



# PARATRANSIT BOARD OF DIRECTORS' MEETING

## **Meeting Date and Time:**

January 9, 2020 at 6 PM

## **Meeting Location:**

Ron Brown Auditorium  
2501 Florin Road  
Sacramento, CA 95822

**Paratransit's Mission:** To expand mobility options by advocating for a fully accessible integrated public transportation system and by providing innovative community transportation services.

## **AGENDA**

### **1. Call to Order & Roll Call:**

Directors: Faust, Fontus, Hansen, Hume, Kimble, Leventon, Nguyen, Nugent, Shekhar

### **2. Public Comment:**

Members of the public may comment on any item of interest to the public within the subject matter jurisdiction of the Paratransit Board of Directors. Speaker cards are located on the table at the sign in desk. Please complete a card and submit it to the Secretary of the Board. Each person will be allowed three minutes, or less if a large number of requests are received on a particular subject. After ten minutes of testimony, the Chair may choose to hear any additional testimony following the Discussion Items.

Please note, under the provisions of the California Government Code, the Board is prohibited from discussing or taking action on any item that is not on the agenda. The Board cannot take action on non-agendized items raised under "Public Comment" until the matter has been specifically included on the agenda. Those audience members who wish to address a specific agendized item are encouraged to offer their public comments during consideration of that item.

### **3. Consent Calendar**

- A. Approve the minutes of the December 18, 2019 Special Meeting

### **4. Staff Reports**

- A. CEO Report
- B. CFO Report
  - a. Financial Report through November 2019
  - b. Presentation on the 2019 Financial Audit (Background Information included with Agenda Item 5B)

### **5. Action Items**

- A. Approve Resolution 01-20 Authorizing the Chief Executive Officer to Submit a Proposal to Provide Complementary Paratransit Eligibility Certification Services to Ventura County Transportation Commission (VCTC) and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded.
- B. Receive and File the 2019 Financial Audit
- C. Discussion and Direction on Next Steps on Governance effective July 1, 2020

### **6. Announce Adjournment to Closed Session**

- A. Closed Session: Employee Performance Evaluation, Government Code Section 54957(b)(1)  
Employee: Chief Executive Officer
- B. Closed Session: Conference with Labor Negotiator, Government Code 54957.6  
Agency Designated Representative: Board President  
Unrepresented Employee: Chief Executive Officer

### **7. Reconvene to Open Session and Report Action, if any taken**

### **8. Community Partnerships**

### **9. Board Comments/Reports/Future Agenda Items**

### **10. Adjourn**

The next meeting of the Paratransit Board of Directors will be held on

**MONDAY, MARCH 16, 2020**  
**(Subject to Change)**  
**6:00 P.M.**

Ron Brown Auditorium  
2501 Florin Road  
Sacramento, CA 95822

\*Staff Reports are subject to change without prior notice.

### **ADA COMPLIANCE**

If requested, this agenda can be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof. Persons seeking an alternative format should contact the Chief Administrative Officer at (916) 429-2009 for further information.

The meeting facilities are accessible to persons with disabilities. A person with a disability who requires a modification or accommodation, including auxiliary aids or services, to participate in a public meeting, should telephone or otherwise contact the Assistant Secretary to the Board of Directors as soon as possible. The Assistant Secretary may be reached at 2501 Florin Road, Sacramento, California 95822 or by telephone at (916) 429-2009.

### **MEETINGS OF INTEREST**

**RT Board Meetings:** January 13, 2020 @ 5:30 pm 1400 29<sup>th</sup> Street, Sacramento, CA (Auditorium)

**RT Mobility Advisory Council:** February 6, 2020 @ 2:30 pm. 1400 29<sup>th</sup> Street, Sacramento, CA (Auditorium)

**Sacramento County Disability Advisory Commission:** February 4, 2020 @ 5:00 p.m.  
700 H Street, Hearing Room 1, County Administration Center

**Sacramento City Disabilities Advisory Commission:** February 5, 2020 @ 6:00 pm New City Hall, 915 I Street, First Floor, Conference Room #1104

**Sacramento Transportation Authority:** February 13, 2020 @ 1:30 p.m. 700 H Street, Suite 1450 County of Sacramento Administration Building



**Paratransit, Inc.  
Board of Directors Staff Report  
Agenda Item 3A**

**AGENDA TITLE:** Adopt Minutes of the December 18, 2019, Special Board Meeting

**MEETING DATE:** January 9, 2020

**PREPARED BY:** Kathy Sachen, Assistant Secretary of the Board

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**RECOMMENDED ACTION:**

Adopt the Minutes of the December 18, 2019, Board of Directors Special Meeting.

**MINUTES:**

December 18, 2019  
4:00 p.m.  
2501 Florin Road  
Sacramento, CA 95822

**Board Members Present**

Jill Faust  
Anna Fontus  
Steve Hansen  
Pat Hume  
Alice Kimble  
Scott Leventon  
Stephanie Nguyen  
Molly Nugent  
Vidhu Shekhar

**Public Present**

Jeff Tardaguila  
Janice Labrado, SacRT

**Staff Present:**

Tiffani Fink, Chief Executive Officer  
Dr. Lisa Cappellari, Chief Financial Officer  
Jesse Isaacson, Director of Information Technology  
Kathy Sachen, Assistant Secretary of the Board  
Michelle Salazar

Nancy Miller, Sloan Sakai Yeung Wong, Agency Counsel  
Laura McHugh, Duggan Law Corporation, Agency Counsel  
Ryan Hooper, Law Offices of Gregory D. Thatch, Agency Counsel

**Call To Order/Roll Call:** Director Hume called the meeting to order at 4:06 p.m.  
Director Faust, Fontus, Hansen, Hume, Kimble, Leventon, Nguyen, Nugent, Shekhar

**Reflections on Paratransit's Mission:**

President Hume opened the meeting by reading the mission statement.

**PUBLIC COMMENT**

Jeffery Tardaguila request we added Sacramento Transportation Authority (STA) Meetings to Meetings of Interest on our agenda going forward. He stated the next STA Meeting will be Thursday, January 9, 2020 from 1:30 p.m. to 5:30 p.m.

**CONSENT CALENDAR**

The Consent Calendar was approved upon motion by Director Nugent, seconded by Director Faust. The motion passed unanimously.

A. Minutes of September 16, 2019 Meeting

**The Minutes of the Meeting held September 16, 2019 approved as presented.**

**CLOSED SESSION**

Director Hume announced adjournment to closed session at 4:10 p.m.

**RECONVENE TO OPEN SESSION AND REPORT ACTION, IF ANY TAKEN:**

The meeting reconvened to open session at 5:43 p.m. No action taken

**ADJOURNMENT:**

Director Hume announced meeting adjourned at 5:44 p.m.

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Kathy Sachen  
Assistant Secretary to the Board of Directors

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Date



**Paratransit, Inc.  
Board of Directors Staff Report  
Agenda Item 4A**

**AGENDA TITLE:** Chief Executive Officer's Report

**MEETING DATE:** January 9, 2020

**PREPARED BY:** Tiffani M Fink, Chief Executive Officer

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**RECOMMENDED ACTION:**

Receive and file the Chief Executive Officer's report.

**BACKGROUND AND DISCUSSION:**

The past few months have been busy for Paratransit, Inc. In November the Agency went through its Annual Audit and I want to recognize the staff in Accounting for their excellent work in preparing for the auditors. A presentation on the audit will be provided at the Board Meeting.

Staff has been busy with developments on our consulting side. I am happy to announce that we are in final contract negotiations with the City of Wichita to provide training and our software services for their Comprehensive ADA Eligibility program. In addition, the scope of the agreement has expanded to now include access to our software for their Travel Training program and the deployment of a new software offering we are unveiling, our low income fare program tracking management software. We expect negotiations to finalize this Winter and likely will see this program launch in July.

Staff has also been working with VIA Transportation, the rider-hailing service. VIA has hired Paratransit, Inc. to provide the soft skills (sensitivity training, securement, etc) training for one of their new paratransit program ventures. We are excited for this new partnership and the potential for further collaboration in the expanded mobility space. Amy Parkin and Ramona Larkin are currently providing two weeks of hands on training for this program.

We are continuing to work closely with Sacramento Regional Transit District regarding the transition of ADA services and hosted a well-attended Open House for riders so that

they could ask questions of management and get answers. We will continue to work closely with SacRT and the public to make this transition as smooth as possible.

With the exterior painting of the building nearly complete (we had several rain delays but are proud to report no rain in the building anymore), the series of facility upgrades is nearly complete. We will be hosting a ribbon cutting/project acceptance event for the exterior upgrades, CNG maintenance facility and CNG fueling facility later this month or in early February. Once a date is finalized, we will get all information to the Board and our community partners.

**FISCAL IMPACT:**

None

**ATTACHMENTS:**

None



**Paratransit, Inc.**  
**Board of Directors Staff Report**

**AGENDA TITLE:** CHIEF FINANCIAL OFFICER'S REPORT

**MEETING DATE:** JANUARY 9, 2020

**PREPARED BY:** LISA M CAPPELLARI, CHIEF FINANCIAL OFFICER

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**RECOMMENDED ACTION:**

Receive and file the Chief Financial Officer's Report.

**BACKGROUND AND DISCUSSION:**

All financial and operating data are through November 2019.

- Rolling year (December 2018 to November 2019) trips provided increased by 0.4%. Rolling year CTSA Partner trips were up by 992 or 0.2%. Rolling year CTSA Enhanced and Expanded trips were up by 6,468 or 8.0% and rolling year ADA trips were down 3,922 or 1.2%.
- Year-to-date (YTD) total trips provided increased by 1.2% or 4,098 trips over November 2018 for a YTD total of 344,674. The YTD increase was driven by a 1.5% decrease in CTSA Partner trips, a 18.6% in CTSA Enhanced and Expanded trips, and a 0.1% increase in ADA trips.
- Overall YTD cost per trip provided was \$27.36. YTD CTSA cost per trip provided was \$8.58, and YTD ADA cost per trip provided was \$55.27.
- The YTD combined fare recovery ratio was 6.9%. The CTSA fare recovery ratio was 8.1% and the ADA fare recovery ratio was 6.7%. These ratios remain above the TDA-required minimum of 5%.
- The YTD on-time performance rate is 90.9%.
- Paratransit's Mobility Management program provided one-on-one training to 52 individuals on how to use the local transit system and provided group trainings for 105 passengers. Mobility Management staff also provided ADA eligibility assessments for 1,463 individuals in November.



