhaustive nor exclusive. APPLE BUS COMPANY is committed to taking all other actions necessary to ensure equal employment opportunity for persons with disabilities in accordance with the ADA and all other applicable federal, state, and local laws.

Personal Information

The company philosophy is to safeguard personal employee information in its possession, to ensure the confidentiality of the information. Additionally, the company will only collect personal information that is required to pursue its business operations and to comply with government reporting and disclosure requirements. Personal information collected by the company includes employee names, addresses, telephone numbers, e-

mail addresses, emergency contact information, EEO data, social security numbers, dates of birth, employment eligibility data, benefits plan enrollment information, which may include dependent personal information, and school/college or certification credentials. Personal employee information will be considered confidential and as such will be shared only as required and with those who have a need to have access to such information. All hard copy records will be maintained in locked, secure areas with access limited to those who have a need for such access. Personal employee information used in business system applications will be safeguarded under company proprietary electronic transmission and intranet policies and security systems. Participants in company benefit plans should be aware that personal information will be shared with plan providers as required for their claims handling or record keeping needs.

Company-assigned information, which may include organizational charts, department titles and staff charts, job titles, department budgets, company coding and recording systems, telephone directories, e-mail lists, company facility or location information and addresses, is considered by the company to be proprietary company information to be used for internal purposes only. The company maintains the right to communicate and distribute such company information as it deems necessary to conduct business operations.

Employment Applications

APPLE BUS COMPANY relies upon the accuracy of information contained in the employment application, as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in the exclusion of the individual from further consideration for employment or, if the person has been hired, termination of employment.

Introductory Period

The first 90 days of an employee's employment is considered an introductory period. During this period an employee will become familiar with the terms and conditions of employee agreements, employment, job responsibilities, etc. At the same time, APPLE BUS COMPANY will have the opportunity to monitor the quality and value of an employee's performance and make any necessary adjustments in an employee's job description or responsibilities. If, at the completion of this introductory period, APPLE BUS COMPANY believes that the quality and value of an employee's performance merits an employee's continued employment, the employee will become eligible for company benefits. All employees are encouraged to provide thoughts regarding APPLE BUS COMPANY, its products, services, and systems. As indicated earlier, completion of this introductory period does not imply guaranteed or continued employment. Nothing which occurs during or after this period should be construed to change the nature of an employee's "at-will" employment.

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. APPLE BUS COMPANY uses this period to evaluate employee capabilities, work habits, and overall performance. Either the employee or APPLE BUS COMPANY may end the employment relationship at-will at any time during or after the introductory period, with or without cause or advance notice.

All new and rehired employees work on an introductory basis for the first 90 calendar days after their date of hire. Any significant absence will automatically extend an introductory period by the length of the absence. If APPLE BUS COMPANY determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance; the introductory period may be extended for a specified period.

Upon satisfactory completion of the introductory period, employees enter the "regular" employment classification. During the introductory period, new employees are eligible for those benefits that are required by law, such as workers' compensation insurance and Social Security. Other benefits will be offered to those eligible, after completion of the introductory period.

New Employee Orientation

Following acceptance of employment, an employee's supervisor will discuss job duties, areas of responsibility and an employment start date. The first day of work will be dedicated to completing required paperwork, making introductions to co-workers and reviewing company policies and job responsibilities. A copy of the Employee Handbook will be given to each employee to read and review. Questions about any policy should be directed to the employee's supervisor or Human Resources. Within one week of an employee's hire date, the Acknowledgement of Receipt and Understanding located in the handbook introductory section should be signed and returned to APPLE BUS COMPANY.

Absenteeism and Punctuality

APPLE BUS COMPANY expects employees to be consistent in their attendance and punctual in arriving and leaving work. This will show an employee's level of commitment to one's self and to fellow employees. An employee should make every effort possible to inform their direct supervisor of any absence or tardiness. Unless an emergency situation is involved, the failure to report an employee's absence or tardiness can result in disciplinary action, up to and including termination. If at any time during the day an employee must leave, inform your supervisor, before doing so. Provide as much advance notice as possible regarding absences, tardiness or necessary personal errands.

APPLE BUS COMPANY is not required to pay hourly employees that arrive late or leave early. Unexcused absences or repeated absenteeism and tardiness may result in discipline and/or termination.

Meal Periods

All full-time and certain part-time employees are provided with one meal period each workday. Supervisors will schedule meal periods to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time.

Personnel Data Changes

It is the responsibility of each employee to promptly notify APPLE BUS COMPANY of any changes in personnel data. Personal mailing addresses, telephone numbers, marital status, number and names of dependents, emergency contacts, educational accomplishments, and other such status reports should be accurate and current at all times. If any personnel data has changed, notify Human Resources. Reporting deliberately false information can be grounds for discipline, up to and including termination.

Job Abandonment

If an employee fails to show up for work or personally call in to their direct supervisor with a reason for their absence for a period of three consecutive days, they will be considered to have abandoned their job and voluntarily terminated their employment. If an employee cannot personally call in initially, they should find someone who can call their supervisor on their behalf.

Employment Termination

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- Resignation - voluntary employment termination initiated by an employee
- Discharge - involuntary employment termination initiated by the organization
- Retirement - voluntary employment termination initiated by the employee meeting age, length of service, and any other criteria for retirement from the organization

Since employment with APPLE BUS COMPANY is based on mutual consent, both the employee and APPLE BUS COMPANY have the right to terminate employment at-will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state law.

All accrued, vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions, and limitations of such continuance.

BENEFITS AND TIME-OFF

Employee Benefits

APPLE BUS COMPANY offers an array of employee benefits ranging from Medical, Life, Dental, Long-term Disability, and a company 401(k) plan. Upon hire, you will receive a employee benefits packet outlining each coverage. New hires must wait for their introductory employment period to end before participating in any of the employee benefit plans. APPLE BUS COMPANY does offer an open enrollment period for all voluntary benefits annually during the month of September and an additional open enrollment period for 401(k) participation annually in March.

Workers' Compensation Insurance

APPLE BUS COMPANY provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible. Neither APPLE BUS COMPANY nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social, or athletic activity sponsored by APPLE BUS COMPANY.

Social Security

APPLE BUS COMPANY makes a matching contribution to the Social Security fund on the employee's behalf. APPLE BUS COMPANY contributes one dollar to the Social Security Fund for every dollar deducted from the employee's paycheck for payment to the fund. Employees may contact the Social Security office to determine current social security account status.

Unemployment Insurance

Unemployment compensation insurance is paid for by APPLE BUS COMPANY and provides temporary income for employees who have lost their job. To be eligible for unemployment, employees must have left for reasons unrelated to improper work performance or violation of company policies or procedures. Employees should ask for additional information on unemployment compensation insurance upon termination.

Benefits Continuation (COBRA)

(For groups with fewer than 20 employees, State Continuation regulations apply)

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under APPLE BUS COMPANY health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; a covered employee becoming entitled to Medicare; an employee's divorce or legal separation; and dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at APPLE BUS COMPANY group rates plus an administration fee. APPLE BUS COMPANY provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under APPLE BUS COMPANY health insurance plan. The notice contains important information about the employee's rights and obligations.

Other rules defining COBRA, periods of coverage, etc., are defined in the health plan Certificate of Coverage.

Family Medical Leave Act

In accordance with the Family Medical Leave Act, Apple Bus Company provides up to 12 weeks of unpaid leave** (unless the employee has a balance of paid time off) to eligible employees who wish to take time off from work duties to fulfill family obligations relating directly to:

1. Childbirth, adoption, or placement of a foster child.
2. To care for a child, spouse, or parent with a serious health condition.
3. The employee's own serious health condition.
4. To respond to "qualifying exigency" when an employee's spouse, son, daughter or parent is on (or has been notified of an impending call to) "covered active duty" in the Armed Forces. Covered active duty refers to members of the regular Armed Services deployed to a foreign country and Reservists deployed to a foreign country or active duty contingency operations as defined in the Act.

** Caregiver Leave" is an additional leave entitlement for a spouse, son, daughter, parent or next of kin of a covered service member (including veterans serving in the previous five year period) that extends FMLA job-protected leave up to 26 weeks in a single 12-month period. See page 33 "Employee Rights And Responsibilities Under the Family And Medical Leave Act.

*Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

To be eligible for FMLA benefits, an employee **must**:

1. have worked for XXXXXX for a total of 12 months*
2. have worked at least 1,250 hours over the previous 12 months*

*The Uniformed Services Employment and Reemployment Rights Act (USERRA) requires that a person reemployed under its provisions be given credit for any months and hours of service he or she would have been employed but for the military service in determining eligibility for Family and Medical Leave Act (FMLA) leave.

Eligible employees should make requests for family leave in writing to their supervisors and the Office Manager at least 30 days in advance of foreseeable events and as soon as possible for unforeseeable events. Upon notification of an FMLA request, Human Resources will provide the requesting employee all applicable forms and discuss procedures, certification requirements, etc.

In the event the employee does not provide advance written notice for FMLA leave, APPLE BUS COMPANY will allow an employee no more than 3 days, commencing from the first day the employee does not report to work, to submit the required FMLA notice. In the event notice is not given within 3 days, the company will assume the employee has abandoned his/her duties and termination of employment is automatic. If written notice is given subsequently within 3 days, FMLA leave, if granted, will have been considered effective the first day the employee did not report to work.

EX: Employee does not report to work June 1 due to a car accident and submits a request for FMLA leave June 3. Employee qualifies for leave and leave is granted with an effective date of June 1.

Employees requesting other types of family leave defined above will be required to submit a health care provider's statement verifying the need for leave, its beginning and expected ending dates, and the estimated time required. If requested, medical certification must be submitted no later than 15 days upon request to the Office Manager.

Eligible employees may request up to a maximum of 12 weeks of family leave within any 12-month rolling period. (The 12-month period is measured backward from the date an employee uses FMLA leave.) Any combination of family leave and medical leave may not exceed this maximum limit. Employees will be required to first use any accrued paid leave time before taking unpaid family leave.

Married employee couples who are both employed with APPLE BUS COMPANY may be restricted to a combined total of 12 weeks leave within any 12-month period for childbirth, adoption, or placement of a foster child, or to care for a parent with a serious health condition.

Subject to the terms, conditions, and limitations of the applicable plans, health insurance benefits will be continued while an eligible employee is on approved FMLA leave. Employees who normally pay a portion of the premiums for health insurance and other benefits will be required to continue payments during the period of FMLA leave. Premium payment arrangements will be coordinated with the Office Manager prior to leave and will coincide with regular payroll deductions.

Employees have a 30-day grace period in which to make premium payments in full. If payment is not made within this 30-day period, group health insurance will be dropped for the employee and any of his/her dependents on the plan. In such instances, Human Resources will notify the employee by mail, 15 days before coverage is to cease, advising that coverage will be dropped by a specified date.

Paid time off and holidays do not accrue during any period of an unpaid leave of absence.

So that an employee's return to work can be properly scheduled, an employee on family leave is requested to provide Human Resources with at least two weeks advance notice of the date the employee intends to return to work. When family leave ends, the employee will be reinstated to the same position, if it is available, or to an equivalent position for which the employee is qualified.

If an employee fails to return to work on the agreed upon return date and without further notice of the reason for the delay, APPLE BUS COMPANY will assume that the employee has resigned.

EMPLOYEE RIGHTS AND RESPONSIBILITIES UNDER THE FAMILY AND MEDICAL LEAVE ACT

Basic Leave Entitlement

FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- For incapacity due to pregnancy, prenatal medical care or child birth;
- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son or daughter, or parent, who has a serious health condition; or
- For a serious health condition that makes the employee unable to perform the employee's job.

Military Family Leave Entitlements

Eligible employees with a spouse, son, daughter, or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform his or her duties for which the servicemember is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

Benefits and Protections

During FMLA leave, the employer must maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, most employees must be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms.

Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

Eligibility Requirements

Employees are eligible if they have worked for a covered employer for at least one year, for 1,250 hours over the previous 12 months, and if at least 50 employees are employed by the employer within 75 miles.

Definition of Serious Health Condition

A serious health condition is an illness, injury, impairment, or physical or mental condition that involves either an overnight stay in a medical care facility, or continuing treatment by a health care provider for a condition that either prevents the employee from performing the functions of the employee's job, or prevents the qualified family member from participating in school or other daily activities.

