



PARATRANSIT, INC. BOARD OF DIRECTORS' TELECONFERENCE MEETING

In response to Governor's Executive Order N-29-20, the Paratransit Board of Directors and other public meetings are being held via teleconference to follow state guidelines on social distancing until further notice.

Meeting Date and Time:

January 28, 2021
at 6:00 p.m.

Meeting Location:

Paratransit Board of Directors meetings are broadcast live on the Paratransit, Inc. website. Visit Paratransit, Inc.'s official website at: www.paratransit.org. Members of the public are encouraged to submit public comments via eComment by email at publiccomment@paratransit.org. Members of the public may also call into the meeting as follows:

Telephone Number: 1 (669) 900-6833
Meeting ID: 918 8969 8991
Passcode: 201731

Web Access: <https://zoom.us/j/91889698991>

If you need a disability-related modification or accommodation to participate in this meeting, please contact by Voice: (916) 429-2009. Requests must be made as early as possible.

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: Fontus, Hume, Johnson, Kimble, Leventon, Lonergan, Nguyen, Nugent, Shekhar

2. Pledge of Allegiance

3. Public Comment:

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.

4. Staff Reports

A. CEO Report

- a. Update on Activities and Contracts
- b. Annual Operational Review for Calendar Year 2020

B. CFO Report

- a. Monthly Financial Report
- b. Presentation of the FY 20 Financial Audit

5. Consent Calendar

A. Approve the Minutes of the November 16, 2020, Board of Directors' Meeting

B. Receive and File the Fiscal Year 2020 Financial Audit

6. Action Items

A. Adopt Resolution 01-21 Authorizing the Chief Executive Officer (CEO) to Negotiate and Execute Agreements for funding for

Federal Transit Administration Section 5307 and 5339 funding, SACOG Regional Competitive funding and Office of Emergency Services Safety and Security Grant funding.

- B. Adopt Resolution 02-21 Authorizing the Chief Executive Officer (CEO) to Negotiate and Execute an Agreement with Creative Bus Sales for the purchase of 10 Compressed Natural Gas (CNG) Class B buses.
- C. Adopt Resolution 03-21 Authorizing the Chief Executive Officer to Submit a Proposal to Provide Complementary Paratransit Eligibility Certification Services to San Mateo County Transit (SamTrans) and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded.
- D. Adopt Resolution 04-21 Authorizing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to Execute a Loan Agreement with Five Star Bank for the Paycheck Protection Program #2, in an amount not to exceed \$2 million, and further authorize the CEO and CFO to submit all paperwork necessary to seek full loan forgiveness.
- E. Adopt Resolution 5-21 Approving the Paratransit, Inc. Board Meeting Calendars for the Calendar Years 2021 and 2022
- F. Nominations and Election of Officers of the Board of Directors for Calendar Year 2021

7. Closed Session Announce Adjournment to Closed Session

- A. Public Employee Performance Evaluation –
Chief Executive Officer (Government Code Section 54957(b)(1))
- B. Conference with Labor Negotiators – (Government Code section 54957.6)
Agency Designated Representative: Board Chair
Unrepresented Employee: Chief Executive Officer

8. Reconvene to Open Session and Report Action, if any taken

9. Board Comments/Reports/Future Agenda Items

10. Adjourn

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

TBD
6:00 P.M.

Online

*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.

MEETINGS OF INTEREST

RT Board Meetings: February 8, 2021 @ 5:30 p.m. – See www.sacrt.com for location information

RT Mobility Advisory Committee: February 4, 2021 @ 2:30 p.m. See www.sacrt.com for location information

Sacramento County Disability Advisory Commission: February 2, 2021 @ 5:00 p.m. via Zoom. See www.dac.saccounty.net for agenda with login/call in information

Sacramento City Disabilities Advisory Commission: February 3, 2021 @ 6:00 p.m. See <http://www.cityofsacramento.org/Clerk/Legislative-Bodies/Boards-and-Commissions/SacramentoDisabilityAdvisoryCommission> for location information

Sacramento Transportation Authority: February 11, 2021 @ 1:30 p.m. See www.sacta.org/meetings for location information



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

AGENDA TITLE: Chief Executive Officer's Report

MEETING DATE: January 28, 2021

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

COVID-19:

Paratransit, Inc. continues to monitor and implement regulations and best practices as the COVID-19 pandemic continues. We continue to provide Personal Protective Equipment to all staff and strict measures regarding temperature checks, hand washing and social distancing. We recently installed three new standup thermometers which can read your temperature at a distance and provide a visual notification if you are free to enter (green is good, red is not). These have been placed at the three major entrances and staff is encouraged to use them. While use of these is not mandatory, temperature checks are and staff who do not use them are required to take their own temperature before entering.

Our Boston office location is in the process of being converted to an employee vaccination site for MBTA and contract employees while we work remote. We are negotiating an MOU to cover any liability and logistics required. In Sacramento, I have reached out to Dr. Kasiyre to offer our location to vaccinate not only staff who work at this location (including staff from our partner agencies that work on site) but also as a site to vaccinate our Great Plates and food program partners. I will be sure to follow up on the Board as we learn more. I want to thank all of the staff for the tremendous job they have been doing ensuring that everyone is doing their part to keep the workspace safe and service to the community continued. I especially want to acknowledge Jamila Lee, our Human Resources Manager for her tireless work in monitoring all symptoms, exposures and protocols across multiple states we work in, and their varying regulations.

A Milestone in Food Delivery:

This week marked a major milestone in the pandemic recovery efforts Paratransit has undertaken. Through our various food delivery programs, Paratransit, Inc. delivered its 1,000,000th meal to Seniors isolating at home from the pandemic. We are proud of this achievement and continue to work with all of our incredible partners to tackle food insecurity in this region. We would like to thank all of our partners with the City of Sacramento, Meals on Wheels, ACC, UCP, Sacramento Food Bank and the 5 founding Chef partners of Family Meal for their commitment and partnership. It is truly amazing what we can all accomplish together and staff remain excited for the future programs in development to ensure that food access remains a key focus for the community even after COVID.

Building Refinance:

Just in time for the new year, Paratransit closed escrow on the new mortgage documents and bonds for this facility. All of our instruments are now held by Five Star Bank and we are progressing nicely on a transition of all of our banking services to Five Star.

Riding for Tidings:

At the September Board meeting, Paratransit kicked off its Holiday Drive for Seniors called "Riding for Tidings". In the midst of a great pandemic we were hopeful but cautious about the ability to reach our lofty goal of a gift for each delivery for Great Plates and the Food Bank. Through the overwhelming support of the public and significant financial and item donations from RSE, Five Star Bank, Sloan Sakai, Law Office of Greg Thatch, Duggan McHugh Law, Meals on Wheels, CoreMark, Christian Brothers High School, Valley Vision, Wasserman and Associates and Assemblyman Cooley, we were not only able to meet our threshold but exceed it, resulting in an additional 400 seniors served by ACC rides also receiving gift boxes. In total 2,700 boxes were distributed to Seniors this holiday season. Additionally, we would like to thank ABC 10 and KCRA 3 for significant coverage of the drive and iHEART Radio for stepping up as our main media sponsor offering significant contributions and coverage and for being the largest overall supporter of this drive. Thank you to AmeriCorps and Paratransit staff for

building and wrapping all those boxes. Based on the overwhelming reaction from the Community, we hope to make Riding for Tidings an annual event.

Reliable Rider and Connections Programs Receive funding:



Paratransit has operated Mobility Mentor/ bus buddy programs in many other communities but has not fully deployed this program in Sacramento, until now. In January, the Sacramento Transportation Authority authorized funding for a new Mobility Mentor program for Sacramento County. This program has been branded as Reliable Rider. Reliable Rider focuses on training for the companion who travels with someone needing assistance. Our trainers work to help the Rider navigate and plan for the travel of their “buddy” and provides tools, tips and training on how to best route plan. Since this program

helps reduce dependence on ADA ridership demand, the program also provides funding for bus passes for the “Rider” who serves as the guide. All trips taken are tracked and reported back.

In addition, our new Volunteer Driver Program Connections received funding from STA. These funds will



Connections
EMPOWERED BY PARATRANSIT

be combined with funding received from SACOG to provide mileage reimbursement to individuals providing trips for ADA and non-ADA certified individuals instead of having them utilize paratransit services. Each participant applies and is given access to a web portal to track and report their trips provided. Once completed and signed to attest to its content, they are reimbursed the mileage rate for each trip. This program was highly successful in our Modesto office and we look forward to launching it here this Spring.