If you have any questions or comments about this Performance Report please contact me at 916-429-2009 ext.7234 or Lisac@paratransit.org.

**FISCAL IMPACT:**

None

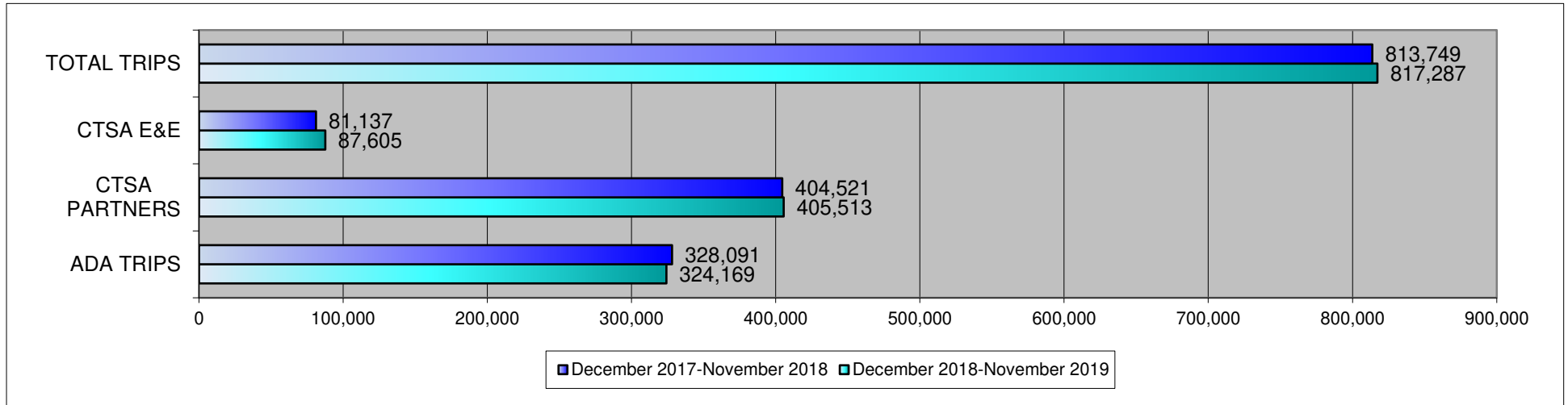
**ATTACHMENTS:**

November 2019 Performance Report  
November 2019 Income Statement  
November 2019 Balance Sheet

# Paratransit, Inc.

## November 2019 Performance Report

### ROLLING YEAR TRIPS PROVIDED



**December 2018-November 2019**  
**Total Trips Provided**  
 817,287

**December 2018-November 2019**  
**CTSA Partners** 405,513  
**CTSA E&E** 87,605

**December 2018-November 2019**  
**ADA Trips Provided**  
 324,169

**December 2017-November 2018**  
**Total Trips Provided**  
 813,749

**December 2017-November 2018**  
**CTSA Partners** 404,521  
**CTSA E&E** 81,137

**December 2017-November 2018**  
**ADA Trips Provided**  
 328,091

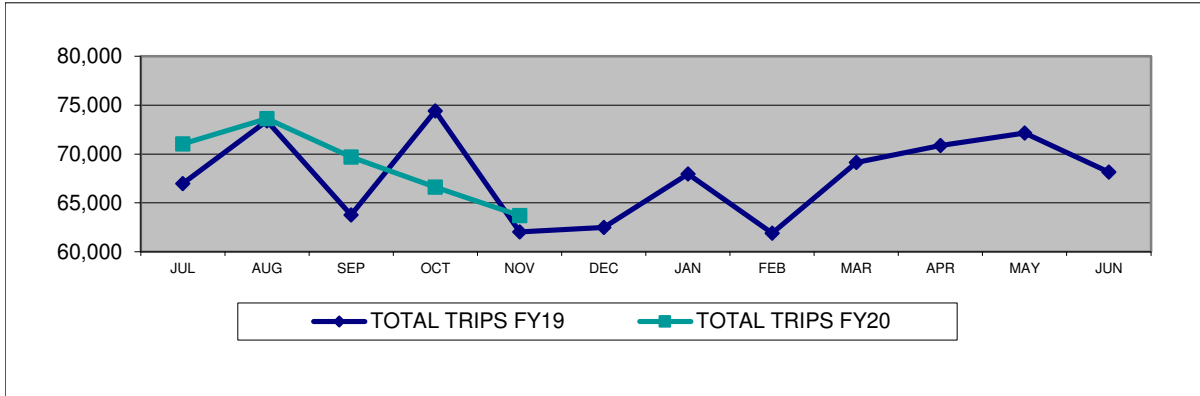
<b>Change</b>	<b>3,538</b>	<b>992</b>	<b>6,468</b>	<b>(3,922)</b>
<b>Variance</b>	<b>0.4%</b>	<b>0.2%</b>	<b>8.0%</b>	<b>-1.2%</b>

	Dec 2017	Jan 2018	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018
<b>Total Trips</b>	63,247	68,069	63,477	70,481	69,997	71,193	66,709	66,965	73,397	63,776	74,408	62,030
<b>CTSA Partners</b>	30,238	35,003	31,916	35,557	35,561	35,507	33,056	33,060	37,126	30,490	37,378	29,629
<b>CTSA E&amp;E</b>	6,696	6,427	6,146	6,853	7,011	7,026	6,518	6,743	7,113	6,682	7,477	6,445
<b>ADA Trips</b>	26,313	26,639	25,415	28,071	27,425	28,660	27,135	27,162	29,158	26,604	29,553	25,956

	Dec 2018	Jan 2019	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019
<b>Total Trips</b>	62,493	67,948	61,886	69,119	70,858	72,156	68,153	71,050	73,624	69,698	66,613	63,689
<b>CTSA Partners</b>	29,965	34,903	31,150	35,017	36,595	37,255	35,442	36,275	38,746	34,703	26,455	29,007
<b>CTSA E&amp;E</b>	6,644	6,582	6,158	6,893	6,854	6,900	6,721	6,690	6,873	7,509	10,553	9,228
<b>ADA Trips</b>	25,884	26,463	24,578	27,209	27,409	28,001	25,990	28,085	28,005	27,486	29,605	25,454

# Paratransit, Inc. November 2019 Performance Report

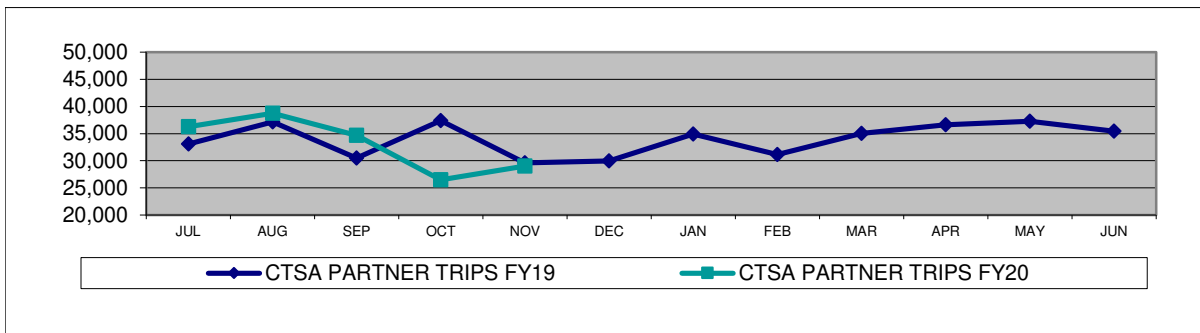
## TOTAL TRIPS PROVIDED



<u>Total Trips</u>		NOV	YTD
<b>FY20</b>	<b>Total Trips</b>	63,689	344,674
<b>FY19</b>	<b>Total Trips</b>	62,030	340,576
<b>Variance</b>		<b>1,659</b> <b>2.7%</b>	<b>4,098</b> <b>1.2%</b>

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>FY19</b>	66,965	73,397	63,776	74,408	62,030	62,493	67,948	61,886	69,119	70,858	72,156	68,153
<b>FY20</b>	71,050	73,624	69,698	66,613	63,689							

## CTSA PARTNER TRIPS PROVIDED

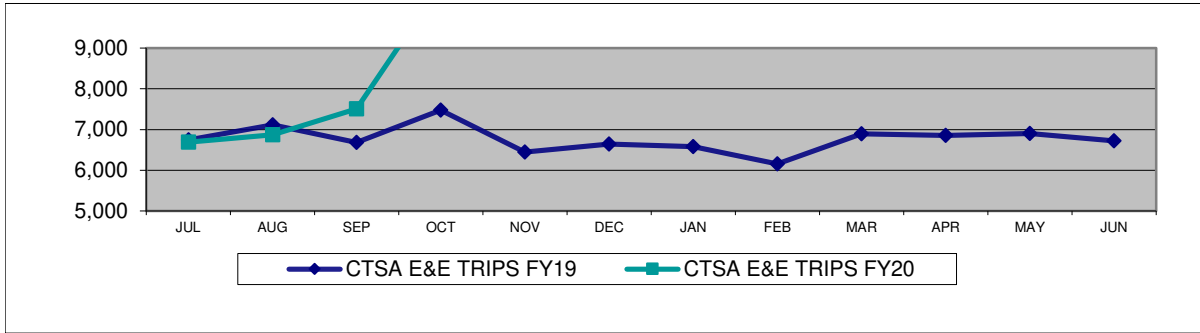


<u>CTSA Partner Trips</u>		NOV	YTD
<b>FY20</b>	<b>CTSA Partner Trips</b>	29,007	165,186
<b>FY19</b>	<b>CTSA Partner Trips</b>	29,629	167,683
<b>Variance</b>		<b>(622)</b> <b>-2.1%</b>	<b>(2,497)</b> <b>-1.5%</b>

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>FY19</b>	33,060	37,126	30,490	37,378	29,629	29,965	34,903	31,150	35,017	36,595	37,255	35,442
<b>FY20</b>	36,275	38,746	34,703	26,455	29,007							