Subject to certain conditions, the continuing treatment requirement may be met by a period of incapacity of more than 3 consecutive calendar days combined with at least two visits to a health care provider or one visit and a regimen of continuing treatment, or incapacity due to pregnancy, or incapacity due to a chronic condition. Other conditions may meet the definition of continuing treatment.

Use of Leave

An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

Substitution of Paid Leave for Unpaid Leave

Employees may choose or employers may require use of accrued paid leave while taking FMLA leave. In order to use paid leave for FMLA leave, employees must comply with the employer's normal paid leave policies.

Employee Responsibilities

Employees must provide 30 days advance notice of the need to take FMLA leave when the need is foreseeable. When 30 days notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection and the anticipated timing and duration of the leave. Sufficient information may include that the employee is unable to perform job functions, the family member is unable to perform daily activities, the need for hospitalization or continuing treatment by a health care provider, or circumstances supporting the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave.

Employer Responsibilities

Covered employers must inform employees requesting leave whether they are eligible under FMLA. If they are, the notice must specify any additional information required as well as the employees' rights and responsibilities. If they are not eligible, the employer must provide a reason for the ineligibility.

Covered employers must inform employees if leave will be designated as FMLA-protected and the amount of leave counted against the employee's leave entitlement. If the employer determines that the leave is not FMLA-protected, the employer must notify the employee.

Unlawful Acts by Employers

FMLA makes it unlawful for any employer to:

- Interfere with, restrain, or deny the exercise of any right provided under FMLA;
- Discharge or discriminate against any person for opposing any practice made unlawful by FMLA or for involvement in any proceeding under or relating to FMLA.

Enforcement

An employee may file a complaint with the U.S. Department of Labor or may bring a private lawsuit against an employer.

FMLA does not affect any Federal or State law prohibiting discrimination, or supersede any State or local law or collective bargaining agreement which provides greater family or medical leave rights.

FMLA section 109 (29 U.S.C. § 2619) requires FMLA covered employers to post the text of this notice. Regulations 29 C.F.R. § 825.300(a) may require additional disclosures.



For additional information:
1-866-4US-WAGE (1-866-487-9243) TTY: 1-877-889-5627
WWW.WAGEHOUR.DOL.GOV



U.S. Wage and Hour Division

Unpaid Leave Of Absence

APPLE BUS COMPANY understands that our employees may, for various reasons, need unpaid leaves of absence. These reasons include, but are not limited to, medical or family needs, pregnancy, bereavement leave, and the like. Unless the law or company policy states otherwise, unpaid leaves of absence are allowed at the discretion of APPLE BUS COMPANY.

Every effort should be made by the employee to give as much advance written notice as possible as to the length of the unpaid leave as well as the expected return-to-work date. Requests for leave for medical reasons or pregnancy must include a doctor's certificate indicating the beginning date and expected length of such leave. Updated certificates may be requested during the leave. APPLE BUS COMPANY cannot guarantee, upon return from leave, that the employee's job position will be available.

During an unpaid leave of absence, employees do not accrue company benefits (if applicable) including vacation pay, or any other benefit. The employee will not lose any seniority by taking an approved unpaid leave of absence. After 30 days of unpaid leave of absence, the employee will be responsible for paying premiums on his or her insurance coverage and that of his or her dependents. If the employee does not continue these premium payments he or she risks loss of coverage by the insurance carrier.

The failure to return from unpaid leave of absence as scheduled may result in termination. Medical leave shall be for a reasonable time while the employee is disabled, not to exceed four (4) months.

Time Off To Vote

APPLE BUS COMPANY encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find time to vote either before or after their regular work schedule. In the unlikely event an employee's work schedule prevents him/her from voting during polling times, APPLE BUS COMPANY will make arrangements for the employee to take time off to vote.

Employees should request time off to vote from their supervisor at least two working days prior to the Election Day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift; whichever provides the least disruption to the normal work schedule.

Military Leave

Regular full-time employees who are inducted into the U.S. Armed Forces, the National Guard or the Reserves are eligible for unpaid leave and reinstatement to the same or similar job position where available, as long as they provide timely notice to APPLE BUS COMPANY of the necessity of such leave, that they are honorably discharged from the service, and that they return to work within 30 days after active duty for training, or within 90 days after military discharge.

A military leave of absence will be granted to employees who are absent from work because of service in the U.S. Uniformed Services in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA). Advance notice of military service is required, unless military necessity prevents such notice or it is otherwise impossible or unreasonable.

The leave will be unpaid. Employees may use any available paid time off for the absence. Continuation of health insurance benefits is available as required by USERRA based on the length of the leave and subject to the terms, conditions and limitations of the applicable plans for which the employee is otherwise eligible. Benefit accruals, such as vacation, sick leave, or holiday benefits, will be suspended during the leave and will resume upon the employee's return to active employment.

Employees on military leave for up to 30 days are required to return to work for the first regularly scheduled shift after the end of service, allowing reasonable travel time. Employees on longer military leave must apply for reinstatement in accordance with USERRA and all applicable state laws.

Employees returning from military leave will be placed in the position they would have attained had they remained continuously employed or a comparable one depending on the length of military service in accordance with USERRA. They will be treated as though they have been continuously employed for purposes of determining benefits based on length of service. Contact Human Resources for more information or questions about military leave.

Jury Leave

APPLE BUS COMPANY encourages employees to fulfill their civic responsibilities by serving jury duty when required. Employees may request unpaid jury duty leave for the length of absence. If desired, employees may use any available paid time off (for example, vacation benefits). Employees must show the jury duty summons to their supervisor as soon as possible so that the supervisor may make arrangements to accommodate their absence. Of course, employees are expected to report for work whenever the court schedule permits.

Either APPLE BUS COMPANY or the employee may request for the employee to be excused from jury duty if, in APPLE BUS COMPANY judgment, the employee's absence would create serious operational difficulties.

Bereavement

When a death occurs in an employee's immediate family, all regular full-time employees may take up to three days off to make arrangement, one day of which will be paid. Part-time employees may take up to three days off to make arrangements, however, the employee will not be paid for their time away.

COMPENSATION & PERFORMANCE

Paydays

All employees are paid either bi-weekly or weekly. Each paycheck will include earnings for all work performed through the end of the previous payroll period. All paydays fall on Friday. If a regular payday falls during an employee's vacation, the employee's paycheck will be available upon his or her return from vacation. Should any pay period fall on a holiday, an employee will be paid on the preceding workday.

Holiday Pay

Any employee who is eligible for Holiday pay must work their scheduled shift the day before AND the day after the Holiday to receive pay for that particular Holiday.

Timekeeping

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require APPLE BUS COMPANY to keep accurate records of time worked in order to calculate employee pay and benefits. Time worked is the time spent on the job performing assigned duties.

Non-exempt employees should accurately record the time they begin and end their work, excluding time taken for meal periods. They should also record the beginning and ending time of any split shift or departure from work for personal reasons. Overtime work must always be approved before it is performed.

Altering, falsifying, or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment. It is the employee's responsibility to sign their time records to certify the accuracy of all time recorded. The operations manager will review and initial the time record before submitting it for payroll processing. In addition, if corrections or modifications are made to the time record, both the employee and the supervisor must verify the accuracy of the changes by initialing the time record.

Overtime

When operating requirements or other needs cannot be met during regular working hours, employees will be given the opportunity to volunteer for overtime work assignments. All overtime work must receive the supervisor's prior authorization. Overtime assignments will be distributed as equitably as practical to all employees qualified to perform the required work.

Overtime compensation is paid to all non-exempt employees in accordance with federal and state wage and hour restrictions. Overtime pay is based on actual hours worked. Time

off on sick leave, vacation leave, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

Paycheck Deductions

APPLE BUS COMPANY is required by federal and state law to make certain deductions from an employee's paycheck. This includes Federal Income Tax, State Income and Unemployment Tax, FICA contributions (Social Security and Medicare), and State Disability Insurance (SDI). Deductions are also taken for an employee's health, life, disability, dental, vision insurance and pension contributions. The amount of your deductions will depend on your earnings and the number of exemptions you claim on your W-4 Form.

It is the policy of t APPLE BUS COMPANY to fully comply with the Fair Labor Standards Act. It is further our policy to promptly investigate and correct any improper payroll deductions or other payroll practices that do not comply with the Act. If an employee believes that an improper payroll practice — such as an improper deduction from an exempt salary — has occurred, he or she may make a complaint to Human Resources. Human Resources will see that the matter is appropriately reviewed; the employee will be reimbursed for the amount of any inappropriate deduction taken on the next payroll date.

Administrative Corrections (Safe Harbor)

APPLE BUS COMPANY takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of their direct supervisor so that corrections can be made as quickly as possible.

Direct Deposit

Employees may have pay directly deposited into their bank accounts if they provide advance written authorization to APPLE BUS COMPANY. Employees will receive an itemized statement of wages when APPLE BUS COMPANY makes direct deposits.

If you would like to take advantage of Direct Deposit, contact Human Resources for an application form. You will need to provide a voided deposit slip for your bank account and complete the application to set up the deposit. Typically, the bank will begin the direct deposit of your payroll within 30 calendar days after you submit the completed application. If you have selected the Direct Deposit payroll service, a written explanation

of your deductions will be given to you on paydays in lieu of a check, as described in the preceding sections.

Advances and Loans

It is not the policy of APPLE BUS COMPANY to advance money to employees against wages nor will the company loan money to employees.

Performance Evaluations

Supervisors and employees are strongly encouraged to discuss job performance and goals on an informal, day-to-day basis. APPLE BUS COMPANY will make efforts to periodically review an employee's work performance. The performance improvement process will take place generally near the end of the calendar year or as business needs dictate.

Additional formal performance evaluations may be conducted to provide both supervisors and employees the opportunity to discuss job tasks, identify and correct weaknesses, encourage and recognize strengths, and discuss positive, purposeful approaches for meeting goals.

The performance improvement process should be seen as a means for increasing the quality and value of an employee's work performance. An employee's initiative, effort, attitude, job knowledge, and other factors will be addressed. An employee must understand that a positive job performance review does not guarantee a pay raise or continued employment. Company pay raises and promotions are based on numerous factors, only one of which is job performance.

BUSINESS TOOLS

Telephone Use

APPLE BUS COMPANY encourages appropriate, work-related use of our telephone lines. Unless there is an emergency, employees are required to limit long distance telephone calls to business purposes only. Employees should limit personal use of the telephone to three, five-minute calls per day. Casual conversation with friends and relatives during working hours is strongly discouraged. Personal calls made in violation of this provision will be charged to the employee. Telephone use is subject to the Voicemail/E-Mail/Internet Usage Policy.

Management reserves the right to monitor calls, record calls, review call records, and retrieve message contents in order to find lost voicemail messages, monitor misuse, comply with investigations of wrongful acts, recover from system failure, or for any other reason deemed necessary by management. APPLE BUS COMPANY does monitor usage regularly and retains the right to use this information for disciplinary or other purposes.

Any misuse of the phone system will result in such disciplinary action as may be appropriate or necessary under the circumstances, up to and including termination of employment. Misuse will be evaluated on a case-by-case basis, and APPLE BUS COMPANY reserves the sole right to make the determination. The definition of "misuse" may include, but is not limited to, the below listed examples:

- Use of profanity or abusive language
- Any communication which violates our harassment policy or creates an intimidating or hostile work environment
- Use of APPLE BUS COMPANY communications system to conduct any business, which is not company related
- Distribution of confidential information to unauthorized persons
- Unauthorized use of another employee's voicemail or long distance security code
- Unauthorized discussions with competitors or terminated employees
- Solicitation to buy or sell goods or services other than for company related business

"Abuse" of the phone system is defined as telephone usage that interferes with the completion of an employee's daily tasks.

The following guidelines should be followed when using the phone system:

- Speak clearly and distinctly into the phone.
- Always answer the phone: "APPLE BUS COMPANY, (your name) speaking, how may I help you?"

- Always use a calm, pleasant and professional demeanor while on the phone.
- When speaking to a customer, always inquire as to the nature of the call and how you can be of assistance.
- When transferring a call, always verify the transferee is connected, let them know who is being transferred, and explain the nature of the call before transferring the caller. If the transferee is not present, offer to take a message, or ask the caller permission to transfer them to voicemail.
- If a customer becomes hostile, abusive or uses profane language the call should be escalated to a member of management. Under no circumstances should a customer be disconnected, conversely employees are not expected to subject themselves to hostile, abusive or profane language from customers.

Mail Use

As with use of the telephone, employees are required to limit usage of the mail to business purposes only. An employee may not use APPLE BUS COMPANY'S address to receive personal mail nor the postage meter for personal mail.