Sacramento Magazine:

I wanted to close this month’s report thanking Sacramento Magazine for their recognition in the January Issue’s Feature Story. The January Issue was the

100 Notable Business Leaders in 2021, and I am honored to have been included in their selection. I truly love what I do and getting to work with such an incredible organization full of dedicated employees and committed partners who make this community what it is.

As always, I remain available for any questions.



Paratransit, Inc.
Board of Directors Staff Report
Item 4B

AGENDA TITLE: CHIEF FINANCIAL OFFICER'S REPORT

MEETING DATE: JANUARY 28, 2021

PREPARED BY: LISA M CAPPELLARI, CHIEF FINANCIAL OFFICER

RECOMMENDED ACTION:

Receive and file the Chief Financial Officer's Report.

BACKGROUND AND DISCUSSION:

All financial and operating data are through November 2020.

- Meals delivered from March 2020 through November 2020 are currently at 847,884. This includes 451,119 meals delivered for the Great Plates Delivered program and 304,000 meals delivered on behalf of the Sacramento Food Bank and Family Services.
- Between July and November, the Sacramento Mobility Management program successfully travel trained 10 elderly/disabled clients and 56 youth. The Boston Eligibility office certified 6,900 clients via zoom to be ADA-eligible passengers on Boston's paratransit service and the Boston Travel Training office performed 106 zoom trainings.
- The CTSA program, where Paratransit, Inc. partners with local social service agencies, continues providing support with insurance expense, maintenance and fleet management, fuel reimbursement, buses, and driver support. Between July and November Paratransit's maintenance department completed 963 work orders.
- Between July and November, Paratransit, Inc. has received \$8,200 in income from renting out our 8 accessible minivans.
- Year-to-date revenue is 11% lower than budgeted; year-to-date expense is 8% lower than budgeted. Including the \$310,000 carryover from FY20, Paratransit's net income is \$154,000.

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

ATTATCHMENTS:

November 2020 CFO Report

November 2020 Income Statement

November 2020 Balance Sheet

PARATRANSIT, INC.
COMBINED BALANCE SHEET
11/30/2020
UNAUDITED

ASSETS

CURRENT ASSETS:	
Cash	3,130,158
Medical Annuity	223,211
Accounts Receivable	1,044,092
Grants Receivable	688,890
Inventory	106,707
Deposits and Prepaid Expenses	<u>921,536</u>
TOTAL CURRENT ASSETS	<u>6,114,594</u>
CAPITAL ASSETS:	
Grant Equipment	12,622,767
Non-Grant Equipment	10,238,107
Work in Progress	-
TOTAL COST	<u>22,860,874</u>
Less Accumulated Depreciation	<u>(13,773,157)</u>
Net Capital Assets	<u>9,087,717</u>
TOTAL ASSETS	<u><u>15,202,311</u></u>

LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES	
Accounts Payable	211,278
Workers' Compensation Payable	-
Accrued Payroll & Benefits	118,939
Sales Tax Payable	2,103
Lease/Notes Payable	466,878
Unredeemed Bus Scrip	48,447
Deferred Revenue	140,722
Other Payables	<u>6,834</u>
TOTAL CURRENT LIABILITIES	<u>995,201</u>
LONG-TERM LIABILITIES:	
Long Term Liabilities	<u>3,654,119</u>
TOTAL LONG TERM LIABILITIES	<u>3,654,119</u>
TOTAL LIABILITIES	4,649,320
FUND EQUITY	
Contributed Capital	2,312,795
Restricted for lease collateral	-
Restricted for grant administration	236,211
Retained Earnings (Loss)	<u>8,003,984</u>
TOTAL FUND EQUITY	<u>10,552,991</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>15,202,311</u></u>

PARATRANSIT, INC. - CONSOLIDATED
STATEMENT OF OPERATING REVENUE AND EXPENSE AS AT 11/30/2020

	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:								
Measure A	88,735	148,000	59,265	1,079,607	452,548	787,341	334,794	73.98
TDA 4.5	59,296	59,890	594	718,677	300,756	299,450	(1,306)	(0.43)
Transportation Literacy (Civic Lab)	10,959	33,333	22,374	133,333	55,890	66,666	10,776	19.28
CARES Act Funding	242,869	333,333	90,464	2,954,901	1,238,630	1,666,666	428,036	34.56
Section 5307 - Regional Mobility Management	16,438	-	(16,438)	200,000	83,836	-	(83,836)	(100.00)
DR Bus Fares	-	-	-	-	-	(270)	(270)	-
Agency Bus Fares	246,575	89,178	(157,398)	3,000,000	1,257,534	546,856	(710,678)	(56.51)
Diversified Services	381,216	222,631	(158,584)	4,640,880	1,945,854	1,386,697	(559,156)	(28.74)
Applied to Capital Projects	-	(7,946)	(7,946)	-	-	(39,918)	(39,918)	-
TOTAL OPERATING REVENUE	1,046,088	878,420	(167,668)	12,727,399	5,335,047	4,713,489	(621,558)	(11.65)
CAPITAL REVENUE:								
Prop 1B FY17 - CTSA Rangers	-	-	-	100,000	-	-	-	-
Applied Operating Revenue	-	7,946	7,946	-	-	39,918	39,918	-
Gain/(Loss) on Sale of Assets	-	-	-	-	-	5,456	5,456	-
TOTAL CAPITAL REVENUE	-	7,946	7,946	100,000	-	45,374	45,374	-
TOTAL REVENUE	1,046,088	886,365	(159,722)	12,827,399	5,335,047	4,758,863	(576,184)	(10.80)
OPERATING EXPENSES								
PERSONNEL:								
Transportation Operations	206,821	146,090	(60,731)	2,516,322	1,054,787	606,206	(448,581)	(42.53)
Maintenance Operations	73,601	89,215	15,614	895,475	375,364	448,828	73,465	19.57
Administration	91,754	107,891	16,137	1,116,335	467,943	547,068	79,125	16.91
Diversified Services:								
Travel Training	20,174	15,895	(4,279)	245,455	102,889	77,083	(25,807)	(25.08)
Mobility Management	87,687	73,902	(13,785)	1,066,862	447,205	411,101	(36,104)	(8.07)
Destinations Mobility	-	-	-	-	-	-	-	-
Fringe Benefits	231,612	207,490	(24,122)	2,817,948	1,181,222	1,022,991	(158,231)	(13.40)
Workers' Compensation	18,230	28,282	10,052	221,799	92,973	81,317	(11,656)	(12.54)
TOTAL PERSONNEL	729,879	668,765	(61,114)	8,880,197	3,722,384	3,194,594	(527,790)	(14.18)
FLEET OPERATIONS:								
Fuel	126,123	85,517	(40,606)	1,534,499	643,228	363,990	(279,238)	(43.41)
Insurance	56,736	68,994	12,258	690,291	289,355	308,328	18,973	6.56
Cost of Parts & Sublet Service	19,851	5,450	(14,400)	241,515	101,238	54,214	(47,024)	(46.45)
TOTAL FLEET OPERATIONS	202,710	159,962	(42,748)	2,466,305	1,033,821	726,532	(307,289)	(29.72)
NONPERSONNEL:								
Professional Services	20,456	47,748	27,292	248,885	104,327	410,498	306,171	293.47
Outside Services	21,310	25,266	3,956	259,268	108,679	133,234	24,554	22.59
Rent/Repair	9,646	9,029	(617)	117,354	49,192	50,996	1,804	3.67
Office Expense	9,576	17,854	8,278	116,503	48,835	56,594	7,759	15.89
Interest Expense	10,303	9,971	(331)	125,351	52,544	49,210	(3,334)	(6.35)
Telephone/Utilities	8,399	20,720	12,321	102,193	42,837	115,426	72,589	169.45
Tax/License/Dues/Permits	2,858	14,781	11,923	34,773	14,576	37,816	23,240	159.44
Travel	6,806	357	(6,449)	82,807	34,711	4,396	(30,315)	(87.34)
Professional Development	873	-	(873)	10,619	4,451	(1,315)	(5,766)	(129.53)
Brokered Trans. Services	-	-	-	-	-	-	-	-
TOTAL NONPERSONNEL	90,226	145,727	55,500	1,097,752	460,153	856,856	396,702	86.21
TOTAL OPERATIONS EXPENSE	1,022,815	974,453	(48,362)	12,444,255	5,216,359	4,777,982	(438,377)	(8.40)
CAPITAL PROJECTS:								
Florin Road Facility	7,993	7,946	(47)	97,242	40,762	39,918	(844)	(2.07)
Facility Reserve	-	-	-	20,579	-	-	-	-
Vehicle Acquisition Project	19,342	19,478	136	235,323	98,015	96,937	(1,078)	(1.10)
Office Furniture & Equipment	-	-	-	10,000	-	-	-	-
Network & Telecommunications	-	-	-	10,000	-	-	-	-
Maintenance Equipment	-	-	-	10,000	-	-	-	-
TOTAL CAPITAL PROJECTS	27,334	27,424	90	383,145	138,777	136,855	(1,922)	(1.39)
TOTAL OPERATING AND CAPITAL EXPENSE	1,050,150	1,001,877	(48,272)	12,827,399	5,355,136	4,914,837	(440,299)	(8.22)
NET INCOME (LOSS)	(4,062)	(115,512)	(111,450)	(0)	(20,089)	(155,974)	(135,885)	676.41