**Paratransit, Inc.  
November 2019 Performance Report**

**CTSA ENHANCED & EXPANDED TRIPS PROVIDED**

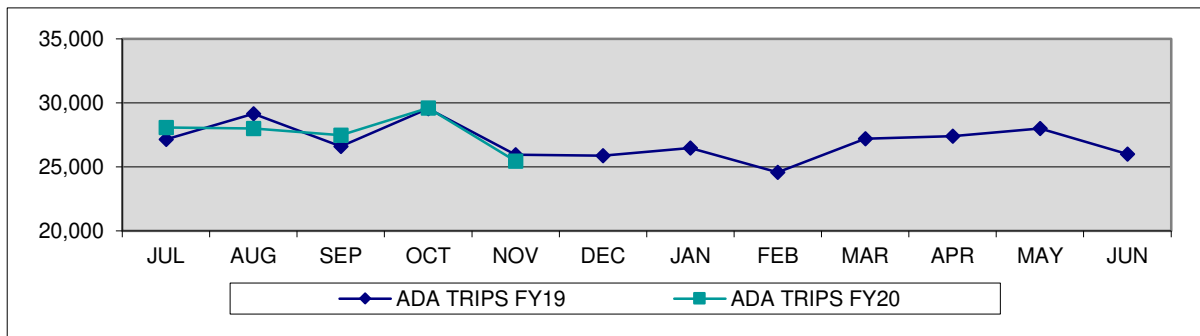


**CTSA E&E Trips**

		NOV	YTD
FY20	CTSA E&E Trips	9,228	40,853
FY19	CTSA E&E Trips	6,445	34,460
<b>Variance</b>		<b>2,783</b> <b>43.2%</b>	<b>6,393</b> <b>18.6%</b>

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>FY19</b>	6,743	7,113	6,682	7,477	6,445	6,644	6,582	6,158	6,893	6,854	6,900	6,721
<b>FY20</b>	6,690	6,873	7,509	10,553	9,228							

**ADA TRIPS PROVIDED**



**ADA Trips**

		NOV	YTD
FY20	ADA Trips	25,454	138,635
FY19	ADA Trips	25,956	138,433
<b>Variance</b>		<b>(502)</b> <b>-1.9%</b>	<b>202</b> <b>0.1%</b>

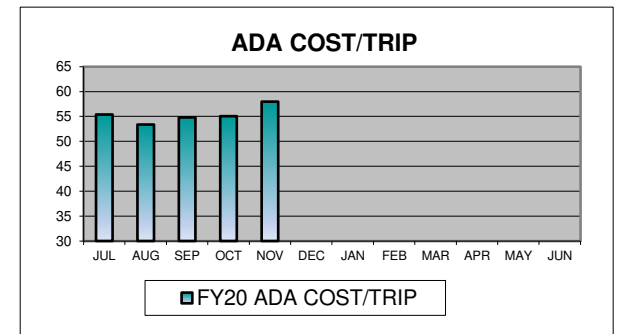
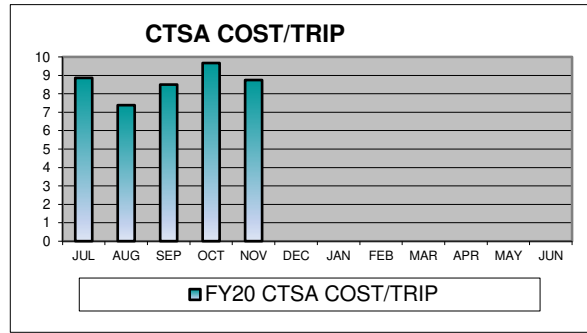
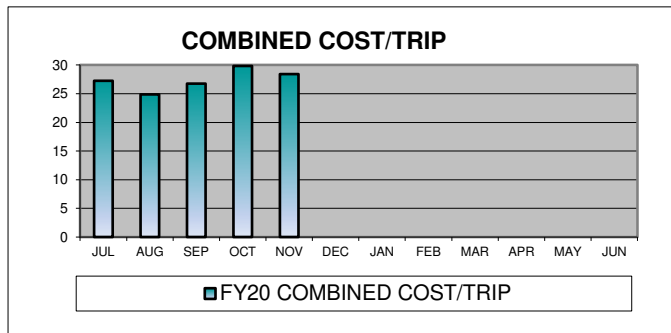
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
<b>FY19</b>	27,162	29,158	26,604	29,553	25,956	25,884	26,463	24,578	27,209	27,409	28,001	25,990
<b>FY20</b>	28,085	28,005	27,486	29,605	25,454							

# Paratransit, Inc. November 2019 Performance Report

## COST PER TRIP

### Cost per Trip

<b>FY20</b>	<b>NOV</b>	<b>FY20 YTD</b>
<b>Combined</b>	\$28.42	\$27.36
<b>CTSA</b>	\$8.75	\$8.58
<b>ADA</b>	\$57.98	\$55.27



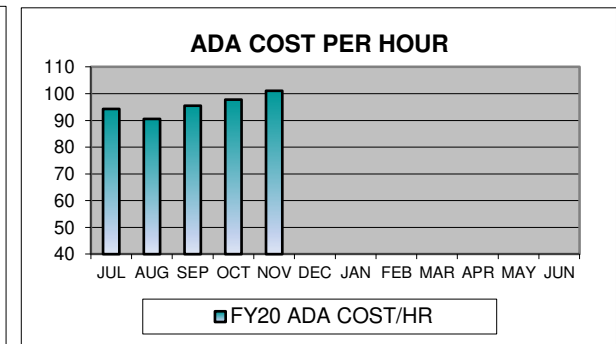
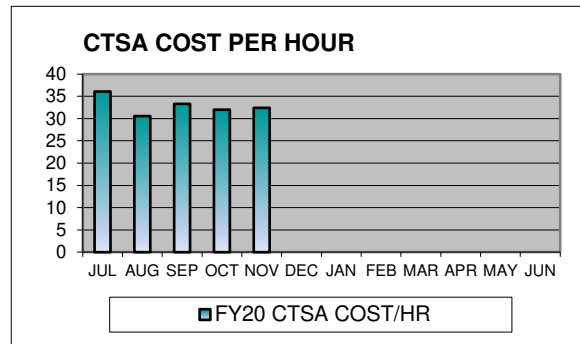
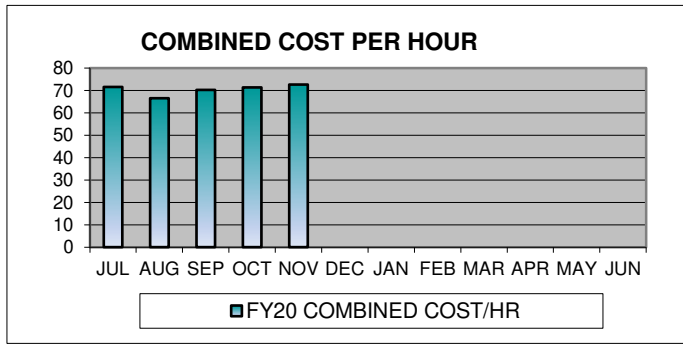
<b>FY20</b>	<b>JUL</b>	<b>AUG</b>	<b>SEP</b>	<b>OCT</b>	<b>NOV</b>	<b>DEC</b>	<b>JAN</b>	<b>FEB</b>	<b>MAR</b>	<b>APR</b>	<b>MAY</b>	<b>JUN</b>
<b>Combined</b>	\$27.25	\$24.88	\$26.76	\$29.84	\$28.42							
<b>CTSA</b>	\$8.86	\$7.38	\$8.50	\$9.67	\$8.75							
<b>ADA</b>	\$55.39	\$53.38	\$54.80	\$55.06	\$57.98							

# Paratransit, Inc. November 2019 Performance Report

## COST PER VEHICLE SERVICE HOUR

### Cost per Vehicle Service Hour

FY20	NOV	FY20 YTD
Combined	\$72.63	\$70.42
CTSA Partners	\$32.40	\$32.83
ADA	\$101.08	\$95.72



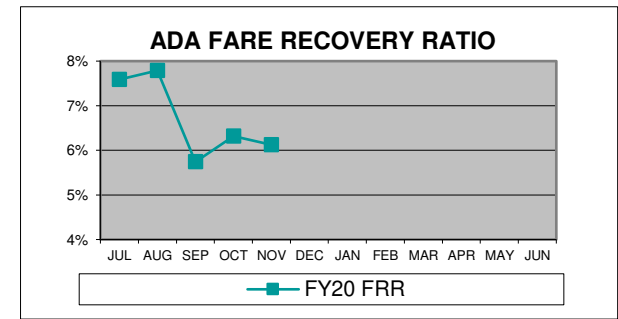
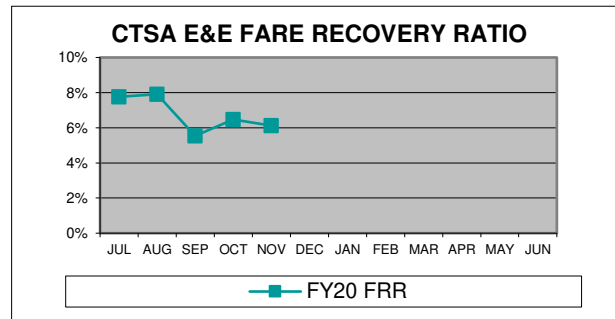
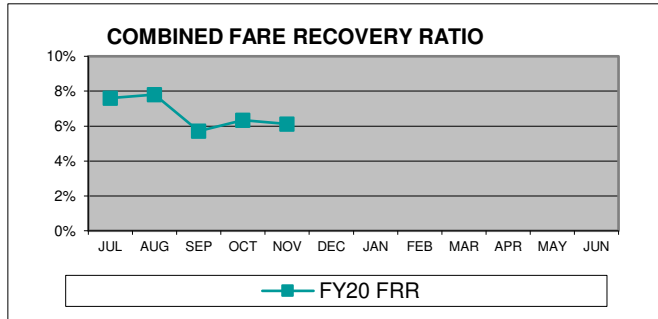
FY20	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Combined	\$71.56	\$66.53	\$70.25	\$71.35	\$72.63							
CTSA Partners	\$36.06	\$30.55	\$33.29	\$31.99	\$32.40							
ADA	\$94.29	\$90.56	\$95.50	\$97.77	\$101.08							

# Paratransit, Inc. November 2019 Performance Report

## FARE RECOVERY RATIO

### Fare Recovery Ratio

		NOV	YTD	TDA minimum
FY20	Total Fare Recovery	6.1%	6.9%	5.0%



FY20	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Combined	7.6%	7.8%	5.7%	6.3%	6.1%							
CTSA E&E	7.8%	7.9%	5.5%	6.5%	6.1%							
ADA	7.6%	7.8%	5.7%	6.3%	6.1%							