Voicemail, Email & Internet Policy

Purpose

APPLE BUS COMPANY and its employees, like thousands of others, desire to strike an equitable balance between an employee's right to privacy, and company interests such as trade secret protection and prevention of system abuse. This Voicemail/E-mail/Internet policy is intended to provide each employee of APPLE BUS COMPANY with the guidelines and procedures associated with the use of APPLE BUS COMPANY Voicemail/E-mail/Internet system ("the system").

Scope

This policy is applicable and binding on all employees, contractors, vendors, partners, associates, and all others accessing and/or using the system through on-site or remote terminals.

General Provisions

The Voicemail/E-mail/Internet systems, and all data transmitted or received through the systems, are the exclusive property of APPLE BUS COMPANY. The system is to be used solely for company-related business, and is not to be used by any employee for personal business or pleasure.

APPLE BUS COMPANY reserves the right to monitor, intercept and/or review all data transmitted, received or downloaded over the system. The employee is hereby given

notice that APPLE BUS COMPANY will exercise this right periodically, without prior notice and without the prior consent of the employee. The employer's interests in monitoring and intercepting data include but are not limited to: protection of company proprietary and classified data; managing the use of APPLE BUS COMPANY computer system; preventing the transmission or receipt of inappropriate materials by employees; and/or assisting the employee in the management of electronic data during periods of absence. The employee should not interpret the use of password protection as creating a right or expectation of privacy for the employee. Employees should understand that to protect everyone involved, employees can have no right or expectation of privacy with regards to the receipt, transmission or storage of data on APPLE BUS COMPANY Voicemail/E-mail/Internet system.

Professional Considerations

This policy depends upon the ethical conduct of all employees. Although APPLE BUS COMPANY will periodically monitor system use, each employee is encouraged to monitor use of the system, ensuring they meet the highest standards of professional conduct. All communications over the system should be business related, professional, and representative of the high ethical standards that are the trademark of APPLE BUS COMPANY. Employees should remember that the system is a public forum, and employees should only access those sites, or communicate to third parties, with whom the employee would be willing to leave a business card or other form of identification.

Employees are not permitted to transmit or receive, or retain from the system, communications that:

- Contain obscene, profane, abusive or threatening language or graphical representations.
- May be construed as discriminatory, harassing or offensive by reference to race, national origin, gender, religion, age, disability, sexual orientation, or other legally protected criteria.
- Contain references to any sexual acts, sexual relationships, or personal relationships.
- Further any illegal activity.
- Contain company proprietary or classified information, without prior approval of APPLE BUS COMPANY.
- Reveal customer/client sensitive information without the prior consent of the customer/client.
- Are used to solicit or approach others for commercial ventures, religious or political causes, outside organizations, or other non-job related solicitations without permission from APPLE BUS COMPANY.

Investigations

APPLE BUS COMPANY is committed to the protection of each employee's rights with regards to equal protection and a work environment free of sexual harassment or illegal conduct. To aid in ensuring the quality of the work environment, APPLE BUS COMPANY encourage and require our employees to report suspected violations of this policy. All reports and investigations will remain confidential to the extent possible.

Points of Contact

Questions concerning the use of the Voicemail/E-mail/Internet system should be directed to your direct supervisor. Questions concerning the improper use of the system should be directed to Human Resources, and if not satisfied with the response, to the President.

Violations

Any employee who abuses the privilege of company-facilitated access to Voicemail, E-mail or the Internet will be subject to corrective action up to and including termination. If necessary, APPLE BUS COMPANY also reserves the right to advise appropriate legal officials of any illegal violations.

Computer Security and Copying of Software

APPLE BUS COMPANY prohibits the copying or use of unauthorized software whether generated internally or by an outside source. The federal copyright law clearly states that it is illegal to make and distribute copies of copyrighted material without authorization, except to make a back up copy for company archives. A violation of the copyright law can expose the employee and possibly APPLE BUS COMPANY to criminal penalties, including fines and imprisonment. Unauthorized copies of internally generated programs can result in breach of company trade secrets and other confidential information. Use of unauthorized copies of computer software generated by outside companies can expose APPLE BUS COMPANY computer hardware to viruses and may result in reliance on out-of-date information.

SAFETY

Employees are expected to be responsible, exercising good judgment and common sense, and accept and follow instructions authorized by management. Employees are not to engage in disrespectful conduct, including language, actions, and attitude, toward any management personnel, colleagues, vendors, customers, passengers, or any person in contact with during work performance for the company. Acts of verbal or physical abuse toward passengers or employees or the possession of any kind of weapons will not be tolerated and validates immediate dismissal.

Employees must immediately report any unsafe condition to the appropriate supervisor and complete the necessary documentation. Employees who violate safety standards, cause hazardous or dangerous situations, or fail to report or remedy such situations, where appropriate, may be subject to disciplinary action, up to and including termination of employment.

Any behavior problems signifying a safety hazard must be reported to the Operations Manager. Drivers shall not allow passengers to sit or stand in the driver's compartment. No passengers are to be ejected or refused entrance to the vehicle without the approval of the Operations Manager.

Drivers shall not leave the vehicle without ensuring that the parking brake is fully engaged and emergency flashers are on. Passengers should be loaded and unloaded in accordance with customer policy. Any divergence from scheduled routes, including unofficial stops or unauthorized passengers, is not allowable without prior consent from the Operations Manager.

The use of a seat belt is strictly enforced for all employees on the job. It is the law and enforced for your own safety. Any employee who becomes involved in a motor vehicle accident, receives a moving traffic citation, or is arrested for any criminal offense, on or off duty, must immediately advise their Operations Manager. Apple Bus will not compensate any traffic citations that an employee obtains on the job. It is the sole liability of the driver. Depending on the severity of the citation, disciplinary action could be taken.

It is the driver's responsibility to ensure that all wheelchairs can be board and secure. All wheelchair passengers must be secured with proper lap belts as well. It is imperative that the vehicle has the proper inventory, storage, and use of wheelchair tie-downs to ensure a four-point tie-down for each wheelchair station on the vehicle.

The inside of the vehicle must maintain neat and clean. Properly adjusted and clean mirrors and a clean windshield and windows will allow unobstructed vision. Drivers are responsible for seeing that all safety equipment and required warning devices are on all vehicles and meet established safety standards. Any deficiencies must be reported immediately or may become the financial responsibility of the driver.

Any vehicle damage needs to be reported immediately to the Operations Manager. They shall complete a Daily Vehicle Inspection/Defect Report from prior to each shift that will follow inspection and reporting procedures instituted by Apple Bus. This should include a written explanation of the cause and degree of damage. Operation managers are responsible for the delegation with shop personnel unless instructed otherwise.

All Commercial Vehicle drivers are directed to never turn right while stopped at a red light. It is only permitted for a driver to turn right on red if that driver is directed to do so by Law Enforcement.

Workplace Violence Prevention

APPLE BUS COMPANY is committed to preventing workplace violence and to maintaining a safe work environment. Given the increasing violence in society, APPLE BUS COMPANY has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on its premises.

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. Employees are expected to refrain from fighting, "horseplay," or other conduct that may be dangerous to others. Firearms, and other dangerous or hazardous devices or substances are prohibited from the premises of APPLE BUS COMPANY.

Conduct that threatens, intimidates, or coerces another employee, a client, or a member of the public at any time, including off-duty periods, will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by federal, state, or local law.

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to an employee's immediate supervisor or any other member of management. This includes threats by employees, as well as threats by clients, vendors, solicitors, or other members of the public.

When reporting a threat of violence, an employee should be as specific and detailed as possible. All suspicious individuals or activities should be reported as soon as possible to a supervisor. Do not place yourself in peril. If you see or hear a commotion or disturbance near your workstation, do not try to intervene.

APPLE BUS COMPANY will promptly and thoroughly investigate all reports of threats of (or actual) violence and of suspicious individuals or activities. The identity of the individual making a report will be protected as much as is practical.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action up to and including termination of employment.

APPLE BUS COMPANY encourages employees to bring their disputes or differences with other employees to the attention of their supervisors or Human Resources before the situation escalates into potential violence. APPLE BUS COMPANY is eager to assist in the resolution of employee disputes, and will not discipline employees for raising such concerns.

Personal Communication Devices

Apple Bus Company prohibits an employee's use of any electronic entertainment or communication device while operating an Apple Bus owned or leased vehicle or any vehicle on behalf of Apple Bus. This prohibition includes receiving or placing calls, text messaging, surfing the internet, receiving or responding to email, checking for phone messages, or any other purpose related to your employment, the business, customers, vendors, volunteer activities, meetings, or civic responsibilities performed for or attended in the name of Apple Bus Company, or any other organization or personally related activity not named in this policy.

Security

Every employee is responsible for helping to make this a secure work environment. Upon leaving work, employees are required to lock all desks, lockers, and doors protecting valuable or sensitive material in their work area. Employees are required to report any lost or stolen keys, passes, or other similar devices to their direct supervisor immediately. Employees should refrain from discussing with non-employees specifics regarding company security systems, alarms, passwords, etc.

An employee should immediately advise their direct supervisor of any suspicious conduct by employees, customers or guests of APPLE BUS COMPANY and of any known security risks such as broken locks, burnt out bulbs, persons loitering, or any other potential security risks in the work environment.

Internal theft will result in immediate disciplinary action, up to and including possible termination and may also result in criminal prosecution and a negative reference. The unauthorized use of property or proprietary information is considered internal theft. For example, an employee may not use copy machines, computers, company products, or office supplies for personal use without prior authorization.

Drug and Alcohol Policy and Procedures

Introduction

The goal of Apple Bus Company, its management, and its employees is to establish a drug and alcohol-free environment and to remain free from the effects of drugs and alcohol in order to guarantee the health and safety of employees, passengers, pedestrians, and other motorists.

Responsibilities

All employees are prohibited at all times from using or ingesting illegal drugs or prescription drugs obtained or used without a valid medical prescription. In addition, employees must not consume alcohol four hours prior to on duty performances, and eight hours following an accident or until the employee undergoes a post-accident drug and alcohol test, whichever occurs first.

Confidentiality

Confidentiality will be maintained throughout the drug and alcohol screening process. All drug test results are received and reviewed by the Medical Review Officer (MRO). Only authorized personnel who must be involved in a case will be given information regarding test results, and then, only on a need to know basis. Test results will only be released to those authorized by the FTA rules to receive such information.

- The employee if requested in writing.
- NTSB when investigating an accident.
- Decision-maker in a lawsuit, grievance, or other proceeding initiated on behalf of the employee.
- Subsequent employer, if requested in writing by the employee.
- Other identified means if requested in writing by the employee.

Education and Training

All employees of Apple Bus Company who perform a safety sensitive function will receive at least 60 minutes of training on the effects and consequences of prohibited drug use on health, safety, the work environment, and on the signs and symptoms which may indicate prohibited drug use and alcohol misuse.

All supervisors are also required to receive a two hour training course focusing on the detection of signs and symptoms of prohibited drug and alcohol use.

Drug and Alcohol Testing Procedures

The drug testing regulations require a urine test for the following five drugs: Marijuana, Cocaine, Opiates, Amphetamines, and PCP. The urine specimen must be a split sample. The specimen is then shipped to a Department of Health and Human Services certified laboratory for testing.

The alcohol testing regulations require breath testing through the use of an evidential breath testing device for verification of a positive screen. A breath alcohol technician must perform the test.

Types of Tests

Pre-employment

As a condition of employment, all applicants considered for employment with Apple Bus Company will be required to submit to drug testing. No employee shall be put on the payroll or allowed to perform any job functions for any reason until a pre-employment drug test has been conducted and confirmed negative by a MRO.

Reasonable Suspicion

Reasonable suspicion testing is required when a trained supervisor can give and support reason of physical, behavioral, or performance indicators of probable drug use or alcohol misuse by observing the appearance, behavior, speech, or body odors of an employee.

Random

All employees will be subject to drug and alcohol screening on an unannounced and random basis. Employees will be randomly selected by a computer-generated program.

All random testing is done at the rate of 50% of the total employee pool for prohibited drugs and 10% for alcohol annually. The employee pool is made up of all employees who perform safety sensitive functions company wide.

Post-Accident

Effective December 2017 this section is updated to follow the DOT post-collision guidelines on drug and alcohol testing. Please refer to the Post-Collision Determination Form or call the Director of Safety to verify a DOT post-collision drug and alcohol screen should be conducted.