PARATRANSIT, INC

FINANCIAL REPORT



NOVEMBER 2020

Meal Delivery to Seniors

March 2020 to November 2020

Program	Meals Delivered
*Great Plates – Sacramento	451,119
*Food Bank (528K lbs.)	304,000
* Sierra Foundation Family Meals	6,465
Great Plates – Elk Grove	24,300
Family Meals	39,000
Broderick, Sac State, Crest Café	23,000
Total Meals	847,884

* On-going programs



Sacramento Mobility Management

- Travel Training for Seniors/Disabled
 - 10 successful trainees in July – November
- Travel Training for Youth
 - 56 successful trainees in July - November



Massachusetts Bay Transportation Authority

- ADA Eligibility Certification
 - April – December: 6,900 zoom interviews
- Travel Training
 - September-December: 106 zoom trainings
 - 2 training webinars; 6 training videos



Social Service Agency Partners

CTSA Partner Agencies

*ACC Meals on Wheels

ACC Rides

Eskaton

EG Adult Community Training

Easter Seals

*River City Food Bank

St. John's Program for Real Change

*Sacramento Food Bank

Sutter Senior

UCP of Sacramento & Northern CA



Social Service Agency Partners

- Insurance Reimbursement
- Maintenance/Fleet Management Support
- Fuel Reimbursement
- Buses, Loaner Buses
- Driver Support



Maintenance

July to November 2020

Item	Amount
Work Orders	963
Labor Hours	2,385
Parts Cost	\$54,652
Total Cost	\$306,215



Work Orders: July-November 2020

Vehicle Type	Work Orders
Paratransit	361
Sacramento Regional Transit	350
Outside Agencies	179
CTSA Partners	61
Rental Fleet	12
Total Work Orders	963



ADA Driver Training

- Via Van
- 2 training sites successfully completed
- New training opportunity
 - Training 3,000 drivers over 6 weeks



Accessible Vehicle Rentals

- 8 accessible vehicles with ramps
- \$90,000 in rental income in FY20
- \$8,200 in rental income in July - present



Contract Transportation

- Alternative Services
- Taking caregivers to clients for outings
- Taking learning materials to clients



FY21 Nov. Budget versus Actuals

(in thousands of dollars)

FY21 Revenue	Budget	Actual	\$ Difference	% Difference
Measure A	\$452	\$787	\$335	74%
TDA	\$300	\$299	(\$1)	(0%)
Grants	\$1,322	\$1,667	\$344	26%
Other	\$3,203	\$1,939	(\$1,265)	(39%)
Total Revenue	\$5,335	\$4,759	(\$576)	(11%)



FY21 Nov. Budget versus Actuals

(in thousands of dollars)

FY21 Expense	Budget	Actual	\$ Difference	% Difference
Personnel	\$3,722	\$3,195	(\$528)	(14%)
Fleet Operations	\$1,034	\$727	(\$307)	(30%)
Non Personnel	\$460	\$857	\$397	86%
Capital Projects	\$139	\$137	(\$2)	(1%)
Total Expense	\$5,353	\$4,915	(\$440)	(8%)
FY20 Carryover		\$310		
Net Income	\$0	\$154		





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

AGENDA TITLE: Approve the Minutes of the November 16, 2020 Board of Directors' Meeting

MEETING DATE: January 28, 2021

PREPARED BY: Chris M. Brown, SHRM-SCP, SPHR, Assistant Secretary of the Board of Directors

RECOMMENDED ACTION:

Approve the Minutes of the November 16, 2020, Board of Directors' Meeting.

MINUTES:

November 16, 2020
6:00 p.m.
Broadcast and Teleconference

Board Members Present:

Anna Fontus
Pat Hume
Charlie Johnson
Alice Kimball
Scott Leventon
Mark Lonergan
Stephanie Nguyen
Molly Nugent
Vidhu Shekhar (arrived at 6:39 p.m.)

Board Members Absent:

Public Present:

Mike Barnbaum
Kathy Sachen, SacRT

Staff Present:

Tiffani Fink, Chief Executive Officer
Dr. Lisa Cappellari, Chief Financial Officer
Mary Harding, Chief Operating Officer
Chris Brown, Chief Administrative Officer
Gary Vickers, Director of Operations
Jesse Isaacson, Director of Information Technology
Julio Diaz, Maintenance Manager
Amy Parkin, Operations and Training Manager
Jamila Lee, Human Resources Assistant Manager
Alicia Brown, Mobility and Grants Program Assistant Manager
Louise Friedlander, Mobility and Grants Program Assistant Manager
Michelle Salazar, Eligibility and Administration Specialist
Nancy Miller, Sloan Sakai Yeung & Wong LLP, Agency Counsel

Call To Order/Roll Call: Director Fontus called the meeting to order at 6:07 p.m.

Director Fontus, Hume, Johnson, Kimble, Leventon, Lonergan, Nguyen, Nugent, Shekhar

Pledge of Allegiance:

President Fontus opened the meeting by leading the Pledge of Allegiance.

PUBLIC COMMENT

Chief Administrative Officer Chris Brown read a public comment from Lisa Cooley that was submitted via email. Ms. Cooley asked now that Regional Transit has taken over Paratransit, will Paratransit receive more funding to extend ride reservation hours as those who work full-time are not always able to schedule rides early in the morning. CAO Brown informed the Board she had responded to Ms. Cooley letting her know Regional Transit did not take over Paratransit, they are providing the service in-house and her comment should be addressed to the Regional Transit Board of Directors.

Mike Barnbaum shared a concern about some of his co-workers not being aware Paratransit did not provide service to programs on the Veterans' Day holiday. Those who have standing rides on SacRT Go would get a call one to two days in advance to see if they needed the ride on a holiday. He asked if he could get a schedule of holidays Paratransit does not provide service now that there are two different services. Chief Executive Officer Tiffani Fink

let Mr. Barnbaum know we coordinate with the passenger's ALTA coordinator so his co-workers should check with their coordinator regarding their transportation.

STAFF REPORTS

A. CEO Report

a. Update on Activities and Contracts

Chief Executive Officer Tiffani Fink provided an update on activities in addition to what was in her written report. CEO Fink discussed the new branding with the Paratransit Strong heart logo for marketing purposes. The three hearts focus on Paratransit in the community, as an agency and as staff because we lead with our hearts in all we do. Blue will be policy presentation, orange will be financial and teal will be plans and planning documents. We are also rebranding and relaunching Destinations Mobility to highlight we offer accessible, clean vehicle rentals. We are creating a marketing brochure for Maintenance services and the availability of public meeting spaces in South Sacramento. Staff has been using downtime to update meeting spaces.

CEO Fink highlighted media exposure and thanked iHeart for partnering with us on Riding for Tidings and she talked about being selected to participate in a commercial with Five Star Bank and the Sacramento Food Bank that will play through February. These items will be on Paratransit website.

CEO Fink shared new opportunities, including delivering meals to families in Sacramento who are quarantining, and partnering with River City Food Bank, cross training drivers for Meals on Wheels and selected by Via to train their drivers in New York City on ADA requirements and sensitivity training.

CEO Fink finalized her report by wishing everyone a safe and happy holiday. Director Fontus gave CEO Fink and staff props for achievements, especially the Via training in New York City.

B. CFO Report

a. Monthly Financial Report

Chief Financial Officer Lisa Cappellari reported on financial and operational data through September 2020. From March 2020 through September 2020, 772,800 meals have been delivered, including 407,900 meals for the Great Plates Delivered program and 278,600 meals on behalf of the Sacramento Food Bank and Family Services. Between July 2020 and September 2020, the Sacramento Mobility Management program has successfully trained six disabled/elderly clients and 22 Youth-to-Jobs clients. The Boston office has certified 4500 clients for ADA paratransit service via Zoom eligibility interviews, and the Boston Travel Training department is videos and webinars for trainees. The Operations department has had two successful trainings with Via Van and is finalizing a six-week training for 3,000 drivers in New York City. The CTSA continues to partner with local social service agencies, and the Maintenance department has completed 874 work orders totaling 2,100 labor hours from July 2020 through September 2020. Since July 2020, Paratransit has received \$7000 in income from our accessible minivan rentals. Year-to-date revenue is 9% lower than budgeted and expenses are also 9% lower than budgeted. Paratransit's net income is \$303,000, including the \$310,000 carryover from FY 2019-2020.