**Paratransit, Inc.  
November 2019 Performance Report**

**TRANSPORTATION DEVELOPMENT ACT PERFORMANCE CRITERIA**

<b>Cost per Vehicle Service Mile</b>		
<b>FY20</b>	<b>NOV</b>	<b>YTD</b>
<b>Combined</b>	\$4.39	\$4.28
<b>CTSA</b>	\$1.80	\$1.81
<b>ADA</b>	\$6.52	\$6.23

<b>Trips Provided per 100 Vehicle Service Miles</b>		
<b>FY20</b>	<b>NOV</b>	<b>YTD</b>
<b>Combined</b>	15	16
<b>CTSA</b>	21	21
<b>ADA</b>	11	11

<b>Trips Provided per Vehicle Service Hour</b>		
<b>FY20</b>	<b>NOV</b>	<b>YTD</b>
<b>Combined</b>	2.6	2.6
<b>CTSA</b>	3.7	3.8
<b>ADA</b>	1.7	1.7

<b>DR On-Time Performance</b>		
<b>FY20</b>	<b>NOV</b>	<b>YTD</b>
<b>DR</b>	89.48%	90.92%

**MOBILITY MANAGEMENT**

	Assessment	Trained	Group	Mentor	Total
Sacramento		3			3
Transportation Literacy		7			7
Stockton	47	7	1		55
Boston	1,218	5	69		1,292
Spokane	198	30	35	6	269
Total	1,463	52	105	6	1,626



PARATRANSIT, INC. - CONSOLIDATED  
STATEMENT OF OPERATING REVENUE AND EXPENSE AS AT 11/30/2019

	MONTHLY BUDGET	MONTHLY ACTUAL	MONTHLY VARIANCE	YEARLY BUDGET	Y-T-D BUDGET	Y-T-D ACTUAL	Y-T-D \$ VARIANCE	Y-T-D % VARIANCE
REVENUE								
-----								
OPERATING REVENUE:								
Regional Transit	961,644	972,077	10,433	11,700,000	4,904,384	4,860,385	(43,999)	(0.90)
Measure A	478,613	470,466	(8,147)	5,823,122	2,440,925	2,475,483	34,558	1.42
TDA 4.5	230,662	237,203	6,540	2,806,393	1,176,378	1,186,339	9,960	0.85
Civic Lab Travel Training Grant	10,959	-	(10,959)	133,333	55,890	66,666	10,776	19.28
Section 5304 - Internships	-	-	-	-	-	-	-	-
Section 5307 - Regional Mobility Management	-	-	-	200,000	-	-	-	-
Section 5310 - Regional Mobility Management	-	-	-	-	-	-	-	-
Section 5316 - Wheels to Work	-	-	-	-	-	-	-	-
Section 5317 - Local Mobility Management	-	-	-	-	-	-	-	-
DR Bus Fares	134,683	117,730	(16,954)	1,638,648	686,886	622,394	(64,491)	(9.39)
Agency Bus Fares	87,857	170,550	82,694	1,068,922	448,069	678,049	229,980	51.33
Diversified Services	308,723	73,572	(235,151)	3,756,126	1,574,486	1,378,862	(195,623)	(12.42)
Applied to Capital Projects	(95,029)	(34,614)	60,415	(1,156,188)	(129,490)	(122,678)	6,813	(5.26)
<b>TOTAL OPERATING REVENUE</b>	<b>2,118,111</b>	<b>2,006,983</b>	<b>(111,129)</b>	<b>25,970,356</b>	<b>11,157,527</b>	<b>11,145,500</b>	<b>(12,027)</b>	<b>(0.11)</b>
CAPITAL REVENUE:								
FTA Section 5309 - EAM	-	-	-	-	-	-	-	-
FTA Section 5309 - Vehicle Acquisition	-	-	-	-	-	-	-	-
FTA Section 5310 - Vehicles	-	-	-	-	-	-	-	-
FTA Section 5339 - Rangers	-	-	-	-	-	-	-	-
FTA Section 5339 - Vehicles	-	-	-	-	-	-	-	-
Prop 1B FY12 - Radios	-	-	-	-	-	-	-	-
Prop 1B FY13 - Maintenance CNG Upgrades	-	-	-	-	-	-	-	-
Prop 1B FY14 - Rangers	-	-	-	-	-	-	-	-
Prop 1B FY15 - Backup Cameras	-	-	-	-	-	-	-	-
Prop 1B FY16 - Security Upgrades	-	-	-	-	-	-	-	-
Prop 1B FY17 - CTSA Rangers	-	-	-	-	-	-	-	-
Prop 1B PTMISEA - Rangers	-	-	-	-	-	-	-	-
Refinance Proceeds	-	-	-	-	-	-	-	-
Applied Operating Revenue	95,029	34,614	(60,415)	1,156,188	129,490	122,678	(6,813)	(5.26)
Gain/(Loss) on Sale of Assets	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL REVENUE</b>	<b>95,029</b>	<b>34,614</b>	<b>(60,415)</b>	<b>1,156,188</b>	<b>129,490</b>	<b>122,678</b>	<b>(6,813)</b>	<b>(5.26)</b>
<b>TOTAL REVENUE</b>	<b>2,213,141</b>	<b>2,041,597</b>	<b>(171,544)</b>	<b>27,126,544</b>	<b>11,287,017</b>	<b>11,268,178</b>	<b>(18,839)</b>	<b>(0.17)</b>

PARATRANSIT, INC. - CONSOLIDATED  
STATEMENT OF OPERATING REVENUE AND EXPENSE AS AT 11/30/2019

	MONTHLY BUDGET	MONTHLY ACTUAL	MONTHLY VARIANCE	YEARLY BUDGET	Y-T-D BUDGET	Y-T-D ACTUAL	Y-T-D \$ VARIANCE	Y-T-D % VARIANCE
<b>OPERATING EXPENSES</b>								
<b>PERSONNEL:</b>								
Transportation Operations	588,786	605,150	16,365	7,163,557	3,002,806	3,013,202	10,396	0.35
Maintenance Operations	102,861	97,016	(5,845)	1,251,480	524,593	510,463	(14,131)	(2.69)
Administration	115,657	110,268	(5,388)	1,407,159	589,850	609,661	19,811	3.36
Diversified Services:								
Travel Training	34,516	35,732	1,216	419,940	176,030	196,107	20,078	11.41
Mobility Management	88,339	69,274	(19,064)	1,074,787	450,527	404,457	(46,070)	(10.23)
Destinations Mobility	-	-	-	-	-	-	-	-
Fringe Benefits	383,463	378,196	(5,268)	4,665,470	1,955,663	1,819,250	(136,412)	(6.98)
Workers' Compensation	52,556	60,359	7,803	639,432	268,036	220,999	(47,037)	(17.55)
<b>TOTAL PERSONNEL</b>	<b>1,366,177</b>	<b>1,355,995</b>	<b>(10,182)</b>	<b>16,621,824</b>	<b>6,967,504</b>	<b>6,774,139</b>	<b>(193,365)</b>	<b>(2.78)</b>
<b>FLEET OPERATIONS:</b>								
Fuel	178,531	131,854	(46,677)	2,172,127	910,508	940,879	30,371	3.34
Insurance	116,616	125,645	9,029	1,418,827	594,741	589,322	(5,419)	(0.91)
Cost of Parts & Sublet Service	61,643	53,064	(8,579)	749,990	314,379	272,352	(42,027)	(13.37)
<b>TOTAL FLEET OPERATIONS</b>	<b>356,790</b>	<b>310,563</b>	<b>(46,227)</b>	<b>4,340,944</b>	<b>1,819,628</b>	<b>1,802,553</b>	<b>(17,075)</b>	<b>(0.94)</b>
<b>NONPERSONNEL:</b>								
Professional Services	61,580	43,009	(18,571)	749,221	314,057	507,316	193,259	61.54
Outside Services	21,543	34,696	13,153	262,106	109,869	234,117	124,248	113.09
Rent/Repair	13,727	93,840	80,112	167,017	70,010	163,992	93,983	134.24
Office Expense	18,314	10,518	(7,796)	222,816	93,399	110,700	17,301	18.52
Interest Expense	10,216	10,683	468	124,290	52,100	57,083	4,983	9.56
Telephone/Utilities	20,900	16,248	(4,652)	254,283	106,590	102,147	(4,443)	(4.17)
Tax/License/Dues/Permits	7,397	1,833	(5,564)	89,993	37,723	34,119	(3,604)	(9.55)
Travel	11,303	11,644	341	137,521	57,646	47,894	(9,752)	(16.92)
Professional Development	2,752	204	(2,548)	33,482	14,035	15,380	1,345	9.58
Brokered Trans. Services	243,852	233,038	(10,814)	2,966,862	1,243,644	1,268,001	24,357	1.96
<b>TOTAL NONPERSONNEL</b>	<b>411,583</b>	<b>455,713</b>	<b>44,131</b>	<b>5,007,589</b>	<b>2,099,072</b>	<b>2,540,750</b>	<b>441,678</b>	<b>21.04</b>
<b>TOTAL OPERATIONS EXPENSE</b>	<b>2,134,550</b>	<b>2,122,271</b>	<b>(12,278)</b>	<b>25,970,358</b>	<b>10,886,204</b>	<b>11,117,442</b>	<b>231,237</b>	<b>2.12</b>
<b>CAPITAL PROJECTS:</b>								
Florin Road Facility	7,704	7,667	(37)	93,731	39,290	38,552	(738)	(1.88)
Simplivity Server Upgrade	-	-	-	-	-	-	-	-
Security Upgrades	-	-	-	-	-	-	-	-
Maintenance CNG upgrades and Building repairs	-	-	-	-	-	-	-	-
A/C Replacement Project	-	-	-	-	-	-	-	-
On-Line Reservations Software	-	-	-	-	-	-	-	-
Facility Reserve	-	-	-	526,526	-	-	-	-
Comp & Class Study	-	-	-	50,000	-	-	-	-
Auditorium Repairs	-	-	-	10,000	-	-	-	-
Facility Repairs	-	-	-	100,000	-	-	-	-
IT 4G Equipment & Cameras	-	-	-	100,000	-	-	-	-
Ranger 4 Conversion and Installation	-	-	-	-	-	-	-	-
Prop 1B FY12 - Radio Upgrades	-	-	-	-	-	-	-	-
Section 5309 - EAM	-	-	-	-	-	-	-	-
Vehicle Acquisition Project	18,713	18,840	127	227,674	95,436	93,906	(1,530)	(1.60)
Prop 1B FY15 - Backup Camera Project	-	-	-	-	-	-	-	-
Modesto 5316 Grant	-	-	-	-	-	-	-	-
Wheels to Work 5316 Grant	-	-	-	-	-	-	-	-
Destinations Mobility Vehicles	-	-	-	-	-	-	-	-
Office Furniture & Equipment	-	7,283	7,283	10,000	-	7,283	7,283	-
Network & Telecommunications	-	-	-	28,256	-	53,602	53,602	-
Maintenance Equipment	-	19,663	19,663	10,000	3,577	23,240	19,663	549.73
Miscellaneous Capital Projects	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL PROJECTS</b>	<b>26,417</b>	<b>53,454</b>	<b>27,037</b>	<b>1,156,188</b>	<b>138,303</b>	<b>216,584</b>	<b>78,281</b>	<b>56.60</b>
<b>TOTAL OPERATING AND CAPITAL EXPENSE</b>	<b>2,160,967</b>	<b>2,175,725</b>	<b>14,759</b>	<b>27,126,545</b>	<b>11,024,507</b>	<b>11,334,026</b>	<b>309,518</b>	<b>2.81</b>
<b>NET INCOME (LOSS)</b>	<b>52,174</b>	<b>(134,128)</b>	<b>(186,302)</b>	<b>(1)</b>	<b>262,510</b>	<b>(65,848)</b>	<b>(328,358)</b>	<b>(125.08)</b>