Return to Duty

Any employee who has had a positive test result under 5.2.2, 5.2.3, or 5.2.4 of the regulations code will be required to undergo follow up testing before said employee will be able to resume performing a safety sensitive function. Follow up testing is required after the employee receives treatment with a minimum of six tests in the first 12 months following their return to duty.

Consequences

It is the policy of Apple Bus Company to terminate the employment of safety sensitive employees who test positive for drugs and alcohol. Apple Bus Company has zero tolerance policy, therefore any positive results will be reason for immediate end of employment. A refusal to submit to a drug and/or alcohol test will constitute a verified positive test result and the employee will also be terminated. Where it has been determined that an employee has tampered with his/her urine or fails to complete any step in the drug and alcohol testing process, the employee will be terminated.

Smoke-Free Environment

In keeping with APPLE BUS COMPANY intent to provide a safe and healthy work environment, smoking is prohibited throughout the workplace including the office, client areas, hallways, and restrooms. This policy applies equally to all employees, clients, and visitors.

Employee Conviction & Criminal Activity

The conviction or proven involvement in criminal activity by an employee, whether on or off company property; may result in disciplinary action including suspension or termination.

Disciplinary action depends upon a review of all factors involved, including whether or not the employee's action was work-related, the nature of the act, or resultant circumstances which adversely affect attendance or performance. Any disciplinary action is not dependent upon the disposition of any case in court.

Employees are expected to be on the job, ready to work, when scheduled. Inability to report to work as scheduled as a result of an arrest may lead to disciplinary action, up to and including termination, for violation of any attendance policy or job abandonment.

Any disciplinary action taken will be based on information reasonably available. This information may come from witnesses, police, or any other source as long as management has reason to view the source as credible.

If work-related, demonstrated by showing the following:

- There is a direct relationship between APPLE BUS COMPANY in the activity and the employee's job;
- The activity compromises APPLE BUS COMPANY responsibility to its customers, and/or other employees;
- There is a demonstrable effect on company operations/mission;
- The activity renders the employee unable to perform the job satisfactorily;
- The activity leads other employees to reasonably refuse to work with the employee;
- The misconduct jeopardizes business operations by creating publicity that could do substantial harm to APPLE BUS COMPANY public image.

In addition to the above APPLE BUS COMPANY reserves the right to suspend an employee with or without pay pending the outcome of any criminal law process. APPLE BUS COMPANY also reserves the right to take appropriate disciplinary action if our own investigation reveals a reasonable probability that misconduct took place, regardless of whether or not the individual is acquitted in court. The fact that an employee has been spared criminal or civil penalties does not preclude disciplinary action since the prosecution of court cases and the supervision of employees are separate matters.

CONCLUSION

This employee handbook is our attempt to keep employees informed of the terms and conditions of their employment, including company policies and procedures. Apple Bus Company reserves the right to revise, add or delete from this handbook regarding the terms or conditions of an employee's employment to the extent allowable by law. The only policy that will remain unchanged is our employment-at-will policy, allowing any active employee or Apple Bus Company to terminate employment with Apple Bus Company at any time for any reason. Employees will be notified when there are changes made to the handbook. No oral statements or representations can change the provisions of this handbook. If you believe any provisions of the handbook conflict with your understanding of the terms or conditions of your employment, you should immediately speak to your supervisor for clarification.

(* Last modified – February 1, 2013)



applebus

Customer Service Training



Table of Contents

Our goal is to have a program that educates office staff on the proper ways of customer service.

Topics To Cover:

Attire - Business Casual

Communication

Telephone Etiquette

10 Essential Business Telephone Skills

Examples

Radio Etiquette

Daily radio communication

How to react to a emergency

Customer Interaction

10 Essential Customer Service Skills

Email Etiquette

Writing skills - poor spelling, grammar (make sure to spell customer name or company name correct)

Wrong subject line

Attachments

Appropriate use of emails

Make emails short and sweet long emails or to much

Do not use all caps

Never send an angry email

It's rude to not respond even if its a quick one

Replying to appropriate people - when to use reply all and when not to

(Paying attention to who is on an email in general)

Follow up

With individuals

With GM

Secret shopper calls

2 week return



Attire

All shirts/blouses need to be sleeved and completely cover the torso. No tank tops, tube or halter-tops, cut-off shirts, or bare midriffs. If you find it questionable, remember modesty in dress is best.

If shorts or skirts are worn, they should be at least 3 inches above the center of the knee cap or longer and hemmed. No cut-off shorts.

All clothing should be neat, clean, not frayed or with holes. (Exceptions may be made based upon practicality for certain maintenance assignments.)

No clothing with printing, embroidery, or otherwise displaying vulgar, demeaning, sexual suggesting, or racially slurring words or images. Neither shall any clothing display references to alcohol, tobacco, drugs, or drug paraphernalia.

Shoes need to be non-skid and cannot be open-toed or open-heeled. High heels or platform soles are also prohibited.

Offensive body odor and poor personal hygiene is not professionally acceptable.

10 Essential Business Telephone Skills

A caller's first **impression** of Apple Bus is formed by how well we handle the call. You are a "Welcoming Committee of One."

Talking points:

Breathe before you speak

Skill #1 — Answering a Business Call

A pleasant phrase such as "Good Morning," or "Thank you for calling Apple Bus," sets the stage. Follow that with your name. The caller assumes that you are going to help them when you answer the phone, so they will tell you how you can help without your asking.

Example: (You) "Thank you for calling Apple Bus Ray-Pec, This is Wende."

Wait for response

Talking points:

Anything after your name erases your name. (They will tell you why they called)

SMILE and be professional (Fake it till you make it)

Think about how you would want to be spoken to if you were the parent.

Skill #2 — Monogramming the Call

People enjoy hearing their name, so use it set a positive tone for the call. Using the caller's name and saying it correctly is a way of letting them know you can help. Don't be afraid to ask for help with spelling, and phone number. It lets the caller that you are going to help them.

Skill Example A: (Caller's Request) "Hi. My name is Chris and I need to change a pick up location."

(You) "Sure, Chris, I'll be happy to help. May I gather some information from you?" (school, home address, student's name, why changing)

Talking points:

Skill #3 — Putting a Caller on Hold

Be sure to let the caller know why you are placing them on hold, ask if they are able to hold. If the caller is not able to hold, handle their needs by offering options, such as a call back.

Example: "May I place you on hold for a few minutes while I contact your driver?"

(Caller's Response) "Yes, thanks!"

Talking points:

Do not ever just place the caller on hold

Be realistic with a time frame (avoid 1-2 seconds)

Make sure you're honest (This will reduce follow up calls and make your job easier)

10 Essential Business Telephone Skills

Skill #4 — Thanking the Caller for Holding

When a caller has been on hold it can be frustrating. You can ease that and put the call on a positive path by thanking the customer for holding.

Example: (You) “Thank you for holding. Here is what I found for you.”

Talking points:

It's the polite thing to do.

Skill #5 — Avoiding Excuses

Callers want solutions, not excuses. Excuses that annoy customers: “Our computers are down,” or “Sorry but that's our policy.” Take responsibility and let the caller know that you can help them.

Example: (Caller's Request) “This is Mr. Whitfield. I have some questions about a letter I received.”
(You) “Hi, Mr. Whitfield. What does the letter state?”

Talking points:

Provide solutions as often as possible. Learn what kind of issues you can and should be handling.

If you don't have the answer, let the caller know that you will find out and then call them back.

Never lie to the caller make sure the info you're saying is the truth.

Skill #6 — Giving Spoken Feedback Signals

Use a combination of words and phrases to acknowledge that you heard and understand what the caller has said. Spoken feedback signals are more important on the phone than face-to-face. If you are taking notes, tell the caller, so they know the sound they hear is related to their call.

Example: (Caller's Request) “I'd like to have this stop added by tomorrow.”

(You) “Okay. I'm going to get some information, (address, student's name, school, etc.)so we can look at the process of adding a stop in the area.”

Talking points:

Know the policies and procedures for your location--be ready to answer/explain the hows and whats
In your response you are acknowledging the information and trying to avoid 'dead air'

Skill #7 — Being Prepared

“Be Prepared.” Keep paper, pen or pencil next to your phone at all times. Writing down information is the best way to make sure you don't miss something.

Skill Tip: Always be ready to write down details.

Talking points:

Repeat the information back, check spelling, verify you are going the correct direction to solve the issue.

10 Essential Business Telephone Skills

Skill #8 — Controlling the Conversation

If a caller gets off subject or off track, ask a question related to get it back on track.

Skill Tip: Know the difference between letting off steam and getting off track

Talking points:

Repeat the purpose of the call

It's not domination—it's efficiency

Talking points:

Mouth piercings, eating, clicking of the tongue, lip smacking, teeth sucking

Skill #9 — Avoiding Mouth Noises

Mouth noises annoy other people. The mouthpiece of a telephone is a microphone that amplifies sounds on the receiving end. While on a call, don't eat, drink, or chew gum.

Talking Points:

Mouth piercings, eating, clicking of the tongue, lip smacking, teeth sucking

Skill #10 — Leaving a Positive Last Impression

A positive last impression counts as much as a good first impression. Finish the conversation on a positive note. Let the caller know you are glad they called and that you look forward to hearing from them again. This last impression is often the way they remember the entire call.

(callers name) Thank you so much for calling AB. I will make sure to get this message to _____

(callers name) I am so glad we got this all worked out for you.

Talking points:

What you remember about a person is how you made them feel. Did the caller feel heard? Taken care of? The next time something happens with that person, they are more likely to be on our side instead of assuming the mistake was ours.

Reduces your workload by reducing calls.

10 Essential Business Telephone Skills

Example of skills in action:

(Prior to picking up the phone, have a pen and paper with you.)

Us: Thank you for calling Apple Bus, Ray-Pec this is Wende.

Caller: I want to know why my child was not picked up.

Us: I will check on that for you. May I ask who I am speaking with?

Caller: This is Bob.

Us: Hello, Bob. I'm happy to help with this I just need a little bit of information to be able to find this out for you. What is your child's name, stop, and normal pick up time?

Caller: My daughter's name is Sarah at 39th, Broadway, 7:15.

Us: While I talk to the driver for that route, may I place you on hold for 2-3 minutes, Bob?

Caller: Yes.

Us: Thank you for holding, Bob, I spoke to the driver and they will be at 39th and Broadway in 7 minutes.

Caller: Why is the bus late?

Us: I need to spend some time looking at the route and talk to the driver to see if the time for that stop should be different. May I call you back?

Caller: Yes.

Return the call prior to the next morning routes going out

Talking point:

Talk through some examples they may have. Working through the process makes them think about the process.

Radio Etiquette

Coming across clean, crisp, and uniform on the radio allows for smoother **communication** to occur. What to remember when you are on the radio:

Limit your radio traffic to short sentences such as, how long until you reach 39th and Broadway?
(be brief)

Remember that Apple Bus employees may not be the only ones who can hear our radio traffic.

Keep all radio traffic professional, polite, and on topic.

Be prepared also make sure no one else is speaking.

Press the button and pause before speaking.

Identify yourself and whom you're trying to reach.

Use short, clear, and concise message.

Speak **ACROSS** the microphone rather than into it to improve intelligibility. Use a natural speaking voice. The only way to overcome loud ambient noise is to shield the microphone from the wind, point it away from the source of noise or wait until the noise passes.

Be patient.

If you do not understand the response you have received, ask them to repeat the message.

Emergency Procedures - Dispatch

How to React in an Emergency at Dispatch:

REMAIN CALM Notify Management there is an emergency (Management may take over from here--if not proceed).

Stop all other radio traffic. "Base to all drivers please suspend radio traffic so that driver XXX can have open communication with base. When radio traffic may resume I will let you know." Clarify what the emergency is (If needed).

Make sure that the vehicle has stopped in a safe location.

Clarify the location of the Emergency.

Ask if there are any injuries and if so remind driver not to move the injured person. Unless the injured person is in further danger by remaining where they are.

Call for EMS or other rescue services if needed (Fire, police, etc.).

Notify Management of location and if Emergency services have been notified.

Inform the driver that a supervisor is on the way to the scene and if necessary that any emergency services have been notified.

If this is a major incident then the radio may need to stay clear until someone arrives on the scene of the incident to take over. If not then clear radio traffic to continue.

Customer Interaction Management

Customer interaction management is the process followed by companies to **interact** with its customers. A customer interaction management solution is a software or system that facilitates the interaction between the company and its customers.