Mr. Barnbaum asked if the maintenance Paratransit performs on SacRT vehicles is only for SacRT Go vehicles or if it includes fixed route, SmarT Ride and Light Rail vehicles. CFO Cappellari clarified the maintenance is only on the 50 SacRT Go vehicles located at Paratransit's facility.

CONSENT CALENDAR

Item A on the Consent Calendar was approved upon motion by Director Hume, seconded by Director Shekhar. The motion passed unanimously.

A. Minutes of the September 21, 2020 Board of Directors' Meeting

The Minutes of the Board of Directors' Meeting held September 21, 2020 approved as presented.

AYES: Fontus, Hume, Johnson, Kimble, Leventon, Lonergan, Nguyen, Nugent and Shekhar

NOES: None

ABSENTIONS: None

ABSENT: None

Items B and C on the Consent Calendar were approved upon motion by Director Hume, seconded by Director Nguyen. The motion passed unanimously.

B. Adopt Resolution 19-20 Adopting the Paratransit, Inc. Public Transit Agency Safety Plan

Resolution 19-20 approved as presented.

C. Adopt Resolution 20-20 Authorizing the Chief Executive Officer (CEO) to Execute an Agreement for the Clean Mobility Grant Funding Program, Ratifying the Submittal of the Grant Application and Further Authorizing the CEO to Execute Any Amendments, as Necessary

Resolution 20-20 approved as presented .

AYES: Fontus, Hume, Johnson, Kimble, Leventon, Lonergan, Nguyen, Nugent and Shekhar

NOES: None

ABSENTIONS: None

ABSENT: None

ACTION ITEMS

A. Adopt Resolution 21-20 Authorizing the Chief Executive Officer (CEO) to Negotiate and Execute a CTSA and General Partnership Agreement with River City Food Bank

CEO Fink explained River City Food Bank has a small fleet of vehicles and as a CTSA partner Paratransit would assist with managing preventive maintenance plan. In addition, Paratransit will provide direct access to mobility management resources to assist their clients in using public transit to access school, employment and basic needs utilizing the infrastructure set up in the Wheels to Work program. Director Shekhar asked why a general partnership agreement versus a contract. CEO Fink explained the general partnership agreement allows for the performance of maintenance services and coordination on broader services across the platform. CEO further explained services under the CTSA are on a first come, first served basis not to exceed \$10,000 annually and the agreement will likely produce more revenue than expended. Director Shekhar asked if rates are consistent among contracts or based on when executed. CEO Fink explained Paratransit has established rates that are adjusted annually.

Resolution 21-20 was approved upon motion by Director Nguyen, seconded by Director Johnson.

AYES: Fontus, Hume, Johnson, Kimble, Leventon, Lonergan, Nguyen, Nugent and Shekhar

NOES: None

ABSENTIONS: None

ABSENT: None

B. Discussion and Selection of Directors for the 7 Board Seats and Board Term Lengths Effective January 1, 2021

Director Fontus began the discussion by recapping the decision from the last meeting where the decision was made to move to a seven member Board. CEO Fink reviewed the items contributing to this decision, including the expectation that seating a seven member Board would help with quorum issues. CEO Fink polled the Board Members and everyone is interested in staying, so she presented three potential slates for the Board to consider. After the Board members are seated, then terms will be decided based on the terms adopted by the Board at the last meeting. Director Fontus stated this is an exciting time for Paratransit as other entities appointed Board Members and the Board now appoints itself. Director Fontus opened the items for discussion and asked if anyone wanted to take themselves out of the running. No one volunteered and as no one did, the discussion turned to how to select seven members or if the Board should remain at nine members. Directors Leventon and Nguyen both proposed remaining with a nine member Board, and Directors Fontus and Shekhar believe it is important to reduce the size of the Board to seven be more nimble. Director Hume stated there is no easy way to create a rationale for moving from nine members to seven that is not arbitrary and asked if staying with a nine member Board is an option let attrition reduce the size of the Board. CEO Fink said it would affect the application process for soliciting external members and stated quorum is an issue with nine members. She asked Legal Counsel Nancy Miller to provide guidance. Ms. Miller said it is up to the Board. Director Fontus expressed her concerns about continuing to extend this out, and asked for a motion on one of the three presented slates.

Director Nugent made a motion to adopt Slate #1 (Anna Fontus, Patrick Hume, Alice Kimble, Scott Leventon, Molly Nugent, Stephanie, Nguyen and Vidhu Shekhar). The motion was seconded by Director Shekhar. Upon vote of the Board, the motion did not pass.

AYES: Fontus, Hume, Nugent and Shekhar

NOES: Johnson, Kimble, Leventon, Lonergan and Nguyen

ABSENTIONS: None

ABSENT: None

Director Nguyen made a motion to extend the Board to nine members retaining all current members and have the CEO find term limits for each of the nine members to stagger them out. The motion was seconded by Director Kimble.

Director Fontus asked a clarifying question that the Board would be named now and the terms would start when. Ms. Miller said the easiest would be to extend all terms for one year and set terms at another meeting. CEO Fink said when talking the to the Board different members were interested in different term lengths, so she suggested entertaining the motion to seat the nine Board members and then select terms now with three one-year terms, three two-year terms and three three-year terms, to start the process. Director Fontus expressed her concerns about remaining with a nine member Board and Director Nguyen asked for the vote to be called for the motion on the floor.

A roll call vote was taken and the motion passed.

AYES: Hume, Johnson, Leventon, Lonergan and Nguyen

NOES: Fontus, Kimble, Nugent and Shekhar

ABSENTIONS: None

ABSENT: None

- C. Adopt Resolution 22-20 Formally Deferring the Selection of Board Officers and Board of Director's Meeting Calendar Adoption until the First Meeting of the New Board in January 2021

CEO Fink explained with the upcoming change in Board Governance, staff recommends deferral of adoption of Board Officers and the meeting calendar until the January 2021 meeting. Mr. Barnbaum asked if the next meeting would be on January 21, 2021. CEO Fink replied the date has not been picked and historically the January meeting is a longer one so on a different date. Once the date is selected, the meeting will be noticed to the public.

Resolution 16-20 was approved upon motion by Director Hume, seconded by Director Lonergan.

AYES: Fontus, Hume, Johnson, Kimble, Leventon, Lonergan, Nguyen, Nugent and Shekhar

NOES: None

ABSENTIONS: None

ABSENT: None

BOARD COMMENTS/REPORTS/FUTURE AGENDA ITEMS

Director Hume wished everyone a safe and healthy holiday season, and said hopefully 2021 will be better.

CEO Fink told the Board Ridings for Tidings received a \$1000 contribution from Assemblyman Ken Cooley, and Christian Brothers High School took 300 boxes to fill.

ADJOURNMENT

Director Fontus announced the meeting adjourned at 7:30 p.m.

Chris M. Brown, SHRM-SCP, SPHR
Assistant Secretary of the Board of Directors

Date



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

AGENDA TITLE: Accept and File the Annual Financial Audit

MEETING DATE: January 28, 2021

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

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 2020 Financial Audit
2. Fiscal Year 2020 Governance Letter
3. Fiscal Year 2020 Management Letter

PARATRANSIT, INC.

Audited Financial Statements, Other Supplementary
Information and Compliance Report

June 30, 2020

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PARATRANSIT, INC.

Audited Financial Statements, Other Supplementary
Information and Compliance Report

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the 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, 2020 and 2019, 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.

To the Board of Directors
Paratransit, Inc.

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, 2020 and 2019, 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, 2020 and 2019, and the results of its operations and cash flows for the fiscal years then ended, on the basis of accounting described in Note A.

Correction of Error

As described in Note R to the financial statements, Paratransit corrected an error in the June 30, 2019 statement of cash flows. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the total OPEB liability and related ratios and schedule of contributions to the OPEB plan, as described in the table of contents, be presented to supplement the basic financial statements.

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.

The schedule of changes in the total OPEB liability and related ratios and schedule of contributions to the OPEB plan are not a part of the basic financial statements, but are required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Directors
Paratransit, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021 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

January 15, 2021

PARATRANSIT, INC.