**YTD Budget Surplus/(Deficit)** (328,358)

**-3%**

PARATRANSIT, INC.  
COMBINED BALANCE SHEET  
11/30/2019  
UNAUDITED

ASSETS  
-----

CURRENT ASSETS:

Cash	2,142,177
Medical Annuity	230,000
Accounts Receivable	1,853,772
Grants Receivable	69,167
Inventory	97,109
Deposits and Prepaid Expenses	<u>1,223,979</u>
TOTAL CURRENT ASSETS	<u>5,616,204</u>

CAPITAL ASSETS:

Grant Equipment	12,622,767
Non-Grant Equipment	10,226,378
Work in Progress	-
TOTAL COST	<u>22,849,144</u>
Less Accumulated Depreciation	<u>(12,821,664)</u>
Net Capital Assets	<u>10,027,480</u>

TOTAL ASSETS	<u><u>15,643,684</u></u>
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LIABILITIES AND FUND BALANCE  
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CURRENT LIABILITIES

Accounts Payable	400,407
Workers' Compensation Payable	-
Accrued Payroll & Benefits	190,636
Sales Tax Payable	5,133
Lease/Notes Payable	665,406
Unredeemed Bus Scrip	57,250
Deferred Revenue	69,856
Other Payables	<u>21,018</u>
TOTAL CURRENT LIABILITIES	<u>1,409,705</u>

LONG-TERM LIABILITIES:

Long Term Liabilities	<u>3,893,629</u>
TOTAL LONG TERM LIABILITIES	<u>3,893,629</u>

TOTAL LIABILITIES	5,303,334
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FUND EQUITY

Contributed Capital	601,845
Restricted for lease collateral	-
Restricted for grant administration	12,999
Retained Earnings (Loss)	<u>9,725,506</u>
TOTAL FUND EQUITY	<u>10,340,350</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>15,643,684</u></u>
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**Paratransit, Inc.  
Board of Directors Staff Report  
Agenda Item 5A**

**AGENDA TITLE:** Adopt Resolution 01-20 Authorizing the Chief Executive Officer to Submit a Proposal to Provide Complementary Paratransit Eligibility Certification Services to Ventura County Transportation Commission (VCTC) and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded

**MEETING DATE:** January 9, 2020

**PREPARED BY:** Tiffani M. Fink, Chief Executive Officer

---

**RECOMMENDED ACTION:**

Adopt Resolution 01-20 authorizing the Chief Executive Officer to Submit a Proposal to provide Complementary Paratransit Eligibility Certification Services to Ventura County Transportation Commission (VCTC) and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded.

**BACKGROUND AND DISCUSSION:**

Ventura County Transportation Commission (VCTC) issued a Request for Proposals (RFP) for Complementary Paratransit Eligibility Certification Services. The proposed contract is to provide experienced staffing, organizational management, testing equipment and data management systems (DMS) to design, launch and operate a comprehensive and equitable ADA Paratransit in-person eligibility application and renewal process.

Paratransit, Inc. is a nationally recognized leader in ADA Eligibility Certification services and currently performs these services in Boston, Spokane and throughout San Joaquin County. The RFP issued by VCTC is similar in scope and size to the services provided

in San Joaquin County and provides the same payment mechanism, a fixed rate fee for service. Staff has reviewed the RFP in detail and the Chief Executive Officer and Customer Service and Dispatch Manager attended the in-person pre-proposal conference. Due to the size of the project, the location of the agency and availability of resources, staff recommends the Board authorize submittal of a proposal to provide these services.

### **FISCAL IMPACT:**

Paratransit had previously developed cost estimates and staffing analysis for this project. The detailed analysis allows for Paratransit to take on this work without impact to our cash flow.

### **ATTACHMENTS:**

1. Resolution 01-20 Authorizing the Chief Executive Officer to Submit a Proposal to the Ventura County Transportation Commission and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded.



**RESOLUTION NO. 01-20**

**AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO SUBMIT A PROPOSAL TO PROVIDE COMPLEMENTARY PARATRANSIT ELIGIBILITY CERTIFICATION SERVICES TO VENTURA COUNTY TRANSPORTATION COMMISSION (VCTC) AND FURTHER AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE THE CONTRACT AND ANY AMENDMENTS, IF AWARDED**

**WHEREAS**, Paratransit, Inc. provides Complementary Paratransit Eligibility Certification Services; and

**WHEREAS**, The Ventura County Transportation Commission issued a Request for Proposal for Complementary Paratransit Eligibility Certification Services; and

**WHEREAS**, the Board of Directors authorizes staff to submit the proposal; and

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Directors of Paratransit, Inc. authorize the Chief Executive Officer to negotiate and execute the contract and any necessary amendments, as necessary.

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Anna Fontus, President  
Paratransit, Inc., Board of Directors

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Date



**Paratransit, Inc.  
Board of Directors Staff Report  
Agenda Item 5B**

**AGENDA TITLE:** Accept and File the Annual Financial Audit

**MEETING DATE:** January 9, 2020

**PREPARED BY:** Tiffani M. Fink, Chief Executive Officer  
Dr. Lisa Cappellari, Chief Financial Officer

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**RECOMMENDED ACTION:**

No formal action is required. This item is to accept and file only.

**BACKGROUND AND DISCUSSION:**

Each year the Annual Financial Audit is completed in accordance with Transportation Development Act and Federal Funding requirements. This year, Paratransit, Inc. did not meet the threshold of federal funds expended to require a federal single audit. The Chief Financial Officer will provide a presentation on the audit as part of her report. Attached is a copy of the audit for review.

**FISCAL IMPACT:**

None

**ATTACHMENTS:**

1. Fiscal Year 2019 Financial Audit
2. Fiscal Year 2019 Governance Letter
3. Fiscal Year 2019 Management Letter

**PARATRANSIT, INC.**

Audited Financial Statements, Additional  
Financial Information and Compliance Reports

June 30, 2019



PARATRANSIT, INC.

Audited Financial Statements,  
Additional Financial Information and Compliance Reports

June 30, 2019 and 2018

Audited Financial Statements

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Compliance Report

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> , the Transportation Development Act and the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA) Guidelines .....	19
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Paratransit, Inc.  
Sacramento, California

### **Report on the Financial Statements**

We have audited the accompanying statutory-basis financial statements of Paratransit, Inc. (a nonprofit organization) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

### **Basis for Qualified Opinion**

As described in Note A, these financial statements were prepared in conformity with the accounting principles prescribed by the Transportation Development Act, which requires Paratransit, Inc. to prepare its financial statements in the same manner as an enterprise fund in a governmental agency. This method follows accounting principles generally accepted for governmental agencies, but is a comprehensive basis of accounting other than accounting principles generally accepted for nonprofit organizations.

### **Opinion**

In our opinion, because Paratransit, Inc. is required to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to in the first paragraph do not present fairly, in conformity with accounting principles generally accepted for nonprofit organizations, the financial position of Paratransit, Inc. as of June 30, 2019 and 2018, or the results of its operations or its cash flows for the fiscal years then ended.

However, in our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Paratransit, Inc. as of June 30, 2019 and 2018, and the results of its operations and cash flows for the fiscal years then ended, on the basis of accounting described in Note A.

### **Other Matters**

#### *Required Supplementary Information*

Paratransit, Inc. has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019 on our consideration of the Paratransit Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including the Transportation Development Act and other state program guidelines. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Paratransit's internal control over financial reporting and compliance.

*Richardson & Company, LLP*

December 30, 2019

PARATRANSIT, INC.

BALANCE SHEETS – STATUTORY BASIS

June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents – Note C	\$ 3,093,100	\$ 4,247,822
Accounts and grants receivable – Note D	1,511,425	2,447,687
Inventory	111,219	130,013
Deposits and prepaid expenses	674,245	727,747
TOTAL CURRENT ASSETS	<u>5,389,989</u>	<u>7,553,269</u>
RESTRICTED CASH – Note B	306,898	458,785
CAPITAL ASSETS, NET – Notes E and F	<u>10,367,051</u>	<u>9,822,110</u>
TOTAL ASSETS	<u>\$ 16,063,938</u>	<u>\$ 17,834,164</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 931,180	\$ 1,288,966
Accrued payroll and related benefits	230,948	187,141
Other current liabilities	57,619	58,979
Line of credit - Note G		675,000
Unearned revenue – Note H	67,347	497,555
Current portion of long-term liabilities	321,406	311,233
TOTAL CURRENT LIABILITIES	<u>1,608,500</u>	<u>3,018,874</u>
Long term liabilities – Note I	3,881,451	4,186,716
Other postemployment benefits liability - Note R	277,503	
TOTAL LIABILITIES	<u>5,767,454</u>	<u>7,205,590</u>
NET POSITION		
Net investment in capital assets	6,722,799	5,191,625
Restricted for grant administration	251,174	12,998
Unrestricted	3,322,511	5,423,951
TOTAL NET POSITION	<u>10,296,484</u>	<u>10,628,574</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 16,063,938</u>	<u>\$ 17,834,164</u>

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

PARATRANSIT, INC.

STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION – STATUTORY BASIS

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Fares – Note J	\$ 2,328,445	\$ 2,419,214
Regional Transit	11,599,999	11,924,999
Diversified transportation services	2,940,574	3,346,350
Mobility training	604,011	632,267
Maintenance fees	782,172	944,237
Destinations Mobility	135,223	282,219
Advertising	4,200	4,200
Other	289,073	4,391
TOTAL OPERATING REVENUES	<u>18,683,697</u>	<u>19,557,877</u>
<b>OPERATING EXPENSES</b>		
Elderly and disabled transportation	22,749,833	21,320,862
Mobility training services	855,860	883,669
Diversified services and outside maintenance	2,980,845	4,234,361
Destinations Mobility	83,701	253,277
TOTAL OPERATING EXPENSES	<u>26,670,239</u>	<u>26,692,169</u>
NET LOSS FROM OPERATIONS	(7,986,542)	(7,134,292)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Measure A Funds	4,446,986	4,192,019
Local Transportation Funds - Sacramento Area COG	2,364,108	2,253,021
Local Transportation Fund - Stanislaus COG	-	208,750
Federal grants	258,333	48,470
Gain on disposal of capital assets	28,224	28,513
Interest income	8,175	837
TOTAL NONOPERATING REVENUES	<u>7,105,826</u>	<u>6,731,610</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(880,716)	(402,682)
<b>CAPITAL CONTRIBUTIONS</b>		
Federal Transit Administration	119,324	3,851,272
CalEMA (Proposition 1B)	429,302	31,744
TOTAL CAPITAL CONTRIBUTIONS	<u>548,626</u>	<u>3,883,016</u>
CHANGE IN NET POSITION	(332,090)	3,480,334
Net position at beginning of year	<u>10,628,574</u>	<u>7,148,240</u>
NET POSITION AT END OF YEAR	<u>\$ 10,296,484</u>	<u>\$ 10,628,574</u>

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

PARATRANSIT, INC.

STATEMENTS OF CASH FLOWS – STATUTORY BASIS

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 17,777,505	\$ 20,376,017
Cash paid to suppliers for goods and services	(10,069,517)	(8,840,912)
Cash paid to employees for services	<u>(15,645,763)</u>	<u>(16,751,961)</u>
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	(7,937,775)	(5,216,856)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Non-operating grants and subsidies	<u>7,135,954</u>	<u>6,578,290</u>
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,135,954	6,578,290
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received for capital acquisitions	1,826,778	2,806,785
Acquisition of property and equipment	(1,449,298)	(5,632,562)
(Repayments) proceeds from line of credit	(675,000)	675,000
Proceeds from long-term debt issuance		4,133,301
Refinance of existing long-term debt		(1,823,616)
Payments on long-term debt	(311,234)	(177,815)
Proceeds from disposition of assets	<u>28,224</u>	<u>69,472</u>
NET CASH FLOWS (USED) PROVIDED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(580,530)	50,565
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	<u>8,175</u>	<u>837</u>
NET CASH FLOWS PROVIDED BY BY INVESTING ACTIVITIES	<u>8,175</u>	<u>837</u>
NET (DECREASE) INCREASE IN CASH	(1,374,176)	1,412,836
Cash and cash equivalents at beginning of year	<u>4,706,607</u>	<u>3,293,771</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,332,431</u>	<u>\$ 4,706,607</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and cash equivalents	\$ 3,093,100	\$ 4,247,822
Restricted cash	<u>306,898</u>	<u>458,785</u>
	<u>\$ 3,399,998</u>	<u>\$ 4,706,607</u>

(Continued)

PARATRANSIT, INC.

STATEMENTS OF CASH FLOWS – STATUTORY BASIS (Continued)

For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net loss from operations	\$ (7,986,542)	\$ (7,134,292)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	904,357	828,705
Change in operating assets and liabilities:		
Accounts receivable	(906,192)	818,140
Inventory	18,794	226,535
Deposits and prepaid expenses	53,502	(172,254)
Accounts payable	(357,786)	272,912
Accrued payroll and related benefits	43,807	9,460
Other current liabilities	(1,360)	(28,893)
Deferred compensation plan	277,503	
Compensated absences	16,142	(37,169)
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	<u>\$ (7,937,775)</u>	<u>\$ (5,216,856)</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest expense	\$ 157,324	\$ 124,736

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

June 30, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Paratransit, Inc. (Paratransit) is a nonprofit organization that provides coordinated special transportation services within Sacramento Regional Transit District's (Regional Transit) activated boundary to people who are unable to use public transit due to age or disability. Paratransit fulfills two major transportation functions in the Sacramento area: 1) that of the provider of specialized transportation service to the elderly and disabled, and 2) that of the designated Consolidated Transportation Service Agency (CTSA). As a CTSA, Paratransit is responsible for the coordination and consolidation of social-service agency transportation programs in order to maximize the use of their transportation dollars. Paratransit has expanded its services to include specialized transportation and maintenance services for nontraditional markets such as suburban, residential, business and industrial parks, transportation management associations, business district associations and public agencies.

Innovative Paradigms is the consulting and operations division of Paratransit, Inc. The division was created to broaden Paratransit's involvement in the human service coordination and ADA fields outside the Sacramento area as well as to offer other transit and paratransit-related consulting services. Some of the Innovative Paradigms' engagements are short-term consulting agreements primarily with public agency clients. All activities of the division are structured to generate net income for Paratransit, Inc.

Basis of Presentation: The financial statements of Paratransit have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. To comply with the Transportation Development Act (TDA) and the Uniform System of Accounts for Public Transit Operators, Paratransit must report its operations in the form of an enterprise fund of a governmental agency. Therefore, Paratransit follows GAAP as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, Paratransit follows Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

Basis of Accounting: Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, restricted and amounts unrestricted. Enterprise fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Paratransit uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as unearned revenues until earned. TDA funds are recorded when all eligibility requirements have been met.



PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of Paratransit are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is Paratransit's policy to use restricted resources first, then unrestricted resources as they are needed.

Paratransit is funded through various grant and other funding agreements with local and federal governmental agencies that provide for returning of excess funds, which are standard in the public transit industry in California. Eligibility for funding is generally restricted to qualifying expenditures, which means that the funds have to be spent in order to be earned. Any excess funding received would be recorded as unearned revenue due to the grant terms or restrictions.

Cash and Cash Equivalents: For the purposes of reporting cash flows, cash and cash equivalents are defined as those amounts included in the balance sheets captions "Cash and Cash Equivalents" and "Restricted Cash" and consist of amounts held in checking accounts.

Inventories: Inventories are valued at cost, which approximates market, determined by the moving average method. Inventories consist of tires, fuel, repair parts, and wheelchair accessible vehicles and mobility equipment that are available for sale.

Capital Assets: Capital assets are stated at cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Capital assets are defined as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year. Provision is made for depreciation by the straight-line method over the estimated useful lives of the individual assets, which generally is five to thirty years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Unearned Revenues: Unearned revenues arise when resources are received before Paratransit has legal claim to them, such as when cost reimbursement grant and other intergovernmental revenues are received prior to the incurrence of qualifying expenses.

Compensated Absences: Paratransit's personnel policy allows employees to accumulate earned but unused vacation. Unused accrued vacation time will be paid to employees upon separation from Paratransit's service, subject to a vesting policy. The cost of vacation is recorded in the period accrued.

Income Tax Status: Paratransit is a tax exempt organization under Section 501(c)(3) of the United States Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code and, accordingly, is not subject to federal or state income taxes except on unrelated business income. Paratransit receives unrelated business income from providing advertising. However, such income is offset with net operating losses carried forward from the prior year. As a result, no income tax expenses were recorded for the years ended June 30, 2019 and 2018. Paratransit is not classified as a private foundation.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE B - RESTRICTED CASH

Paratransit has bank deposits that are restricted for the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
California Transit Security Grant Program (CTSGP) projects	\$ 55,725	\$ 445,787
Caltrans local match funds	12,999	12,998
Deferred compensation plan	<u>238,174</u>	<u>          </u>
	<u>\$ 306,898</u>	<u>\$ 458,785</u>

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of balances held in financial institutions. Paratransit maintains cash balances at two banks, which are federally insured up to \$250,000 each. At June 30, 2019 and 2018, respectively, Paratransit had uninsured bank balances of \$3,011,216 and \$4,819,751, respectively.

NOTE D – ACCOUNTS AND GRANTS RECEIVABLE

Receivable balances consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Trade receivables	\$ 1,411,172	\$ 689,636
Grants and other intergovernmental receivables	126,600	1,784,047
Miscellaneous	3,653	4,004
Allowance for doubtful accounts	<u>(30,000)</u>	<u>(30,000)</u>
	<u>\$ 1,511,425</u>	<u>\$ 2,447,687</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE E – CAPITAL ASSETS

Capital asset activity was as follows for the years ended June 30:

	Balance at July 1, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
Capital assets, not being depreciated					
Land	\$ 924,736				\$ 924,736
Construction in progress	157,836			\$ (157,836)	-
Total capital assets, not being depreciated	<u>1,082,572</u>			<u>(157,836)</u>	<u>924,736</u>
Capital assets, being depreciated:					
Building	5,091,110	\$ 755,110		157,836	6,004,056
Motor vehicles and related equipment	12,056,453	437,411	\$ (556,772)		11,937,092
Office furniture and equipment	2,933,755	254,546			3,188,301
Maintenance equipment	829,955	2,231			832,186
Total capital assets being depreciated	<u>20,911,273</u>	<u>1,449,298</u>	<u>(556,772)</u>	<u>157,836</u>	<u>21,961,635</u>
Less accumulated depreciation for:					
Building	(3,010,428)	(306,459)			(3,316,887)
Motor vehicles and related equipment	(5,815,920)	(412,280)	556,772		(5,671,428)
Office equipment and information systems	(2,556,490)	(166,784)			(2,723,274)
Maintenance equipment	(788,897)	(18,834)			(807,731)
Total accumulated depreciation	<u>(12,171,735)</u>	<u>(904,357)</u>	<u>556,772</u>		<u>(12,519,320)</u>
Total capital assets being depreciated, net	<u>8,739,538</u>	<u>544,941</u>		<u>157,836</u>	<u>9,442,315</u>
Capital assets, net	<u>\$ 9,822,110</u>	<u>\$ 544,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,367,051</u>
	Balance at July 1, 2017	Additions	Retirements	Transfers	Balance at June 30, 2018
Capital assets, not being depreciated					
Land	\$ 924,736				\$ 924,736
Construction in progress	127,816	\$ 30,020			157,836
Total capital assets, not being depreciated	<u>1,052,552</u>	<u>30,020</u>			<u>1,082,572</u>
Capital assets, being depreciated:					
Building	5,064,982	26,128			5,091,110
Motor vehicles and related equipment	6,998,620	5,488,585	\$ (430,752)		12,056,453
Office equipment and information systems	2,905,463	68,602	(38,878)	\$ (1,432)	2,933,755
Maintenance equipment	809,296	19,227		1,432	829,955
Total capital assets being depreciated	<u>15,778,361</u>	<u>5,602,542</u>	<u>(469,630)</u>		<u>20,911,273</u>
Less accumulated depreciation for:					
Building	(2,765,595)	(244,833)			(3,010,428)
Motor vehicles and related equipment	(5,847,582)	(361,009)	392,671		(5,815,920)
Office equipment and information systems	(2,393,522)	(200,249)	36,000	1,281	(2,556,490)
Maintenance equipment	(765,002)	(22,614)		(1,281)	(788,897)
Total accumulated depreciation	<u>(11,771,701)</u>	<u>(828,705)</u>	<u>428,671</u>		<u>(12,171,735)</u>
Total capital assets being depreciated, net	<u>4,006,660</u>	<u>4,773,837</u>	<u>(40,959)</u>		<u>8,739,538</u>
Capital assets, net	<u>\$ 5,059,212</u>	<u>\$ 4,803,857</u>	<u>\$ (40,959)</u>	<u>\$ -</u>	<u>\$ 9,822,110</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE F – LEASING ARRANGEMENTS

Paratransit is currently leasing 102 buses from Regional Transit under a 48 month lease. The lease commenced March 1999, and was last amended November 2017, and provides for monthly payments of \$2,500 per month per bus; however, Regional Transit has agreed to waive these payments as long as the buses are used to provide paratransit services, as described in the Collaborative Agreement for the Provision of ADA Complementary Paratransit Services, between Regional Transit and Paratransit. The value of the 102 buses leased as of June 30, 2019 and 2018 was \$6,120,000. The leases may be canceled by either party upon thirty days' notice or upon the termination or expiration of the Collaborative Agreement. The buses are not included in capital assets on the balance sheet.

Paratransit leases certain equipment and a parking lot adjacent to its main facility at 2401 Florin Road under month-to-month agreements. Paratransit had a lease agreement for office space in Honolulu, Hawaii, that expired in January 2019. Rent expense for the years ended June 30, 2019 and 2018 for all operating leases amounted to \$153,653 and \$203,258, respectively.

NOTE G – LINE OF CREDIT

Paratransit has a line of credit for operating purposes that expires June 28, 2020. The total amount available under this line of credit was \$1,000,000 at June 30, 2019 and 2018, with no balance outstanding under this agreement at June 30, 2019 and \$675,000 outstanding under this agreement at June 30, 2018. The interest rate is variable and equal to the bank's index rate plus 0.75%. The current interest rate at June 30, 2018 is 6.25%. The loan is secured by all inventory and equipment.

NOTE H – UNEARNED REVENUES

Unearned revenue balances consist of the following at June 30:

	2019	Restated 2018
	<u>2019</u>	<u>2018</u>
CalOES Proposition 1b	\$ 55,725	\$ 485,182
Passes	<u>11,622</u>	<u>12,373</u>
	<u>\$ 67,347</u>	<u>\$ 497,555</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE I – LONG-TERM LIABILITIES

Long-term debt consists of the following direct borrowings at June 30, 2019:

	<u>Original Debt</u>	<u>Balance at June 30, 2019</u>
<b>WELLS FARGO BANK FACILITY LOAN</b>		
Entered into on August 17, 2017 to refinance an earlier loan used to purchase the Paratransit building, and perform repairs on the facility. The interest rate is 3.659% through September 1, 2037. Monthly principal and interest payments of approximately \$14,731 are due through September 1, 2037. The loan is secured by Paratransit's facility, located at 2501 Florin Road, Sacramento, CA.	\$ 2,500,000	\$ 2,339,067
<b>WELLS FARGO BANK EQUIPMENT LOAN</b>		
Entered into on August 17, 2017 to finance the purchase of fifteen vehicles. The interest rate is 3.220% through October 1, 2024. Monthly principal and interest payments of \$22,251 are due through October 1, 2024. The loan is secured by fifteen Paratransit vehicles.	<u>1,633,301</u>	<u>1,305,185</u>
	<u>\$ 4,133,301</u>	<u>\$ 3,644,252</u>

Both of these loans have default provisions that provide for Wells Fargo to take possession of the property held as security for these loans.

Long-term debt activity for the years ended June 30, 2019 and 2018 was as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Within One Year</u>
Long-term debt:					
Wells Fargo Mortgage Loan	\$ 2,429,828		\$ (90,761)	\$ 2,339,067	\$ 93,731
Wells Fargo Vehicle Loan	1,525,658		(220,473)	1,305,185	227,675
Long-term debt	<u>3,955,486</u>		<u>(311,234)</u>	<u>3,644,252</u>	<u>321,406</u>
Other long-term liabilities:					
Compensated absences	542,463	\$ 16,142		558,605	
	<u>\$ 4,497,949</u>	<u>\$ 16,142</u>	<u>\$ (311,234)</u>	<u>\$ 4,202,857</u>	<u>\$ 321,406</u>
	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Within One Year</u>
Long-term debt:					
Wells Fargo Mortgage Loan		\$ 2,500,000	\$ (70,172)	\$ 2,429,828	\$ 90,761
Wells Fargo Vehicle Loan		1,633,301	(107,643)	1,525,658	220,472
City of Sacramento loans	\$ 1,823,616		(1,823,616)		
Long-term debt	<u>1,823,616</u>	<u>4,133,301</u>	<u>(2,001,431)</u>	<u>3,955,486</u>	<u>311,233</u>
Other long-term liabilities:					
Compensated absences	579,632		(37,169)	542,463	
	<u>\$ 2,403,248</u>	<u>\$ 4,133,301</u>	<u>\$(2,038,600)</u>	<u>\$ 4,497,949</u>	<u>\$ 311,233</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE I – LONG-TERM LIABILITIES (Continued)

The maturities of long-term debt consist of the following:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 321,406	\$ 124,290	\$ 445,696
2021	332,566	113,351	445,917
2022	343,780	101,884	445,664
2023	355,373	90,034	445,407
2024	367,162	78,364	445,526
2025-2037	<u>1,923,965</u>	<u>490,235</u>	<u>2,414,200</u>
Total	<u>\$ 3,644,252</u>	<u>\$ 998,158</u>	<u>\$ 4,642,410</u>

NOTE J – FARE REVENUE RATIO

Paratransit is required to maintain a fare revenue to operating expense ratio of 5% in order to be eligible for TDA funding. The fare revenue to operating expense ratio for Paratransit is calculated as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Fare revenues	<u>\$ 2,328,445</u>	<u>\$ 2,419,214</u>
Total operating expenses	\$ 26,670,239	\$ 26,692,169
Less:		
Mobility training	(855,860)	(883,669)
Depreciation, included in elderly and disabled transportation	(904,357)	(769,775)
Diversified services and outside maintenance	(2,980,845)	(4,234,361)
Destinations Mobility, including depreciation	<u>(83,701)</u>	<u>(253,277)</u>
Net operating expenses	<u>\$ 21,845,476</u>	<u>\$ 20,551,087</u>
Fare revenue ratio	<u>10.66%</u>	<u>11.77%</u>
Required ratio	<u>5.00%</u>	<u>5.00%</u>

NOTE K - CALIFORNIA OFFICE OF EMERGENCY SERVICES (CalOES)

California Office of Emergency Services (CalOES): As approved by the voters in the November 2006 general elections, Proposition 1B enacts the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 to authorize \$19.925 billion of state general obligation bonds for specified purposes, including grants for transit system safety, security and disaster response projects. CalOES has been charged with administering the following Prop 1B California Transit Security Grant Program (CTSGP).

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE K - CALIFORNIA OFFICE OF EMERGENCY SERVICES (CalOES) (Continued)

During the fiscal year ended June 30, 2018, Paratransit applied for and received proceeds of \$275,000 for an enhanced facility security project. No proceeds were received during fiscal year ended June 30, 2019. As of June 30, 2019 and 2018, the proceeds plus interest less qualifying expenses are reported as unearned revenue. Qualifying expenses must be encumbered within three years from the date of the allocation and expended within three years from the date of the encumbrance. As of June 30, 2019 and 2018, funds received and expended were as follows:

	<u>2019</u>	<u>2018</u>
Balance at beginning of year	\$ 485,182	\$ 241,738
CalOES funds received	(311)	275,000
Interest earnings	156	188
Expenses incurred:		
Building improvements	<u>(429,302)</u>	<u>(31,744)</u>
Unexpended proceeds	<u>\$ 55,725</u>	<u>\$ 485,182</u>

NOTE M – RISK MANAGEMENT

Paratransit is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and unemployment. Paratransit obtains its general and automobile liability insurance through a charitable risk pool, NonProfits United (NonProfits), which provides insurance to 5,000 nonprofits in California. Paratransit pays an annual premium for its general and automobile insurance coverage. NonProfits is nonassessable, such that Paratransit is not liable should the NonProfits liabilities exceed its assets. NonProfits reinsures through commercial companies for claims in excess of \$600,000.

Paratransit is a member of the NonProfits United Workers' Compensation Group, Inc. (NPU-WCG), a self-insurance pool providing California nonprofits with workers compensation insurance and risk management services. NPU-WCG is governed by a Board of Directors elected by, and from, the membership. Paratransit pays an annual deposit and monthly premiums to NPU-WCA for its workers' compensation insurance coverage. The NPU-WCG is expected to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of specified amounts.

Paratransit is self-insured for unemployment benefits. Paratransit pays amounts into a trust, and the trust handles the payment of claims. Paratransit is responsible for paying claims if the amounts in the trust are not sufficient to cover the claims.

Paratransit continues to carry commercial insurance for all other risks of loss, including employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE N – CONCENTRATIONS

Paratransit currently receives a substantial amount of its support from a county-wide sales tax approved under Measure A, statewide retail sales tax from the Local Transportation Fund created by the Transportation Development Act and an agreement with Regional Transit to carry out Regional Transit's Complementary Paratransit Service Plan consistent with the ADA. A significant reduction in the level of this support, if this were to occur, may have a significant effect on Paratransit's activities. Paratransit's ability to operate and provide services is dependent on its continued ability to obtain government grants and funds and to maintain operating costs at a level consistent with the amount of support obtained.