Who Are Our Customers?

- Schools
- Parents
- Drivers/Monitors
- Anyone calling our facility

10 Essential Customer Service Skills

1. Be a great listener. Always listen to what the customer has to say do not interrupt (Active listening instead of reactive listening). Take the time to identify customer needs by asking questions and concentrating on what the customer is really saying. Listen to their words, tone of voice, body language, and most importantly, how they feel. Beware of making assumptions – thinking you intuitively know what the customer wants.
2. The customer is always right. He or she may be rude, inattentive, or annoying but he or she is **STILL** the customer. And they **ARE RIGHT**:
They are right about how they feel.
They are right about their perception.
They may not have all of the facts.
3. Customers are very sensitive and know whether or not you really care about them. Make customers feel important and appreciated. Treat them as individuals. Always use their name and find ways to compliment them, but be sincere. Do everything respectfully and with a smile (Fake it till you make it). Making sure we watch our language and are speaking with honesty. Use words and phrases like, “I’ll investigate further,” “we will review the video and talk to the driver,” and “thank you for bringing this to my attention.”
4. Identify and anticipate needs. Customers don’t buy products or services. They buy good feelings and solutions to problems. Most customer needs are emotional rather than logical. Try smiling while you are talking to the customer; it can make your voice sound more pleasant and positive. Avoid the flat, lackluster tones that so many think is appropriate while conversing in today’s cultural milieu.
5. Get regular feedback. Encourage and welcome suggestions about how your company could improve.
6. Help customers understand our locations. Take time to explain how our locations work. Help employees understand their role within our location.

Customer Interaction Management

7. Communicate Professionally. Topics that we discuss with our internal customers and external customers should always remain on a professional level. Avoid foul language, inappropriate topics, and negative attitudes towards other internal and external customers. Encourage positive interactions and conversations about how to make operations and circumstances better for everyone.

8. Know how and when to apologize. We are going to make mistakes and we need to own that. When we own our mistakes it changes the entire conversation. When something goes wrong, apologize. It's easy and customers like it.

9. Treat employees well. Employees are your internal customers and need a regular dose of appreciation. Give more than expected. A thank you goes a long way towards respect and appreciation. Thank them and find ways to let them know how important they are. Treat your employees with respect and chances are they will have a higher regard for customers.

10. Appreciate the power of "Yes." Always look for ways to help your customers. When they have a request (as long as it is reasonable) tell them that you can do it. Figure out how afterwards.

The Do's and Don'ts of Email Etiquette

While we try to work faster and more efficiently, we must not forget the **social rules** that accompany any form of communication. Here are some of the do's and don'ts of email etiquette.

Do have a clear subject line.

Most of us have to compete with the hundreds of emails clogging our inbox every day, so the clearer your subject line, the more likely your message will be read. For example, if you're sending a mileage form to someone, be specific and write, "The Mileage Form Is Attached."

Don't forget your signature.

Every email should include a signature that tells the recipient who you are and how to contact you. Set it up to automatically appear at the end of each email. Include all of your contact details so the recipient doesn't have to look up your address, email or phone number.

Do use a professional salutation.

Using "Hey," "Yo," or "Hiya" isn't professional, no matter how well you know the recipient. Use "Hi" or "Hello" instead. To be more formal, use "Dear (insert name)." Using the person's name in the salutation -- "Hello Robert" -- is quite appropriate, but remember not to shorten a person's name unless you're given permission to do so.

Don't use humor.

Humor does not translate well via email. What you think is funny has a good chance of being misinterpreted by the other party, or taken as sarcasm, without the accompanying vocal tone and facial expressions. When in doubt, leave humor out of business communications.

Do proofread your message.

Don't be surprised if you're judged by the way you compose an email. For example, if your email is littered with misspelled words and grammatical errors, you may be perceived as sloppy, careless, or even uneducated. Check your spelling, grammar and message before hitting "send."

Don't assume the recipient knows what you are talking about.

Create your message as a stand-alone note, even if it is in response to a chain of emails. This means no "one-liners." Include the subject and any references to previous emails, research or conversations. It can be frustrating and time consuming to look back at the chain to brush up on the context. Your recipient may have hundreds of emails coming in each day and likely won't remember the chain of events leading up to your email.

Do reply to all emails.

Give a timely and polite reply to each legitimate email addressed to you. Even if you do not have an answer at the moment, take a second to write a response letting the sender know you received their email. Inform the sender if their email was sent to the wrong recipient, too.

The Do's and Don'ts of Email Etiquette

Don't shoot from the lip.

Never send an angry email, or give a quick, flip response. Give your message some thoughtful consideration before sending it. If you feel angry, put your message into the "drafts" folder, and review it again later when you are calmer and have time to formulate an appropriate response.

Do keep private material confidential.

It is far too easy to share emails, even inadvertently. If you have to share highly personal or confidential information, do so in person or over the phone. Ask permission before posting sensitive material either in the body of the email or in an attachment.

Don't overuse exclamation points!

Exclamation points and other indications of excitement such as emoticons, abbreviations like LOL, and all CAPITALS do not translate well in business communications. Leave them off unless you know the recipient extremely well. It's also not professional to use a string of exclamation points!!!! It may take some practice to keep your emails professional and to the point, but you will look more polished and organized in the long run.

Do know when to click the "reply to all" option.

"Reply to all" is reserved for special cases only. It should only be used if you need to send the same message to every single recipient in the group. Do not reply to all when only the original sender needs to know your reply; Your comments will be crucial to know for the original sender and a few other recipients; Your message is simple like "Thanks!" or "Me too."

DON'T USE ALL CAPS.

When you write in all capital letters, it appears as if the sender is shouting. Text in all uppercase is significantly more difficult to read than lower and mixed case text. It is best used only for short strings of words rather than full sentences. You could choose instead to use italics or bold to set off text for emphasis.

Do read the entire email.

Make sure that you read the received message in its entirety, even if it is a little lengthy. Skimming makes it really easy to miss important information.



**Apple Bus Company
Maintenance Policies, Procedures, and Forms**

Revised September 2018

Purpose of Maintenance Policy

Our commitment as employees of Apple Bus Company is to provide mechanically sound vehicles whose performance and appearance inspire the highest level of confidence among clients, patrons and employees.

Properly maintained vehicles are essential to safe, reliable and efficient transportation. Apple Bus Company believes that vehicles are best maintained through a comprehensive program that defines employee roles, guides daily behavior and measures success objectively.

This guide is designed to assist local management in implementing and operating the company's maintenance program. It should not be used to replace common sense, good management or stifle creative thought. This guide sets minimum standards, suggests proven techniques and methods.

This guide can be a valuable tool if it is widely read and used. It is intended that every management office and shop will have a copy. All maintenance and local management personnel should be familiar with its content and must heed its advice.

It is the intent of Apple Bus Company that its fleet shall set the standard by which all others in the transportation industry are judged.

Preventative Maintenance Program

The Apple Bus Company Preventive Maintenance Program is designed to keep all vehicles, shop equipment and tools in a safe, reliable and functional condition at all times. It requires management, drivers, fuelers and mechanics to be trained and accountable for specific roles. Without all staff working together as a team, excellent preventive maintenance will not occur.

Personnel Roles in Preventative Maintenance

Management

Management must be sure that all staff is properly trained in preventive maintenance. The manager must know all parts of the preventive maintenance program, supervise its implementation and evaluate its effectiveness through audits. Special attention must be given to keeping the preventive maintenance on schedule and having effective driver pre-trip inspections.

Drivers

Drivers play a primary part in the preventive maintenance program. Only the driver sees, hears and feels the vehicle every day it is driven. Besides being ever vigilant and reporting observations, the driver has specific duties as follows:

1. **Pre-trip Inspections:** The driver thoroughly checks the vehicle before driving it. This often requires a state mandated form and if the trip is over 100 miles a DOT daily inspection form is to be filled out. Apple Bus Company must meet or exceed all federal, state and customer requirements. Regardless of the time of day a driver must do a full pre-trip the first time he/she uses the vehicle that day. Special attention should be given to the condition of the safety equipment, tires and brakes.
2. **Mini Pre-trip:** Each succeeding time a driver takes out the same bus in a day, a mini pre-trip needs to occur.
3. **Post trip:** All vehicles should have switches turned off, windows closed, seat damage checked, trash removed and floors swept as needed. Write up any mechanical defects or concerns and handle as previously instructed. All drivers, at the end of each trip are to check each and every seat for children by walking to the rear of the bus. Drivers must take care to insure that no child has fallen asleep on the floor under a seat. Few things are as unsettling to a small child or their parents as leaving them alone on a bus. ***Check and then Check again.***

Fuelers

Fuelers are expected to do more than fuel vehicles. They must make sure that fluid levels are checked. No vehicle should be sent out low on oil, antifreeze, automatic transmission fluid, and windshield washer solvent or power steering fluid. When any fluid level is low the fueler is to add the needed fluid and inspect for leaks. In the event a leak is discovered the fueler is to inform the maintenance department or their manager, whichever local protocol dictates. **Loose/broken brackets or other parts that don't look complete or properly secured.** Fuelers should also be alert for unusual noises and noisy or poor brakes. Fuelers are to receive instruction on the procedures to follow in the event fuel is spilled.

Maintenance Technicians

Maintenance Technicians (mechanics) are the most accountable members in the preventive maintenance process. Before doing a preventive maintenance, "PM", the new mechanic must have preformed one or more PM's under the watchful eye of an experienced Apple Bus Company technician. Because of the variety of vehicles, technicians must be specifically instructed for each type of vehicle they might maintain. Upon completing the PM the technician signs the PM sheet saying that all the work was completed. Given the nature of the services that Apple Bus Company provides and in keeping with the Apple Bus Company mission statement there will be little tolerance for repairs that are not preformed in a timely manner with the highest level of quality. Initialing items *NOT COMPLETED* will be cause for disciplinary action, including termination. Vehicle abuse by any Apple Bus Company team member shall be reported to the facility manager.

Preventative Maintenance Checks

Daily

Daily checks are to be made by drivers and fuelers. While these occur daily, they must not be considered routine or unimportant. Maintenance staff must process "Driver Vehicle Inspection" reports and perform those repairs daily. Daily checks, Repairs and feedback to drivers prevent employee and passenger injury, breakdowns and extend equipment life.

Monthly

Monthly checks using the "Monthly Inspection Report" are to be preformed on all company vehicles. **No exceptions!** Each and every vehicle must receive a monthly PM inspection. The only exception is for equipment that is on a long-term lease under the terms of which the lessee is to insure compliance with the Apple Bus Company maintenance program. Key aspects of this portion of the PM program include the following:

1. **Calendar Scheduling:** A simple calendar schedule (see forms) shall be used. Divide the number of vehicles by the number of workdays in a month. Make sure holidays and staff vacations are taken into account. Assign vehicle numbers to each workday so that all units can be done during the month. Assign approximately the same day each month for each vehicle (so bus number 300 is not inspected the first day of this month and the last day of next month). Assign heavier for the first part of each month and assign heavier for the middle of the week. These simple steps will help you better adjust for the unexpected, such as bad weather and employee absenteeism, and still stay on schedule. The monthly inspection checks should not be done more than two workdays ahead or behind schedule. Overtime and/or extra help must be utilized if a location begins to fall behind. Don't forget to service spares, other company vehicles and shop equipment such as the air compressors.
2. **Preventive Maintenance Intervals:** Preventive Maintenance checks will be done between 5,000 and 6,000 miles using PM forms. Customer or state requirements, operational conditions and Apple Bus Company staff will determine the mileage at which these PM's are preformed. A summer service inspection (complete shop) will also be performed each summer using the same form.

3. **Preventive Maintenance Overview:** Highlights of items completed, inspected, lubricated and repaired during the PM inspection.

- Lubrication of chassis
- Interior inspection, upholstery, flooring and glass, seats properly secured
- Exterior inspection, body damage, lights and lenses, doors, lettering, mirrors tight and properly adjusted
- Lights and switches including high beam indicator and panel lights
- Front and rear suspension
- Steering gear box and linkage
- Fluid levels and leaks
- Exhaust system including exhaust hangers
- Tires and air pressure (tires must meet DOT and/or state specifications, whichever is greater)
- Breaks
- Safety equipment
- Air filter condition
- Water trap and air-dryer filter (if equipped)
- Wheelchair lifts (if equipped)
- Air conditioning (if equipped)

10,000/A Body 6,000 Mile Maintenance:

This preventive maintenance is done prior to the vehicle traveling 6,000 miles. It includes but is not limited to changing the crank case oil and oil filter. **Note:** Be sure oil plug and oil are in the engine before starting it! The person taking the unit out of the shop shall be responsible for oil level. Oil, filters and fluids must be disposed of using federal, state and local guidelines. Fuel filters are to be changed once a year during the November PM unless more frequent changing is necessary due to poor fuel quality. In addition to changing the oil and filter, a complete *Monthly PM* is to be performed.