BALANCE SHEETS – STATUTORY BASIS

June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Note B	\$ 3,535,473	\$ 3,093,100
Accounts and grants receivable - Note C	1,858,173	1,511,425
Inventory	97,935	111,219
Deposits and prepaid expenses	488,014	674,245
TOTAL CURRENT ASSETS	<u>5,979,595</u>	<u>5,389,989</u>
RESTRICTED ASSETS		
Restricted cash and cash equivalents - Note D	68,739	68,724
Restricted investments - Note D	223,211	238,174
TOTAL RESTRICTED ASSETS	<u>291,950</u>	<u>306,898</u>
CAPITAL ASSETS, NET - Notes E and F	<u>9,462,277</u>	<u>10,367,051</u>
TOTAL ASSETS	<u><u>\$ 15,733,822</u></u>	<u><u>\$ 16,063,938</u></u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 418,279	\$ 931,180
Accrued payroll and related benefits	344,635	230,948
Other current liabilities	8,826	57,619
Unearned revenue – Note H	55,739	67,347
Current portion of long-term liabilities	920,572	880,011
TOTAL CURRENT LIABILITIES	<u>1,748,051</u>	<u>2,167,105</u>
Long term liabilities – Note I	4,980,281	3,322,846
Other postemployment benefits liability - Note P	272,518	277,503
TOTAL LIABILITIES	<u>7,000,850</u>	<u>5,767,454</u>
NET POSITION		
Net investment in capital assets	6,139,430	6,722,799
Restricted for grant administration	13,000	12,999
Unrestricted	2,580,542	3,560,686
TOTAL NET POSITION	<u>8,732,972</u>	<u>10,296,484</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 15,733,822</u></u>	<u><u>\$ 16,063,938</u></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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Fares – Note J	\$ 2,985,295	\$ 2,328,445
Regional Transit	7,592,501	11,599,999
Diversified transportation services	2,148,373	2,940,574
Mobility training	383,641	604,011
Maintenance fees	663,425	782,172
Destinations Mobility	103,880	135,223
Advertising	4,200	4,200
Other	974	289,073
TOTAL OPERATING REVENUES	<u>13,882,289</u>	<u>18,683,697</u>
OPERATING EXPENSES		
Elderly and disabled transportation	21,570,242	22,749,833
Mobility training services	862,845	855,860
Diversified services and outside maintenance	2,705,825	2,980,845
Destinations Mobility	96,712	83,701
TOTAL OPERATING EXPENSES	<u>25,235,624</u>	<u>26,670,239</u>
NET LOSS FROM OPERATIONS	(11,353,335)	(7,986,542)
NONOPERATING REVENUES (EXPENSES)		
Measure A Funds	6,783,324	4,446,986
Local Transportation Funds - Sacramento Area COG	2,864,884	2,364,108
Federal grants	133,332	258,333
Gain on disposal of capital assets		28,224
Interest income	8,283	8,175
TOTAL NONOPERATING REVENUES	<u>9,789,823</u>	<u>7,105,826</u>
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(1,563,512)	(880,716)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration		119,324
CalEMA (Proposition 1B)		429,302
TOTAL CAPITAL CONTRIBUTIONS		<u>548,626</u>
CHANGE IN NET POSITION	(1,563,512)	(332,090)
Net position at beginning of year	<u>10,296,484</u>	<u>10,628,574</u>
NET POSITION AT END OF YEAR	<u>\$ 8,732,972</u>	<u>\$ 10,296,484</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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 13,736,516	\$ 17,845,072
Cash paid to suppliers for goods and services	(9,142,222)	(10,069,517)
Cash paid to employees for services	(15,316,849)	(15,645,763)
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	(10,722,555)	(7,870,208)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating grants and subsidies	9,578,088	7,135,954
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	9,578,088	7,135,954
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received for capital acquisitions	(9,131)	1,826,778
Acquisition of capital assets	(95,855)	(1,449,298)
(Repayments) proceeds from line of credit		(675,000)
Refinance of existing long-term debt	1,990,000	
Payments on long-term debt	(321,405)	(311,234)
Proceeds from disposal of capital assets		28,224
NET CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	1,563,609	(580,530)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of restricted investments	(8,918)	(238,174)
Withdrawal of restricted investments	23,881	
Interest earnings	8,283	8,175
NET CASH FLOWS PROVIDED BY BY INVESTING ACTIVITIES	23,246	(229,999)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	442,388	(1,544,783)
Cash and cash equivalents at beginning of year	3,161,824	4,706,607
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,604,212	\$ 3,161,824
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 3,535,473	\$ 3,093,100
Restricted cash and cash equivalents	68,739	68,724
	\$ 3,604,212	\$ 3,161,824

(Continued)

PARATRANSIT, INC.

STATEMENTS OF CASH FLOWS – STATUTORY BASIS (Continued)

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net loss from operations	\$ (11,353,335)	\$ (7,986,542)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	1,000,629	904,357
Change in operating assets and liabilities:		
Accounts receivable	(145,773)	(838,625)
Inventory	13,284	18,794
Deposits and prepaid expenses	186,231	53,502
Accounts payable	(512,901)	(357,786)
Accrued payroll and related benefits	113,687	43,807
Other current liabilities	(48,793)	(1,360)
Deferred compensation plan	(4,985)	277,503
Compensated absences	29,401	16,142
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	<u>\$ (10,722,555)</u>	<u>\$ (7,870,208)</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest expense	\$ 128,644	\$ 157,324

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

June 30, 2020 and 2019

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.

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cash equivalents" 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, 2020 and 2019. Paratransit is not classified as a private foundation.

Reclassification: Paratransit reclassified compensated absences as current, separated restricted investments from restricted cash and reduced reclassified restricted net position offset with liabilities to unrestricted at June 30, 2019 to be consistent with the current presentation. These reclassifications had no effect on previously reported total assets, liabilities or net position.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents and restricted cash and cash equivalents consist of balances held in financial institutions. Paratransit maintains cash balances at three banks, which are federally insured up to \$250,000 each. At June 30, 2020 and 2019, respectively, Paratransit had uninsured bank balances of \$3,211,930 and \$3,011,216, respectively.

NOTE C – ACCOUNTS AND GRANTS RECEIVABLE

Receivable balances consist of the following at June 30:

	2020	2019
Trade receivables	\$ 1,685,198	\$ 1,411,172
Grants and other intergovernmental receivables	202,575	126,600
Miscellaneous	400	3,653
Allowance for doubtful accounts	(30,000)	(30,000)
	\$ 1,858,173	\$ 1,511,425

NOTE D - RESTRICTED CASH AND INVESTMENTS

Restricted Cash and Cash Equivalents: Paratransit has bank deposits that are restricted for the following at June 30, 2020 and 2019:

	2020	2019
California Transit Security Grant Program (CTSGBP) projects	\$ 55,739	\$ 55,725
Caltrans local match funds	13,000	12,999
	\$ 68,739	\$ 68,724

Restricted Investments: Paratransit also held a single premium deferred annuity from an insurance company in the amount of \$223,211 and \$238,174 at June 30, 2020 and 2019, respectively, that is restricted to fund postemployment healthcare benefits (OPEB), as described in Note P. Although the owner of the contract is a retired employee whose OPEB benefits the contract is restricted to pay, Paratransit is the beneficiary of the contract so it is considered to be a Paratransit investment. The investment is reported as an unallocated insurance contract, which is reported at the contract value under paragraph 4 of GASB Statement No. 59. The contract value is defined as the initial premium, less withdrawals and surrender charges, plus interest earned. The annuity's contract period ends in ten years and has fixed guaranteed interest rate of 3.82% for five years from the date the initial premium was paid on July 26, 2018. The interest resets at a new guaranteed rate after the five-year guarantee period, which will not decline below 1%. The contract is subject to yearly withdrawal limits of 10% to avoid surrender charges and a market value adjustment, except within 30 days before the end of the guarantee period when no surrender charge or market value adjustment would apply. Surrender charges begin at 8% in the initial year and decline 1% per year until the end of the contract period. The minimum cash surrender value of the contract is 87.5% of the initial premium, less withdrawals plus interest credited. If the assets were returned to Paratransit under contract provisions, the amount would no longer be considered restricted for OPEB benefits.