NOTE O – CONTINGENCIES

Paratransit receives grants and funds for specific purposes that are subject to review and audit by the funding source. Such audits could result in a request for reimbursement for expenditures disallowed under the terms and conditions of the contracts. Management is of the opinion that no material liabilities will result from such potential audits.

Paratransit is party to claims arising in the ordinary course of business. After taking into consideration information furnished by legal counsel to Paratransit as to the current status of the claims to which Paratransit is a party, management is of the opinion that the ultimate aggregate liability represented thereby, if any, will not have a material adverse effect on the financial position or results of operations of Paratransit.

NOTE P – TAX DEFERRED ANNUITY PLAN

Paratransit maintains a Tax Deferred Annuity Plan administered by American United Life Insurance Company (OneAmerica) under section 403(b) of the Internal Revenue Service. Plan provisions and contribution requirements are established and may be amended by the Board of Directors. Regular full time non-bargaining unit employees become eligible to participate after two years of service. Employees are permitted to make contributions to the Plan up to applicable Internal Revenue Code limits. Under the Plan, Paratransit contributes 9% to 15% of wages of eligible employees depending on years of service. Employees vest immediately in both employee and employer contributions, so there are no forfeitures. Paratransit's contributions were \$735,635 and \$808,310 for June 30, 2019 and 2018, respectively.

NOTE Q – DEFERRED COMPENSATION PLAN

In July 2018, Paratransit purchased a non-elective deferred compensation plan contract under IRC Code section 457(f) to assist in funding in the healthcare benefits discussed in Note R for the former Executive Director. Paratransit paid \$230,000 into this contract in July 2018 to Sentinel Security Life Insurance Company. Under terms of the agreement, Paratransit retains the rights to the contract amount and any income generated over the contract period.



PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2019 and 2018

NOTE R – POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description: One retired employee and her spouse are currently eligible for post-retirement health benefits whereby compensation would be provided to the retired employee to obtain medical benefits in the same value as if she were still employed by Paratransit. Paratransit has computed the post-employment benefits using the alternative measurement method. The liability has not been funded. The benefit provisions are established in the form of a binding contract with the employee. No contributions are made to the plan. The plan currently does not issue stand-alone financial statements. No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, although an annuity has been established, that could be used to pay the benefit payments.

Total OPEB Liability: Paratransit’s total OPEB liability of \$277,503 was measured using the Alternative Measurement Method as of January 1, 2018. Changes in the total OPEB liability are as follows:

Service cash	\$ 283,949
Interest on net OPEB obligation	8,474
Benefit payments	<u>(14,920)</u>
Decrease in net OPEB obligation	277,503
Total OPEB liability, July 1	<u>-</u>
Total OPEB liability, June 30	<u><u>\$ 277,503</u></u>

Expense related to the OPEB plan recognized during the year ended June 20, 2019 totaled \$277,503.

Actuarial Assumptions and Other Inputs: The total OPEB liability was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.15 percent
Healthcare trend rate	5 percent per year
Remaining life expectancy	18 years



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INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL FINANCIAL INFORMATION

To the Board of Directors  
Paratransit, Inc.  
Sacramento, California

We have audited the financial statements of Paratransit, Inc. as of and for the years ended June 30, 2019 and 2018 and our report thereon dated December 30, 2019, which expressed a modified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses by Function is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Richardson & Company, LLP*

December 30, 2019

PARATRANSIT, INC.

SCHEDULES OF EXPENSES BY FUNCTION

For the Years Ended June 30, 2019 and 2018

	2019	2018
Elderly and Disabled Transportation		
Salaries and wages	\$ 9,104,412	\$ 9,076,994
Employee benefits	4,262,889	4,118,481
Services	1,058,425	982,412
Fuel	1,869,526	1,694,399
Materials and supplies	722,321	693,099
Utilities	159,998	143,117
Insurance	1,249,031	1,092,828
Purchased transportation	2,998,599	2,437,581
Miscellaneous	253,153	146,321
Interest expense	142,879	100,721
Leases and rentals	82,318	65,134
Depreciation	846,282	769,775
Total Elderly and Disabled Transportation	<u>22,749,833</u>	<u>21,320,862</u>
Mobility Training Services		
Salaries and wages	489,435	506,055
Employee benefits	259,785	278,991
Services	26,571	30,176
Materials and supplies	10,318	7,661
Utilities	11,926	13,066
Insurance	2,792	411
Miscellaneous	45,554	37,691
Interest expense	3,744	4,257
Leases and rentals	5,735	5,361
Total Mobility Training Services	<u>855,860</u>	<u>883,669</u>
Diversified Services and Outside Maintenance		
Salaries and wages	1,258,974	1,849,381
Employee benefits	607,720	880,150
Services	300,123	441,780
Fuel	337,161	299,684
Materials and supplies	136,377	223,029
Utilities	77,229	103,277
Insurance	67,681	20,087
Purchased transportation	-	20,887
Miscellaneous	119,279	244,844
Interest expense	10,701	18,929
Leases and rentals	65,600	132,313
Total Diversified Services and Outside Maintenance	<u>2,980,845</u>	<u>4,234,361</u>
Destinations Mobility		
Salaries and wages	-	6,029
Employee benefits	-	8,171
Services	8,835	9,199
Materials and supplies	1,778	154,393
Utilities	564	5,518
Insurance	12,961	2,597
Miscellaneous	1,488	7,611
Interest expense	-	829
Depreciation	58,075	58,930
Total Destinations Mobility	<u>83,701</u>	<u>253,277</u>
Total Operating Expenses	<u>\$ 26,670,239</u>	<u>\$ 26,692,169</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT AND  
OTHER STATE PROGRAM GUIDELINES

Board of Directors  
Paratransit, Inc.  
Sacramento, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Paratransit, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Paratransit's basic financial statements, and have issued our report thereon dated December 30, 2019. Our report disclosed that, as described in Note A to the financial statements, Paratransit, Inc. prepares its financial statements in conformity with the accounting principles prescribed by the Transportation Development Act, which requires Paratransit, Inc. to prepare its financial statements in the same manner as an enterprise fund in a governmental agency. This method follows accounting principles generally accepted in the United States of America for governmental agencies, but is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America for nonprofit organizations.

Internal Control Over Financial Reporting

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

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

To the Board of Directors  
Paratransit, Inc.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Paratransit's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Development Act (TDA) Funds allocated and received by Paratransit were expended in conformance with the applicable statutes, rules and regulations of the TDA and Section 6667 of the California Code of Regulations. We also tested the receipt and appropriate expenditures of bond funds, as presented in Notes K to the financial statements, in accordance with other state program statutes and guidelines. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, the TDA or other state programs.

#### Purpose of this Report

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

*Richardson & Company, LLP*

December 30, 2019



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## GOVERNANCE LETTER

Board of Directors  
Paratransit, Inc.  
Sacramento, California

We have audited the financial statements of Paratransit, Inc. (Paratransit) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated June 2, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider Paratransit's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over financial reporting.

As part of obtaining reasonable assurance about whether Paratransit's financial statements are free of material misstatement, we will also perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on Paratransit's compliance with those requirements.

### Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We have communicated any internal control related matters in a separate letter.

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Paratransit, Inc. are described in Note A to the financial statements. Paratransit adopted Governmental Accounting Standards Board (GASB) Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements as of June 30, 2019. Implementation of GASB No. 88 resulted in additional required disclosures in Note I to the financial statements. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Paratransit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the useful lives used to calculate depreciation on property and equipment depreciable lives, the allocation of costs among the functions and the allowance for uncollectible receivables. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

A new disclosure was added to the financial statements to describe the healthcare benefits provided to the retired executive director, in Note R.

### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed eight audit adjustments to Paratransit's financial statements as follows:

- Accrue interest
- Write-off of correct grants receivable
- Record healthcare benefit liability
- Post prior year entry to true-up receivables and unearned revenue
- Adjust for revenue recorded in the prior year
- Adjust for entries posted in the prior year general ledger after the audit was completed
- True-up investment in capital asset amounts
- True-up restricted net position

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 30, 2019.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Paratransit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Paratransit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the Schedule of Expenses by Function, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions on Use

This information is intended solely for the use of the Board of Directors and management of Paratransit and is not intended to be and should not be used by anyone other than these specified parties.

*Richardson & Company, LLP*

December 30, 2019





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## MANAGEMENT LETTER

To the Board of Directors  
Paratransit, Inc.  
Sacramento, California

In planning and performing our audit of the financial statements of the Paratransit, Inc. (Paratransit) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Paratransit's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Paratransit's internal control. Accordingly, we do not express an opinion on the effectiveness of Paratransit's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses.

We noted the following items in our current year audit that we present for your consideration.

### Reconciliation of Proposition 1B Funds

We compared the restricted cash balance containing Prop 1B funds to the corresponding unearned revenue account and noted a difference of \$55,122. Paratransit needs to ensure that procedures are in place whereby Prop 1B cash balances are reconciled to the corresponding unearned revenue. While we understand that the Prop 1B cash was transferred out of restricted cash to be returned to the State prior to being informed of the extension, the treatment of restricted cash and unearned revenue should be consistent.

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the audit. This report is intended solely for the information and use of the Board of Directors, management, and others within the organization that does not affect our report dated December 30, 2019 on the financial statements of Paratransit.

*Richardson & Company, LLP*

December 30, 2019



**Paratransit, Inc.  
Board of Directors Staff Report  
Agenda Item 5C**

**AGENDA TITLE:** Discussion and Direction on Next Steps on Governance effective July 1, 2020

**MEETING DATE:** January 9, 2020

**PREPARED BY:** Tiffani M Fink, Chief Executive Officer

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**RECOMMENDED ACTION:**

Provide direction to the Chief Executive Officer on next steps.

**BACKGROUND AND DISCUSSION:**

With the dissolution of the Four Party Agreement and the transition of Americans with Disabilities Act service back to Sacramento Regional Transit District, a new governance structure is needed. The current Four Party Agreement remains in place through June 30, 2020 allowing for discussions and actions to take place this Spring on this item.

Nancy Miller, our Agency governance legal counsel will be at the meeting to discuss next steps and possible items for discussion.

**FISCAL IMPACT:**

None

**ATTACHMENTS:**

None