Summer Service:

This maintenance interval should be combined with the 5,000/6,000 mile maintenance interval. When combined, this is the most thorough preventive maintenance of all. This is to be performed before the vehicle travels more than 24,000 miles and every 24,000 miles thereafter. In addition to the 5,000/6,000 mile requirements, it requires:

1. Change the automatic transmission external filter
2. Pull all wheels, inspect all break components including break hoses for checks, cracks or leaks and pack bearings (unless equipped with wet bearings)
3. Check all body securement bolts
4. Check shocks for leaks and securement
5. Check all steering components including steering gearbox for excessive play
6. Check for fluid leaks
7. Inspect all hoses for checks, cracks, over-tightened and/or under-tightened clamps
8. Inspect all belts for separation, checks, cracks and proper adjustment
9. Check air conditioner evaporator and condensers: clean fins and filters (if equipped)
10. Check A/C hoses for proper routing and securement
11. Inspect and lubricate, per manufactures recommendations, wheelchair lift
12. Inspect wheelchair lift electrical wires for proper routing and securement

Road Testing:

Each vehicle is to be road tested annually following the summer service inspection/summer cleaning and prior to the start of the new school year. The road test insures that the vehicle is properly lettered, is one of the proper specifications for its intended state of operation, has the proper safety equipment for its intended customer, has the proper documentation on board, is clean and has been preventative maintenance inspected.

Properly preformed preventive maintenance checks will allow every unit to pass all DOT and state license and safety inspections without extra hours of work or extra help from outside sources. Road test should be performed after any major repair including but not limited to engine, transmission, or brakes.

Fluids Consumption

The consumption rate of fuel, oil and coolant can help detect problems that can be repaired before major problems develop. Excessive fluid consumption usually indicates leaking, broken or worn parts. By the early detection of unacceptable fluid consumption, the cost of repairs and excessive fluid usage will be minimized. Excessive fluid consumption can also jeopardize the proper function of the vehicle therefore rendering it unsafe. Pay attention to what fluids are being added and in what amounts. Common sense goes a long way in this area.

Fuel Consumption:

Several things can cause excessive fuel consumption. Proper diagnosis is very important in determining what the cause is, how to fix the problem and when to fix it. Listed below are a few of the most frequent causes that should be checked if fuel consumption reports indicate unacceptable readings.

1. **Leaks:** Fuel lines and connections, fuel tank, fuel delivery systems, fuel pumps (both electrical and mechanical). Leaks at any of the above components shall take a vehicle **"Out of Service"** until the proper repair has been completed.
2. **Improper Settings/Adjustments:** Fuel racks, valve adjustments, and diesel fuel injection pumps. Although important, these problems can be scheduled for repair as soon as reasonable possible. A clogged or obstructed air filter can also increase fuel consumption.
3. **People:** Incorrect recording of fuel used or miles traveled, theft, excessive idling, improper driving habits such as jackrabbit starts, lugging of the engine and excessive speed.

With the high cost of fuels, excessive consumption shall be treated as a priority repair regardless of whether Apple Bus Company or the district purchases the fuel. Additives to decrease fuel or oil consumption and increase engine life are not to be purchased or used without thorough testing, approval from the engine/chassis manufacturer and written approval from the Home Office.

Oil Consumption: Excessive oil consumption shall always be considered as priority work. The following information describes some of the most common conditions that may need immediate attention.

1. **Leaks:** Valve cover, oil pan, front cover gaskets and the rear main seal should be inspected at each PM. Usually these will be minor leaks that can be scheduled maintenance. Check crankcase for proper ventilation; if the crankcase is not properly vented, blown valve cover gaskets and/or seals can result.

Leaks at air compressor lines, gauge lines and turbo charger(s) should be given a high priority for repair.

The transmission should also be inspected at each PM interval for leaks. Some residual or seeped fluid is to be expected and is normal for the transmission. What you are looking for is fluid dripping or fluid that has blown towards the rear of the vehicle.

The differential housing (rear-end) is also to be checked at each PM interval. Like the transmission, you are looking for a leak, residual fluid or seeped fluid is expected and normal in this area. Look for a leak at the pinion seal (where the driveline bolts to the rear-end) and around the fill plug.

Inspect the power steering pump, supply lines, reservoir line(s) and the steering gearbox for leaks. Again, Seeps and residual fluid is normal and is to be expected.

Simply put: if it drips on the ground it is a leak, if it does not drip onto the ground it is probably residual fluid. While there are no hard and fast rules here if it does not drip onto the ground it probably does not pose a threat to the equipment or safety. This is another area where a little common sense goes a long way.

2. Worn rings: This oil consumption problem is detected by excessive blue smoke from the exhaust. If this condition exists, a major engine overhaul or replacement is usually the only correct repair. Air compressors can also cause engine oil consumption on a smaller scale but with a costly result. Air compressor rings that are worn can discharge oil into the air systems; this can cause damage to air brake valves and bladders. Abnormally long air pressure built-up times can detect worn air compressors and excessive system air leaks. Significant air leaks can be detected by simply listening for the escaping air.

3. Coolant Consumption: Any loss of coolant shall receive immediate attention for repairs. The most common coolant leaks occur from:

- Leaking head gaskets
- Stuck and sticking thermostats
- Leaking heater cores
- Leaking radiator/heater hoses
- Leaking radiator
- Water pump seal failure
- Pitted cylinder liners (diesels)
- Leaking coolant overflow tank

Commonly, if an engine overheats one time from coolant loss, more serious and/or major work will follow within 6-12 months. An overheated engine should be closely monitored for increased oil consumption and any other abnormalities. Any increased oil consumption or other abnormalities should be promptly reported to the Home Office as they occur. The repair of head gaskets with external leaks is often "put off" until a convenient time. The continual adding of coolant can buy time but should be done for as a brief amount of time as reasonably possible. A slow, external coolant leak can turn into a major leak over the course of one route, so get this type of leak scheduled into the shop as soon as reasonably possible.

An internal coolant leak is an "Out of Service" problem. Ethylene Glycol (common antifreeze additive) destroys the soft metals the crankshaft and crankshaft bearings are coated with. This type of failure must receive immediate attention.

Fleet Appearance

A high-priority goal of Apple Bus Company is to maintain a positive public image. To accomplish this, we must strive for a "body perfect" fleet that goes on the road clean and gleaming. The Apple Bus Company reputation is positively influenced when people routinely see clean, shiny buses. Buses act as ROLLING BILLBOARDS, if they are dirty or damaged the message on the billboard is not a good one. When the buses are clean and undamaged the billboard's message is a positive one. In rural areas people expect to see dirty buses when the weather is bad. They don't expect to see dirty buses days after the weather and roads have improved. The appearance of the fleet reflects the care and pride of the local management teams.

Body:

A quarterly evaluation should be made of the current fleet condition and when any unit is transferred into your location. A way to record each unit's condition is to use that Vehicle Inspection Report. Upon completion of this evaluation, teaming with local management repairs will be prioritized and scheduled by the Home Office. A copy of the Vehicle Inspection Report (see forms) is also to be placed in that vehicle's maintenance files for future reference. The goal is to take care of body damage as soon as reasonably possible after the damage occurs. All damage should be reported to the home office within 2 workdays of its occurrence or when it is first noticed.

Lettering:

Each bus should be lettered to meet company, customer and state specifications. Apple Bus Company provides high quality, vinyl decals to be used to identify ownership. The decals are applied to clean, degreased, flat surfaces. It is advisable to decal the fuel type at the fuel fill area to reduce errors in fueling. Removal of vinyl decals is accomplished by applying heat from a heat gun or hair dryer. Apply heat for several seconds then lift a corner of the decal with your fingernail and pull while continuing to direct heat onto the decal. All decals should be ordered through the home office. Painted lettering will typically require that a body shop sand and repaint the area.

Cleanliness:

Along with sweeping (typically daily) and the picking up of trash by the driver, Apple Bus Company has a goal to wash the outside of a unit once every two weeks. Weather and the road type will alter this schedule from time to time. A record of units may be kept on a blank calendar. Simply record the vehicle number on the calendar on the day it was washed. The rule is that when they are dirty, wash them. Washing a unit utilizing the following process will maximize your effort and result in a cleaner vehicle.

1. Exterior Wash, Every 2 Weeks, Or As Needed:

- Be sure all windows are up and all doors and roof hatches are closed
- Soap down entire exterior of vehicle
- Remember to wash up under the wheel wells, behind the front bumper where the front tires through mud and dirt and wash the mud flaps and end of the exhaust pipe.
- Wash vehicle from lower skirt and work up to more easily see what has been cleaned, doing half aside from bottom to top, a section at a time.
- Rinse thoroughly to remove soap film

2. Engine and Exterior Detail Wash-Annually:

- Degrease engine, under hood, front axle, springs, spindles, tires, wheels, around and under hood, steering linkage including steering gearbox.
- Power wash or use a soft bristle brush to wash the entire vehicle with a good grade of soap. Rinse thoroughly. When washing the engine compartment, cover the air intake.

3. Interior Clean (rubber floor coverings only):

- If the vehicle has a rear door raise front of vehicle and place on jack stands. Thoroughly sweep debris from the floor. Soap down the interior floor, ceiling if needed, seats and windows. Scrub the windows, floor ceiling (if it was soaped). Rinse soap and dirt out the back door. This thorough cleaning shall not be performed more than two times annually due to the risk of rotting plywood floors and rusting of metal floors.
- **Note: When washing inside of bus, make sure a cover is placed over the switch panel to keep water out of switches. Do not spray water on horn button or the dash.**

4. Annual "Spiff" Service:

- Clean dash, heater and defroster covers. Apply Armour-All or its equivalent.
- Clean (and paint if necessary) outside mirrors and rub rails.
- Clean seats.
- Paint wheels and bumpers with high quality gloss paint. Use a piece of cardboard or mask off bumpers to keep overspray off of body paint.
- If overspray occurs, wipe off with a rag dampened with enamel reducer. Wear proper safety equipment, read and follow manufactures instructions printed on the can when handling the enamel reducer.

5. Vans and Sedans (interior clean)

- All vehicles with carpet shall be vacuumed at least two times per month and as often as needed.
- All windows shall be cleaned inside at least two times per month.

Hazardous Materials Emergency Response Plan

Environmental Compliance/Training

General

It is the intent of Apple Bus Company to always comply with all local, state and federal regulations. Equally as important to Apple Bus Company is to provide the resources and education to our employees to safely evaluate and properly deal with and environmental hazards and/or any employee hazards that might occur during the fulfillment of a transportation contract. The contents of this section provide the framework for training and will be available as a resource to all employees.

Training/Resource Materials

The local terminal Manager and the Service Manager (where applicable) will have each at least one copy of this section along with a Hazard Communication Manual and a Material Safety Data Sheet (MSDS) file. This file is to include a data sheet for all materials that any employee of the company or visitor to the transportation terminal might handle or otherwise come into to contact with on Apple Bus Company property or during the routine performance of their job. The local terminal manager will have the responsibility of maintaining the manuals and files and for ensuring that the environmental and employee hazard training is meaningful and ongoing. The above referenced manuals and files will be available to all employees and authorized regulatory agencies.

Hazard Response

Each employee is to be consistently vigilant and ready to react in the event a spill or overflow presents risk to persons or property occurs. It is the employee's responsibility to **quickly assess the risk, determine if others in the area need to be alerted (if in doubt notify others in the area) and then report their observations immediately to their direct supervisor**, typically this will be the local terminal manager.

Local manager/management, upon notification and after review of the situation will determine the most prudent course of action. Drawing upon their training, experience and available resources the supervisor will determine of containment and remediation they are to immediately notify the home office. After investigation a corporate officer will determine a course of action. Action may include but not be limited to contacting local authorities for their guidance and/or intervention. The key to appropriate action lies with the local staff's ability to quickly assess the situation and then take the appropriate, safe action.