The investment is not subject to ratings by a nationally recognized investment rating organization and is not subject to categorization under GASB Statement No. 72.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE E – CAPITAL ASSETS

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

	Balance at July 1, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
Capital assets, not being depreciated					
Land	\$ 924,736				\$ 924,736
Total capital assets, not being depreciated	924,736				924,736
Capital assets, being depreciated:					
Building	6,004,056				6,004,056
Motor vehicles and related equipment	11,937,092		\$ (121,353)		11,815,739
Office furniture and equipment	3,188,301	\$ 71,010			3,259,311
Maintenance equipment	832,186	24,845			857,031
Total capital assets being depreciated	21,961,635	95,855	(121,353)		21,936,137
Less accumulated depreciation for:					
Building	(3,316,887)	(425,032)			(3,741,919)
Motor vehicles and related equipment	(5,671,428)	(394,157)	121,353		(5,944,232)
Office furniture and equipment	(2,723,274)	(169,259)			(2,892,533)
Maintenance equipment	(807,731)	(12,181)			(819,912)
Total accumulated depreciation	(12,519,320)	(1,000,629)	121,353		(13,398,596)
Total capital assets being depreciated, net	9,442,315	(904,774)			8,537,541
Capital assets, net	\$ 10,367,051	\$ (904,774)	\$ -	\$ -	\$ 9,462,277
	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	1,082,572			(157,836)	924,736
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	20,911,273	1,449,298	(556,772)	157,836	21,961,635
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 furniture and equipment	(2,556,490)	(166,784)			(2,723,274)
Maintenance equipment	(788,897)	(18,834)			(807,731)
Total accumulated depreciation	(12,171,735)	(904,357)	556,772		(12,519,320)
Total capital assets being depreciated, net	8,739,538	544,941		157,836	9,442,315
Capital assets, net	\$ 9,822,110	\$ 544,941	\$ -	\$ -	\$ 10,367,051

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE F – LEASING ARRANGEMENTS

Paratransit leased 102 buses from Regional Transit under a 48 month lease. The lease commenced March 1999 and provided for monthly payments of \$2,500 per bus; however, Regional Transit agreed to waive the payments as long as the buses were used to provide paratransit services, as described in the Collaborative Agreement for the Provision of ADA Complementary Paratransit Services (Collaborative Agreement), between Regional Transit and Paratransit. The buses were considered to be operating leases, so the leased buses were not included as capital assets on the balance sheet. The value of the 102 buses leased as of June 30, 2019 was \$6,120,000. The leases were able canceled by either party upon thirty days' notice or upon the termination or expiration of the Collaborative Agreement. The Collaborative Agreement expired June 27, 2020 and was not renewed for fiscal year 2021. Consequently, the lease agreement was terminated as of June 30, 2020.

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, 2020 and 2019 for all operating leases amounted to \$100,351 and \$153,653, respectively.

NOTE G – LINE OF CREDIT

Paratransit had a line of credit for operating purposes that expired June 28, 2020. The line of credit was replaced by a new line of credit approved on November 19, 2020 as described in Note Q. The total amount available under this line of credit was \$1,000,000 at June 30, 2019. There was \$675,000 outstanding under this agreement at June 30, 2019. The interest rate was variable and equal to the bank's index rate plus 0.75%. The interest rate at June 30, 2019 was 6.25%. The loan was secured by all inventory and equipment.

NOTE H – UNEARNED REVENUE

Unearned revenue balances consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
CalOES Proposition 1b	\$ 55,739	\$ 55,725
Passes		<u>11,622</u>
	<u>\$ 55,739</u>	<u>\$ 67,347</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE I – LONG-TERM LIABILITIES

Long-term debt consists of the following direct borrowings at June 30, 2020:

	<u>Original Debt</u>	<u>Balance at June 30, 2020</u>
WELLS FARGO BANK FACILITY LOAN		
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 \$6,952 to \$17,591 are due through September 1, 2037. The loan is secured by Paratransit’s facility, located at 2501 Florin Road, Sacramento,	\$ 2,500,000	\$ 2,245,336
WELLS FARGO BANK EQUIPMENT LOAN		
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>1,077,511</u>
	<u>\$ 4,133,301</u>	<u>\$ 3,322,847</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.

On April 10, 2020, Paratransit received loan proceeds in the amount of \$1,990,000 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provides for loans to qualifying entities in amounts up to 2.5 times the entity’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” elected by the borrower as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgivable amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable the loan term at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. Paratransit used PPP loan proceeds for purposes consistent with the PPP and has applied for forgiveness. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

If not forgiven, Paratransit would be required to repay \$1,990,000, plus interest accrued at 1% per annum within two years of the disbursement date of April 10, 2020. Paratransit’s covered period ended June 4, 2020, resulting in payments being deferred for ten months from that date, or until February 4, 2021. Paratransit has recorded the loan proceeds as a note payable and will recognize the loan amount as revenue if it is forgiven. Paratransit believes it has met the criteria for the loan to be forgiven and, therefore, has not accrued interest payable on the loan as of June 30, 2020 and has not reported the principal payments possibly due within one year as a current liability. The loan agreement requires monthly principal and interest payments of \$110,990 if the loan is not forgiven.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE I – LONG-TERM LIABILITIES (Continued)

Long-term debt activity for the years ended June 30, 2020 and 2019 was as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Within One Year
Long-term debt:					
Wells Fargo Mortgage Loan	\$ 2,339,067		\$ (93,731)	\$ 2,245,336	\$ 97,242
Wells Fargo Vehicle Loan	1,305,185		(227,674)	1,077,511	235,324
Long-term debt	<u>3,644,252</u>		<u>(321,405)</u>	<u>3,322,847</u>	<u>332,566</u>
Other long-term liabilities:					
Paycheck Protection Program loan		\$ 1,990,000		1,990,000	
Compensated absences	558,605	720,343	(690,942)	588,006	588,006
Other long-term liabilities	<u>558,605</u>	<u>2,710,343</u>	<u>(690,942)</u>	<u>2,578,006</u>	<u>588,006</u>
	<u>\$ 4,202,857</u>	<u>\$ 2,710,343</u>	<u>\$(1,012,347)</u>	<u>\$ 5,900,853</u>	<u>\$ 920,572</u>
	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Within One Year
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	558,605
	<u>\$ 4,497,949</u>	<u>\$ 16,142</u>	<u>\$ (311,234)</u>	<u>\$ 4,202,857</u>	<u>\$ 880,011</u>

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

	Principal	Interest	Total
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	200,035	66,638	266,673
2026-2030	619,684	268,162	887,846
2031-2035	736,493	139,554	876,047
2036-2038	367,754	15,881	383,635
Total	<u>\$ 3,322,847</u>	<u>\$ 873,868</u>	<u>\$ 4,196,715</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

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>2020</u>	<u>2019</u>
Fare revenues	\$ 2,985,295	\$ 2,328,445
Local funds - gain on sale of capital assets		28,224
Local funds - interest income	8,283	8,175
Total fare revenues and local funds	<u>\$ 2,993,578</u>	<u>\$ 2,364,844</u>
Total operating expenses	\$ 25,235,624	\$ 26,670,239
Less:		
Mobility training	(862,845)	(855,860)
Depreciation, included in elderly and disabled transportation	(942,554)	(846,282)
Diversified services and outside maintenance	(2,705,825)	(2,980,845)
Destinations Mobility, including depreciation	<u>(96,712)</u>	<u>(83,701)</u>
Net operating expenses	<u>\$ 20,627,688</u>	<u>\$ 21,903,551</u>
Fare revenue ratio	<u>14.51%</u>	<u>10.80%</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 (CTSGBP).

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 years ended June 30, 2020 or 2019. As of June 30, 2020 and 2019, the remaining unspent proceeds plus interest 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, 2020 and 2019, funds received and expended were as follows:

	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 55,725	\$ 485,182
CalOES funds received		(311)
Interest earnings	14	156
Expenses incurred:		
Building improvements		<u>(429,302)</u>
Unexpended proceeds	<u>\$ 55,739</u>	<u>\$ 55,725</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE L – 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 automobile liability insurance through a charitable risk pool, NonProfits' United Vehicle Insurance Pool (NonProfits), which provides insurance to over 200 nonprofits in California. Paratransit pays an annual premium for its automobile insurance coverage and has a coverage limit of \$5 million with a \$10,000 deductible. NonProfits is nonassessable, such that Paratransit is not liable should the NonProfits liabilities exceed its assets.

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. NonProfit's coverage limit is \$500,000 for each event. 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. An additional \$250,000 of workers compensation coverage as well as \$2 million of employer's liability is covered through commercial insurance. Financial statements for NonProfits may be obtained at 610 Fulton Avenue, Suite 200, Sacramento, CA 95825 or www.niac.org.

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 general, umbrella, employee dishonesty, and professional liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE M – 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 ALTA Regional Center to carry out ALTA's specialized transportation services for developmentally disabled clientele. 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 N – 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, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE N – CONTINGENCIES (Continued)

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.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on Paratransit's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on employees and vendors, all of which are uncertain and cannot be predicted. Paratransit has been awarded \$4,000,000 in CARES Act funding to be used to support operation expenses for the year ended June 30, 2021. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

NOTE O – 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 \$711,029 and \$735,635 for June 30, 2020 and 2019, respectively.

NOTE P – POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description: Paratransit has a single-employer defined benefit other postemployment benefits (OPEB) plan under which one retired employee and her spouse (participants) are currently eligible for postemployment healthcare benefits. No other employees or former employees are eligible for the OPEB Plan. The benefit provisions are established in the form of a binding contract with the employee, which was approved by the Board of Directors. The Board of Directors has the authority to establish and amend the benefit terms under its bylaws. 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, as described below. The OPEB Plan currently does not issue stand-alone financial statements.

Benefits Provided: A benefit amount is required to be paid in cash to the participant by Paratransit in the amount of the Kaiser Traditional Plan premium for "employee plus one", plus an additional \$2,500 for non-premium costs. The benefit amount is subject to a 5% maximum contractually required adjustment each year for inflation.

Contributions: The contributions in the form of the required cash payment discussed above amounted to \$17,565 and \$14,920 during the years ended June 30, 2020 and 2019, respectively. No additional contributions are made to the plan.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE P – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability: Paratransit has computed the post-employment benefits using the alternative measurement method. Paratransit’s total OPEB liability of \$272,518 and \$277,503 at June 30, 2020 and 2019 was measured using the Alternative Measurement Method as of January 1, 2019 and 2018, respectively. Changes in the total OPEB liability were as follows:

	<u>2020</u>	<u>2019</u>
Total OPEB liability, July 1	\$ 277,503	
Changes for the year:		
Service cost		\$ 283,949
Interest on net OPEB obligation	9,470	8,474
Changes in assumptions	3,110	
Benefit payments	<u>(17,565)</u>	<u>(14,920)</u>
Decrease in OPEB liability	<u>(4,985)</u>	<u>277,503</u>
Total OPEB liability, June 30	<u>\$ 272,518</u>	<u>\$ 277,503</u>

OPEB expense recognized during the year ended June 30, 2020 and 2019 totaled \$4,985 and \$277,503, respectively.

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:

	<u>2020</u>	<u>2019</u>
Valuation date	January 1, 2019	January 1, 2018
Measurement date	January 1, 2019	January 1, 2018
Discount rate	3.60%	3.15%
Healthcare trend rate	5 percent per year	5 percent per year
Remaining life expectancy	16 years	17 years

Because the OPEB Plan has no plan assets, the discount rate used was an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Standard & Poor’s Municipal Bond 20 Year High Grade Rate Index was used. The discount rate at June 30, 2020 represents a change in assumptions from the 3.15% discount rate used at June 30, 2019. The healthcare trend rate used of 5% is the limit on healthcare premium increases specified in the agreement with the participants. The mortality assumption was based on the Social Security Administration’s actuarial life tables prepared by the Office of the Chief Actuary.

Sensitivity to Changes in the Discount Rate:

The following table presents the total OPEB liability as well as what the OPEB liability would be if it were calculated using a discount rate that is 1% lower or higher than the current discount rate:

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE P – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

	2020		
	1% Decrease	Discount Rate	1% Increase
	2.60%	3.60%	4.60%
Total OPEB liability	\$ 277,962	\$ 272,518	\$ 267,127

	2019		
	1% Decrease	Discount Rate	1% Increase
	2.15%	3.15%	4.15%
Total OPEB liability	\$ 280,194	\$ 277,503	\$ 274,813

Related Section 457(f) Plan and Insurance Annuity: Paratransit held a single premium deferred annuity from an insurance company with a contract amount of \$223,211 and \$238,174 at June 30, 2020 and 2019, respectively, that is held for OPEB benefits. The contract amount is held in a nonelective deferred compensation plan (the Plan) organized under IRC Code section 457(f) to assist in funding of the postretirement healthcare benefits discussed above for the retired employee and her spouse. Paratransit paid \$230,000 to Sentinel Security Life Insurance Company in July 2018 and is allowed to withdraw up to 10% of the contract amount without penalty to help fund OPEB benefits. See Note D for more information about the provisions of the insurance contract. Under terms of the agreement, Paratransit retains the rights to the contract amount and any income generated over the contract period. Once any contract amount is returned to Paratransit, it will not be restricted for OPEB benefits, so the amount is not considered to be OPEB Plan assets. The assets are available to creditors of Paratransit under the Plan document.

NOTE Q – SUBSEQUENT EVENTS

On November 19, 2020, the Five Star Bank (Bank) Director Loan Committee approved the following credit facilities to Paratransit:

Line of Credit: A \$1,000,000 revolving line of credit was approved to fund short-term cash flow needs of Paratransit. The interest rate for the loan is a floating interest rate equivalent to Bank’s Prime Rate plus 0.75%, with the rate never being lower than 4.00%. The rate would be 4.00% at the date of approval of the line of credit. The loan term is 24-months, with interest only payments due monthly and all outstanding principal and unpaid accrued interest due in full at maturity.

Other Credit Facilities: A \$5,750,000 tax exempt loan was approved with the following Series:

- Series A: A \$1,000,000 equipment loan to refinance an existing Wells Fargo Bank tax-exempt bond on 15 shuttle buses owned by Paratransit. The interest rate is a fixed, tax exempt interest rate of 3.22%. The maturity date of the loan is October 1, 2024, with monthly principal and interest payments due of \$22,251.
- Series B: A \$2,250,000 real estate loan to refinance an existing Wells Fargo Bank tax-exempt bond on Paratransit’s administrative headquarters located at 2501 Florin Rd. in Sacramento. The interest rate is a fixed, tax exempt interest rate of 3.66%. The maturity date is September 1, 2037, with monthly principal and interest payments due of \$14,731.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2020 and 2019

NOTE Q – SUBSEQUENT EVENTS (Continued)

- Series C: A \$2,500,000 real estate line of credit (non-revolving) to provide future borrowing capacity for Paratransit as it relates to potential real estate development or improvement projects. The interest rate is a fixed, tax exempt interest rate of 3.66%. The payment obligation will be agreed to by Paratransit and the Bank in the future, depending upon the timing, advance amount(s), and purpose(s) of the funding request(s). Any and all draws will be structured to ensure full payoff of the principal obligation by no later than September 1, 2037.

All advances under the credit facilities will be collateralized by the capital assets funded by the related credit facility, including vehicles and buildings.

Grant Funding Received: In September 2020, Paratransit was awarded \$4 million of FTA Section 5307 funding that is available through June 30, 2021 for operating assistance.

Agreement Terminated: Paratransit did not renew the operating agreement with Sacramento Regional Transit District (SRTD) for the year ended June 30, 2021 due to the proposed reimbursement rate not covering the cost of services. Revenue received under the agreement was \$7,592,501 during the year ended June 30, 2020. However, Paratransit signed a two-year agreement with SRTD ending June 30, 2022 for vehicle cleaning, fueling, maintenance and leasing of an office and parking lot space that will amount to approximately \$1.3 million over the two-year contract period.

Other Agreements: The following agreements will generate revenue in the approximate amounts below during the fiscal year ended June 30, 2021:

Alta California Regional Center - transportation services	\$ 1,300,000
Great Plates - meal delivery services	236,000
East Bay Paratransit Consortium - program coordination and other	<u>109,000</u>
	<u>\$ 1,645,000</u>

Change in Composition of the Board of Directors: On September 21, 2020, the Board of Directors approved a change in the composition of the Board of Directors that results in a reduction in the number of board members from nine to seven, approved the expiration of the terms of all board members on December 31, 2020 and reappointing all board members with terms beginning January 1, 2020.

NOTE R – CORRECTION OF ERROR IN STATEMENT OF CASH FLOWS

During the year ended June 30, 2020, Paratransit discovered that it reported the single premium deferred annuity described in Note D in the June 30, 2019 statement of cash flows as cash and cash equivalents. The amount represents an investment and should not have been included as part of cash and cash equivalents in the statement of cash flows. Due to the correction of this error, cash and cash equivalents in the statement of cash flows at June 30, 2019 decreased by \$238,174. The amount was also reclassified from restricted cash and cash equivalents to restricted investments on the June 30, 2019 balance sheet to conform to the current presentation.