Hazardous Materials Emergency Response Plan

It is the intent of Apple Bus Company to fully comply with local, state and federal regulations. Equally as important to Apple Bus Company is to provide the resources and education for our employees to safely evaluate and properly deal with any environmental hazard and/or employee hazard that might occur during the operation of a transportation terminal.

1. **Response Plan:** It is the purpose of this plan to guide actions in the event of a hazardous material incident. These incidents include, but are not limited to the following substances.
 - a. Fuel spill/overflow
 - b. Lubricants spill/overflow
 - c. Anti-Freeze spill/overflow
 - d. Freon leak
 - e. Solvents spill/overflow
 - f. Battery Acid spill

2. **Incident Definition:** An incident is any spill or overflow of a regulated material. A few common examples of an incident are:
 - a. A battery dropped onto the shop floor results in a release of battery acid.
 - b. In the process of fueling a bus the hose falls from the tank and runs for several seconds before the fuel flow is stopped.
 - c. A radiator develops a leak and releases anti-freeze.
 - d. A 55-gallon barrel of windshield washer solvent develops a leak.

3. **Training:** The first step in emergency response planning is to prevent the incident in the first place. This involves:
 - a. Training personnel on the proper storage, handling and labeling of the various hazardous materials that are present at their terminal.
 - b. Training personnel using the Federal Hazard Communication Standard guidelines.
 - c. Familiarize staff with this plan.
 - d. Train staff to quickly determine when and where to call for help.
 - e. Maintain and regularly review safety files including the Material Safety Data Sheet files.
 - f. Inspect facilities, containers, and all material handling equipment for
 - i. Approved hazard communication labels on all containers
 - ii. Inspect all containers for seepage, dents, corrosion, and overall container integrity.
 - g. Inspect all material handling equipment for seepage, proper safety devices, proper routing of power supply etc.
 - h. Inspect for clean, well-organized working areas, clear aisles, proper hazardous materials storage etc.
 - i. Inspect for proper container usage and for lids on all containers.

4. **Handling Incidents:**

- a. Immediately affix the appropriate safety equipment and keeping with the company safety policy. If in doubt as to the level of risk posed and the proper safety equipment to use refers to the Material Safety Data Sheet (MSDS) for guidance.
- b. Stop release or overfill by:
 - i. Turning the dispenser off
 - ii. Repositioning the container to stop release
 - iii. Cutting power to the material handling equipment
 - iv. Transferring contents to another appropriate container
- c. After consulting the appropriate MSDS determine if others in the area need to be notified. Call for the necessary help if there are injuries. Local fire department and ambulance services can be reached by calling...911.
- d. Involve *Home Office* management as soon as possible at **816-618-3310**.
- e. Review the appropriate MSDS for proper clean up and handling instructions.
- f. Take steps to stop any liquids from migrating to storm drains, leaving the immediate area, or from being absorbed into the ground, etc. This is accomplished by:
 - i. Capturing the spill/overflow in an appropriate container
 - ii. Containing the spill/overflow with an absorbent such as chemical blankets, oil dry, shop towel etc.

5. **Assess Seriousness:** If incident involves the release of chemicals into the environment, the city sewer system or into storm drains notify the appropriate municipal, other local authority, state or federal regulatory agency. Regulatory agencies with jurisdiction for this terminal are (list their emergency response phone numbers below):

- a. Municipal _____
- b. Country _____
- c. State _____
- d. Environmental Protection Agency _____

6. **Clean up:**

- a. On contained spill/overflows with no release into the environment, dispose of all containment materials such as oil dry, shop towels etc. in accordance with local, state and federal guidelines using a properly licensed and insured hazardous materials company.
- b. For spills/ overflows released into the environment:
 - i. Follow the directions of the agency with regulatory responsibility
 - ii. Dispose of all contaminated material such as oil dry, excavated soil, containers of contaminated material etc. in accordance to local, state and federal guidelines using a properly licensed and insured hazardous materials company

7. **Incident Assessment and Follow Up:**

- a. Assess what preventive measures failed.
- b. Assess staff reaction and response to the incident.
- c. Determine how the incident could have and should have been handled better and communicate same to staff.
- d. Incorporate review of the incident into the ongoing training program.

Preventative Maintenance Forms

Included in this section are the Apple Bus Company-approved Preventive Maintenance forms for School operations. Some states or customers may require forms other than those listed. Where other forms are required, local management must make sure that all ABC form requirements are met. The wide variety of ABC vehicles may cause some specific items to be inappropriate and thus ignored. No new ABC form should be created or old form modified without written permission from Mike Oyster. Completed Preventive Maintenance forms are filed in the vehicles maintenance file unless state or customer requirements dictate otherwise. Forms can be ordered from the home office or may be copied locally however it is important that PM forms for quick reference in a file.

Leased Units and Vehicles Not Services at Apple Bus Company Locations:

From time to time Apple Bus Company units will be leased by outside parties, be sure ABC preventive maintenance is continued without compromise. It may be necessary to have the preventive maintenance performed by an outside source. If this is the case, the outside shop must agree to use ABC preventive maintenance forms to assure a consistent and quality maintenance program.

Apple Bus Holdings, Inc.

Cleveland, Missouri

**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION WITH INDEPENDENT AUDITORS' REPORT**

June 30, 2018 and 2017



**K · C O E
I S O M**

Apple Bus Holdings, Inc.

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June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Apple Bus Holdings, Inc.
Cleveland, Missouri

We have audited the accompanying consolidated financial statements of Apple Bus Holdings, Inc., and its wholly-owned subsidiary, Apple Bus Company (collectively, the Company), which comprise the consolidated balance sheets as of June 30, 2018 and 2017; the related consolidated statements of income, changes in stockholders' equity, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KCoe Team, LLP

October 26, 2018

Lenexa, Kansas

FINANCIAL SECTION

Apple Bus Holdings, Inc.
CONSOLIDATED BALANCE SHEETS

June 30	2018	2017
ASSETS		
Current Assets		
Cash	\$ 1,010,427	\$ 14,253,438
Accounts receivable - net	6,560,667	4,663,823
Prepaid insurance	164,601	170,644
Notes receivable - related parties	111,836	111,836
Total Current Assets	7,847,531	19,199,741
Property and Equipment		
Buses	72,644,636	57,179,976
Radio equipment	1,627,205	1,338,604
Service vehicles	364,842	344,955
Shop equipment	48,672	21,644
Computer equipment	38,492	-
Furniture and fixtures	28,482	12,495
Leasehold improvements	211,736	154,688
Subtotals	74,964,065	59,052,362
Accumulated depreciation	(19,252,704)	(11,597,513)
Total Property and Equipment - Net	55,711,361	47,454,849
Other Assets		
Deposits	912,610	313,557
Goodwill - net	11,087,413	12,539,039
Total Other Assets	12,000,023	12,852,596
TOTAL ASSETS	\$ 75,558,915	\$ 79,507,186

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.
CONSOLIDATED BALANCE SHEETS
(Continued)

June 30	2018	2017
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 703,422	\$ 707,596
Accrued payroll liabilities	783,237	737,232
Accrued liabilities	1,030,946	736,513
Accrued insurance settlement expense	1,826,277	1,126,484
Deferred revenue	418,657	418,657
Current maturities of long-term notes payable	6,709,995	6,173,591
Total Current Liabilities	11,472,534	9,900,073
Noncurrent Liabilities		
Deferred tax liability	6,368,000	9,517,000
Notes payable - less current maturities	41,364,413	47,357,450
Total Noncurrent Liabilities	47,732,413	56,874,450
Total Liabilities	59,204,947	66,774,523
Stockholders' Equity		
Common stock - \$0.01 par value; authorized - 1,000,000 shares; outstanding - 136,111.11 shares	136,111	136,111
Additional paid-in capital	13,475,000	13,475,000
Additional paid-in capital stock options	392,117	255,220
Retained earnings	2,350,740	(1,133,668)
Total Stockholders' Equity	16,353,968	12,732,663
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 75,558,915	\$ 79,507,186

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.
CONSOLIDATED STATEMENTS OF INCOME

Years Ended June 30	2018	2017
Operating Income		
Contract school revenue	\$ 64,443,756	\$ 54,889,198
Nonschool activity trip revenue	1,374,203	1,573,544
Transit services revenue	4,283,933	3,989,583
Total Operating Income	70,101,892	60,452,325
Operating Expenses		
Advertising	24,449	32,208
Bad debts	148,079	34,838
Bus lease	7,900	10,998
Communication expenses	405,340	378,806
Depreciation and amortization	9,493,717	10,333,810
Driver expenses	1,061,157	791,918
Facility operations	1,645,393	1,173,654
Fuel	3,656,420	2,616,332
Insurance	3,598,374	2,974,495
Insurance settlement	1,557,511	927,781
Office expenses	1,259,385	1,146,424
Other operating costs	320,375	282,684
Professional fees	729,364	409,604
Salaries, payroll tax, and benefits	38,373,585	32,272,288
Travel	622,699	428,923
Vehicle maintenance	3,544,993	3,560,382
Vehicle operations	1,026,961	1,212,815
Total Operating Expenses	67,475,702	58,587,960
Income From Operations	2,626,190	1,864,365
Other Income (Expense)		
Gain (Loss) on sale of equipment	(13,321)	(7,565)
Charitable donations	(29,774)	(39,088)
Interest expense	(2,235,209)	(2,163,720)
Total Other Income (Expense)	(2,278,304)	(2,210,373)
Net Income (Loss) Before Income Tax	347,886	(346,008)
Income tax (expense) benefit	3,136,522	(226,062)
Net Income (Loss)	\$ 3,484,408	\$ (572,070)

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

	Common Stock	Additional Paid-In Capital	Additional Paid-In Capital Stock Options	Retained Earnings	Total
Balance - June 30, 2016	136,111	\$ 13,475,000	\$ 168,027	\$ (561,598)	\$ 13,217,540
Stock options vested	-	-	87,193	-	87,193
Net income (loss)	-	-	-	(572,070)	(572,070)
Balance - June 30, 2017	136,111	13,475,000	255,220	(1,133,668)	12,732,663
Stock options vested	-	-	136,897	-	136,897
Net income (loss)	-	-	-	3,484,408	3,484,408
Balance - June 30, 2018	136,111	\$ 13,475,000	\$ 392,117	\$ 2,350,740	\$ 16,353,968

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 3,484,408	\$ (572,070)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,428,417	10,268,510
Amortization of debt issuance costs	65,300	65,300
Bad debt expense	148,079	34,838
Provision for deferred income tax (benefit)	(3,149,000)	215,000
Stock option compensation expense	136,897	87,193
(Gain) Loss on disposal of equipment	13,321	7,565
Changes in:		
Accounts receivable	(2,044,923)	(1,250,219)
Prepaid expenses	6,043	(97,683)
Deposits	(599,053)	(128,841)
Accounts payable	(4,174)	117,144
Accrued payroll liabilities	46,005	(77,437)
Accrued liabilities	294,433	556,925
Income tax payable	-	(18,210)
Accrued insurance settlement expense	699,793	(21,831)
Deferred revenue	-	(40,000)
Total Adjustments	5,041,138	9,718,254
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	8,525,546	9,146,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(10,859,311)	(1,002,070)
Proceeds from disposal of equipment	247,115	29,200
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(10,612,196)	(972,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on long-term notes payable	-	7,429,398
Payments on long-term notes payable	(11,156,361)	(5,237,417)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(11,156,361)	2,191,981
Net Increase (Decrease) in Cash	(13,243,011)	10,365,295
Cash - Beginning of Year	14,253,438	3,888,143
Cash - End of Year	\$ 1,010,427	\$ 14,253,438

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Continued)

Years Ended June 30	2018	2017
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,214,793	\$ 2,211,717
Cash paid for taxes	\$ 12,478	\$ 29,272
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Property and equipment purchased through notes payable	\$ 5,634,428	\$ 22,550,830

The accompanying notes are an integral part of these consolidated financial statements.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business Apple Bus Holdings, Inc., through its wholly-owned subsidiary Apple Bus Company, Inc. (collectively, the Company), is a full-service passenger transportation regional provider serving customers in several states including Missouri, Kansas, Illinois, Michigan, Louisiana, Texas, and Alaska. Approximately 93% of the Company's business is centered on pupil transportation with the balance being paratransit, shuttle bus work, large event transportation management services, and non-emergency medical transportation. Services provided to customers are based upon multi-year contracts billed at a daily rate as determined in the terms of agreement. Key Company management have combined industry experience of over 40 years.

Principles of Consolidation The consolidated financial statements include the accounts of Apple Bus Company, Inc., a wholly-owned subsidiary. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Cash and Cash Equivalents For purposes of the consolidated statements of cash flows, the Company considers all short-term investments with maturities of three months or less to be cash equivalents. The balances in the bank periodically exceed the Federal Deposit Insurance Corporation's insured limit.

Accounts Receivable Receivables are presented at face value, net of the allowance for doubtful accounts. The allowance for doubtful accounts is established through provisions charged against income and is maintained at a level believed adequate by management to absorb estimated bad debts based on historical experience, knowledge of customer base, and current economic conditions.

June 30	2018		2017	
Accounts receivable outstanding	\$	6,738,746	\$	4,693,823
Allowance for uncollectable accounts		(178,079)		(30,000)
Accounts Receivable - Net	\$	6,560,667	\$	4,663,823

Property and Equipment Property and equipment are stated at cost and depreciation is computed over the estimated useful life of the assets using straight-line methods. Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the assets, and long-lived assets to be disposed of by sale are reported at the lower of the carrying amount or fair value, less cost to sell. Estimated useful lives generally used in computing depreciation are:

Buses and Service Vehicles	1 to 12 years
Radio Equipment	5 years
Other Equipment	3 to 10 years

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Contract School Revenue Revenue from pupil transportation is typically provided under contracts with the various school districts served. Contracts typically range from 3 to 5 years and are billed monthly after services are provided. Under the contract, the Company provides both buses and personnel to transport students. The amounts billed may vary depending on changes in route pattern, route frequency, extracurricular activities, and changes in the number of buses needed. Contracts are cancellable by either party if the other fails to meet the terms of the contract.

Debt Issuance Costs Debt issuance costs are amortized on a straight-line basis over the term of the related borrowings. Amortization expense totaled \$65,300 for the years ended June 30, 2018 and 2017. Amortization expense is expected to be \$65,300 per year for the years ended June 30, 2019 and 2020, and \$42,173 for the year ended June 30, 2021.

Goodwill Goodwill represents the excess cost over fair value of net assets acquired in business combinations accounted for under the acquisition method. The Company adopted the accounting alternative offered to nonpublic companies which allows goodwill to be amortized on a straight-line basis over a ten-year period. Amortization expense totaled \$1,451,626 and \$1,451,625 for the years ended June 30, 2018 and 2017, respectively. The Company evaluates goodwill for impairment upon a triggering event. Amortization expense is expected to be \$1,451,625 per year over the next 5 years.

Deferred Revenue The balance in this account consists of amounts collected during the year from customers for future transportation services to be provided in the following year.

Stock Options The Company recognizes expenses for employee services received in exchange for stock-based compensation on the grant-date fair value of the shares awarded. The determination of the estimated fair value of stock-based payment awards on the date of grant using the Black-Scholes option-pricing model is affected by stock price as well as assumptions regarding a number of complex and subjective variables. The options are valued at an exit event only as no public market exists. The Company derives the expected terms from the historical behavior of participant groupings. Expected volatilities are based on the average volatility of stock for publicly traded companies determined to be in a similar industry as there is no active market for the Company's stock. The risk-free interest rate used in the Black-Scholes option-pricing model is based on the U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options. In addition, the Company does not anticipate paying any cash dividends in the foreseeable future; therefore, an expected dividend yield of zero is used in the Black-Scholes option-pricing model. In accordance with accounting principles generally accepted in the United States of America's stock-based compensation guidance, forfeitures are estimated at the time of grant and revised in subsequent periods if actual forfeitures differ from those estimates. Historical data by participant groupings is used to estimate option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. Noncash compensation cost is recognized on a straight-line basis over the requisite service period.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Income Tax Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of property and equipment, goodwill, and nondeductible expenses for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be deductible or taxable when the assets and liabilities are recovered or settled.

The above mentioned differences result in deferred income taxes. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance would be recognized. The Company recognized no valuation allowance at June 30, 2018 and 2017.

The Company recognizes any interest expense or penalties relating to its tax position in operating expenses. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to U.S. federal and state income tax examinations by tax authorities generally for a period of three years after the filing of the tax return.

Estimates The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported revenues and expenses. Actual results could differ from those results.

Evaluation of Subsequent Events The Company has evaluated subsequent events through October 26, 2018, the date the consolidated financial statements were available to be issued.

2. ACCRUED INSURANCE SETTLEMENT EXPENSES

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. The Company has accrued insurance settlement expenses for claims that were outstanding at June 30, 2018 and 2017, which amounted to \$1,826,277 and \$1,126,484, respectively.

3. LINE OF CREDIT

The Company has a loan agreement with UMB Bank, NA, which provides for a \$6,000,000 line of credit. This line of credit is secured by all business assets of the Company. Payments on accrued interest are due monthly, with the entire unpaid outstanding balance of principal and interest due February 19, 2020. The interest rate is a floating rate equal to LIBOR plus the applicable margin (3.1%), adjusted each month, which was 5.19% and 4.31% at June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, there was no outstanding balance on the line of credit.

Apple Bus Holdings, Inc.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Continued)

4. NOTES PAYABLE

Outstanding notes payable consist of the following:

June 30	2018	2017
Notes payable to UMB Bank, NA, payable in monthly installments at rates from 3.74% to 11%, due from February 2021 through June 2022. Notes are secured by all assets of the Company with monthly installments ranging from \$29,632 to \$298,308.*	\$ 38,508,964	\$ 47,858,102
Notes payable to Daimler Chrysler, payable in monthly installments at rates from 2.9% to 3.6%, due from June 2022 through 2023. Notes are secured by individual buses with monthly installments ranging from \$2,838 to \$122,847.**	9,738,217	5,911,012
Subtotals	48,247,181	53,769,114
Current maturities	(6,709,995)	(6,173,591)
Subtotals	41,537,186	47,595,523
Debt issuance costs	(172,773)	(238,073)
Total Notes Payable	\$ 41,364,413	\$ 47,357,450

*Due to the seasonal nature of the business for specific notes mentioned above, the Company has negotiated interest-only payments to be made from July through October each year on all term notes with UMB. The mezzanine note with UMB allowed for interest only payments to be made on a monthly basis.

**The Company has negotiated no payments to be made from July through September each year.

Approximate maturities of all long-term obligations are as follows:

Years Ending June 30	
2019	\$ 6,709,995
2020	6,776,453
2021	25,390,953
2022	7,463,012
2023	1,018,065
Thereafter	888,703
Total	\$ 48,247,181

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. RELATED-PARTY TRANSACTIONS

Related-party notes receivable from corporate officers totaled \$111,836 as of June 30, 2018 and 2017.

The Company pays a management fee to Great Range Capital, LLC (a stockholder), that may not exceed the greater of \$250,000 or 2% of the earnings before interest, taxes, depreciation, and amortization (EBITDA), plus any accrued but unpaid management fees. Management fees paid under this agreement were \$284,092 and \$250,000 for the years ended June 30, 2018 and 2017, respectively.

The Company leases certain shop facilities and office space from a stockholder of the Company. Charges for these leases were \$393,041 and \$289,025 for the years ended June 30, 2018 and 2017, respectively. The Company is committed to total minimum lease payments to related parties as follows:

Years Ending June 30

2019	\$	404,711
2020		416,853
2021		128,058
2022		118,848
Total	\$	1,068,470

6. OPERATING LEASES

The Company leases terminal facilities. The lease expenses on third-party leases for the years ended June 30, 2018 and 2017, were \$758,234 and \$491,841, respectively. The Company is committed to total minimum lease payments to third parties as follows:

Years Ending June 30

2019	\$	538,850
2020		358,750
2021		315,700
2022		316,900
2023		296,500
Total	\$	1,826,700

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

7. RISKS AND UNCERTAINTIES

The Company's future operating results may be affected by a number of factors. The Company's operations are in part dependent on government funding of public school transportation. Significant changes in the level of government funding of public schools could have a favorable or unfavorable impact on the operating results of the Company.

8. RETIREMENT PLAN

Apple Bus Company, Inc., instituted a 401(k) retirement plan (the Plan), effective April 1, 2004. Employees are eligible to participate in the Plan on the first day of March or September immediately after attaining 21 years of age. The Plan permits eligible employees to make contributions subject to Internal Revenue Service limits. The Company's contributions consist of a match of 20% of the first 5% contributed by the employee. Employer contributions were \$20,338 and \$21,291 for the years ended June 30, 2018 and 2017, respectively.

9. INCOME TAXES

Income tax expenses and benefits were recorded as follows:

June 30	2018	2017
Current Tax Expense (Benefit)		
Federal tax expense (benefit)	\$ -	\$ -
State tax expense (benefit)	12,478	11,062
Total Current Tax Expense	12,478	11,062
Deferred Income Tax Expense (Benefit)		
Relating to:		
Depreciation and amortization	73,000	2,008,000
Stock options	(37,000)	(35,000)
Accrued settlement expense	(189,000)	9,000
Net operating loss	97,000	(1,767,000)
Reduction in corporate tax rate	(3,093,000)	-
Total Deferred Income Tax Expense (Benefit)	(3,149,000)	215,000
Total Provision for Income Tax Expense (Benefit)	\$ (3,136,522)	\$ 226,062

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities.

On December 22, 2017, tax legislation was enacted that reduced the federal statutory tax rate from 35% to 21%. As a result of this rate change the deferred tax liability was decreased by \$3,093,000 during the year ended June 30, 2018.

Apple Bus Holdings, Inc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

Deferred tax assets and liabilities consisted of the following components:

Years Ended June 30	2018	2017
Deferred tax assets:		
Stock options	\$ 106,000	\$ 102,000
Accrued settlement expense	493,000	451,000
Net operating loss	1,096,000	1,767,000
Total Deferred Tax Asset	1,695,000	2,320,000
Deferred tax (liability):		
Depreciation and amortization	(8,063,000)	(11,837,000)
Net Deferred Tax Asset (Liability)	\$ (6,368,000)	\$ (9,517,000)

The Company has a net operating loss carryforward of \$3,932,012 available to offset future federal and state taxable income that will expire in 2037.

10. STOCK OPTIONS

The Company has a stock option plan that covers certain key employees and nonemployees. On February 19, 2016, the Company granted options for up to a total of 15,968.4 shares of Company stock to these individuals. Options are granted with an exercise price equal to the fair market value of the Company's stock at the date of the grant. The options' exercise price was \$100, and they expire 10 years after the date of granted. Each option agreement states a vesting schedule for the particular individual, which may be based upon time and/or performance, depending upon the agreement.

Employee Stock Options

The Company granted a total of 9,505 option shares to key employees on February 19, 2016. The total calculated value of these options is \$408,715. Compensation expenses in the amount of \$90,576 and \$40,872 were recognized during the years ended June 30, 2018 and 2017, respectively, for the 2,106.40 and 950.50 shares that vested during the same years then ended.

Nonemployee Stock Options

The Company granted a total of 6,463.4 option shares to nonemployees on February 19, 2016. The total calculated value of these options is \$277,926. Compensation expense in the amount of \$46,321 was recognized during the years ended June 30, 2018 and 2017, for the 1,077.23 shares that vested during the same years then ended.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

The following table presents the activity for all options outstanding:

	Incentive Unit Options	Weighted Average Exercise Price
Outstanding - June 30, 2016	15,968.4	\$ 100
Granted	-	-
Exercised	-	-
Outstanding - June 30, 2017	15,968.4	100
Granted	-	-
Exercised	-	-
Forfeited	(380.2)	-
Outstanding - June 30, 2018	15,588.2	\$ 100

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions used for the options granted on February 19, 2016:

Risk-free rate	1.49%
Average expected life	9.65 years
Dividend yield	0.00%
Volatility	32.43%
Estimated fair value of total options granted	\$43.00

11. SUBSEQUENT EVENTS

In August 2018, the Company commenced operations at a new location in Huntsville, Alabama, which will operate 180 busses. To finance the addition of these busses, the Company obtained three additional long-term notes in the total of \$24,447,012.

SUPPLEMENTARY INFORMATION SECTION

Apple Bus Holdings, Inc.**SCHEDULES OF EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION, AND AMORTIZATION (EBITDA)**

Years Ended June 30	2018		2017	
Net income (loss)	\$	3,484,408	\$	(572,070)
Interest expense		2,235,209		2,163,720
Income tax expense (benefit)		(3,136,522)		226,062
Depreciation and amortization expense		9,493,717		10,333,810
Total EBITDA	\$	12,076,812	\$	12,151,522