REQUIRED SUPPLEMENTARY INFORMATION

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PARATRANSIT, INC

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
Last 10 Years

	<u>2020</u>	<u>2019</u>
<u>Total OPEB liability</u>		
Service cost		\$ 283,949
Interest	\$ 9,470	8,474
Changes in assumptions	3,110	
Benefit payments	<u>(17,565)</u>	<u>(14,920)</u>
Net change in total OPEB liability	(4,985)	277,503
Total OPEB liability - beginning	<u>277,503</u>	
Total OPEB liability - ending (a)	<u>\$ 272,518</u>	<u>\$ 277,503</u>
<u>Plan fiduciary net position</u>		
Plan fiduciary net position - ending (b)	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 272,518</u>	<u>\$ 277,503</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>0.00%</u>	<u>0.00%</u>
Covered-employee payroll - measurement period	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability as percentage of covered-employee payroll	<u>N/A</u>	<u>N/A</u>
Notes to schedule:		
Valuation date	January 1, 2019	January 1, 2018
Measurement period - fiscal year ended	January 1, 2019	January 1, 2018
Changes in assumptions:		
Discount rate changes:	3.60%	3.15%

Note: Participants of the plan consist of only one retired employee and her spouse, so the Plan has no covered payroll.

Omitted years: The Plan was established during the year ended June 30, 2019. Information will be added prospectively as it becomes available until 10 years are reported.

PARATRANSIT, INC.

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)
Last 10 Years

	<u>2020</u>	<u>2019</u>
Contractually determined contribution - employer fiscal year	\$ 17,565	\$ 14,920
Contributions in relation to the contractually determined contribution	<u>(17,565)</u>	<u>(14,920)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll - employer fiscal year	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A

Notes to Schedule:

Note: Participants of the plan consist of only one retired employee and her spouse, so the Plan has no covered payroll.

Valuation date	January 1, 2019	January 1, 2018
Measurement period - fiscal year ended	January 1, 2019	January 1, 2018

Methods and assumptions used to determine contribution rates:

	Alternative measurement method	
Actuarial Cost Method	16	17
Amortization period in years	5.00%	5.00%
Healthcare cost trend rates	3.60%	3.15%
Discount rate		

Omitted years: The Plan was established during the year ended June 30, 2019. Information will be added prospectively as it becomes available until 10 years are reported.

OTHER SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT
ON OTHER SUPPLEMENTARY 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, 2020 and 2019 and our report thereon dated January 15, 2021, 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

January 15, 2021

PARATRANSIT, INC.

SCHEDULES OF EXPENSES BY FUNCTION

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Elderly and Disabled Transportation		
Salaries and wages	\$ 8,962,181	\$ 9,104,412
Employee benefits	3,960,867	4,262,889
Services	1,491,507	1,058,425
Fuel	1,455,408	1,869,526
Materials and supplies	592,146	722,321
Utilities	171,014	159,998
Insurance	1,334,972	1,249,031
Purchased transportation	2,235,339	2,998,599
Miscellaneous	221,834	253,153
Interest expense	115,472	142,879
Leases and rentals	86,948	82,318
Depreciation	942,554	846,282
Total Elderly and Disabled Transportation	<u>21,570,242</u>	<u>22,749,833</u>
Mobility Training Services		
Salaries and wages	462,326	489,435
Employee benefits	275,685	259,785
Services	47,993	26,571
Materials and supplies	14,270	10,318
Utilities	12,916	11,926
Insurance	3,699	2,792
Miscellaneous	36,135	45,554
Interest expense	3,757	3,744
Leases and rentals	6,064	5,735
Total Mobility Training Services	<u>862,845</u>	<u>855,860</u>
Diversified Services and Outside Maintenance		
Salaries and wages	1,238,379	1,258,974
Employee benefits	555,514	607,720
Services	287,833	300,123
Fuel	307,676	337,161
Materials and supplies	108,226	136,377
Utilities	67,389	77,229
Insurance	68,720	67,681
Miscellaneous	55,334	119,279
Interest expense	9,415	10,701
Leases and rentals	7,339	65,600
Total Diversified Services and Outside Maintenance	<u>2,705,825</u>	<u>2,980,845</u>
Destinations Mobility		
Services	9,443	8,835
Materials and supplies	9,333	1,778
Utilities		564
Insurance	13,763	12,961
Miscellaneous	6,098	1,488
Depreciation	58,075	58,075
Total Destinations Mobility	<u>96,712</u>	<u>83,701</u>
Total Operating Expenses	<u>\$ 25,235,624</u>	<u>\$ 26,670,239</u>

COMPLIANCE REPORT

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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, 2020, and the related notes to the financial statements, which collectively comprise Paratransit's basic financial statements, and have issued our report thereon dated January 15, 2021. 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 Note 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 program guidelines.

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

January 15, 2021



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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, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, 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 May 21, 2020, our responsibility, as described by professional standards, is to express an opinion 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 the internal control of Paratransit. Such considerations are solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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.

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 are described in Note A to the financial statements. No 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 capital assets, the allocation of costs among the functions, the allowance for uncollectible receivables and the computation of the other postemployment benefits (OPEB) liability. The OPEB liability was computed materially consistent with the alternative measurement method allowed under GASB Statement No. 75. 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures of long-term debt, especially the terms of the Paycheck Protection Loan, in Note I, the disclosure of the OPEB liability and deferred compensation plan used to fund the liability in Note P, the disclosure of the new financing obtained from Five Star Bank in Note Q and the discussion of the restatement to remove the restricted investment from the statement of cash flows in Note R.

The financial statement disclosures are neutral, consistent and clear.

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 ten audit adjustments to Paratransit's financial statements as follows:

- Repost three prior year adjustments to make net position rollforward.
- True-up Local Transportation Fund revenue to amount claimed.
- Reclassify the Payroll Protection Loan proceeds from revenue to a loan payable.
- Reclassify fuel tax credit accrued in 2019 that was not received in 2020 as an expense.
- True-up investment in capital asset amounts.
- True-up restricted net position.
- True-up OPEB liability.

- True-up suspense liability account.

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 January 15, 2021.

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 applied certain limited procedures to the schedule of changes in the total OPEB liability and related ratios and schedule of contributions to the OPEB plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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.

Board of Directors
Paratransit, Inc.
Page 4

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

January 15, 2021



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MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of Paratransit, Inc. (Paratransit) as of and for the year ended June 30, 2020, 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. 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.

We have provided the following recommendation for your consideration:

Suspense Accounts

We noted a clearing account is used for credit card and payroll items. We recommend different clearing accounts be used for these purposes and recommend the balances be reviewed monthly to ensure timely clearing after payment.

* * *

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

Richardson & Company, LLP

January 15, 2021



Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 6A

AGENDA TITLE: Adopt Resolution 01-21 Authorizing the Chief Executive Officer (CEO) to Negotiate and Execute Agreements for funding for Federal Transit Administration Section 5307 and 5339 funding, SACOG Regional Competitive Funding and Office of Emergency Services Safety and Security Grant Funding

MEETING DATE: January 28, 2021

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 01-21 Authorizing the Chief Executive Officer (CEO) to Negotiate and Execute Agreements for funding for Federal Transit Administration Section 5307 and 5339 funding, SACOG Regional Competitive Funding and Office of Emergency Services Safety and Security Grant Funding and any amendments, if awarded.

BACKGROUND AND DISCUSSION:

The Sacramento Area Council of Governments (SACOG) is kicking off the Federal Fiscal Years (FFY's) 2021 and 2022 programming cycle and together with the Transportation Coordinating Committee, will be negotiating and deciding upon the discretionary portions of the regional allocations for Federal Transit Administration (FTA) Section 5307 (Urban) and Section 5339 (State of Good Repair) funds. In addition, SACOG has released the Call for Projects for the Regional Competitive Funding program and the California Office of Emergency Services has opened their Call for Projects for safety and security funding. All grants have due dates prior to the next Board

meeting. As a regional operator and eligible grantee for funding, Paratransit, Inc. staff will work with the regional partners and SACOG to identify the equitable share of funding for Paratransit, Inc. activities and then develop specific projects (Operating and/or Capital) specific to that funding. Staff would develop separate grant applications for the Regional Competitive funding and the Safety and Security funds. Staff is recommending that the Board authorize the Chief Executive Officer to negotiate and accept the allocation of FTA Section 5307 and Section 5339 funds for FFY 21 and FFY 22 and to execute all necessary documents required including the sub-recipient agreement (and any amendments) with Sacramento Regional Transit District. In addition, staff is recommending that the Board authorize the CEO to submit the applications for Regional Competitive Funding and Safety and Security funds, to negotiate and accept the award (if funded) and execute all necessary documents required.

FISCAL IMPACT:

The Section 5307 and 5339 funding is part of the normal allocations utilized for operating and is utilized to fund mobility management services throughout the 6 County region. The Regional Competitive funding is used to expand new mobility initiatives and match existing local Measure funds. The Safety and Security funding would allow for the agency to address items on our Capital Improvement Program related to physical building security.



RESOLUTION NO. 01-21

AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE AGREEMENTS FOR FUNDING FOR FEDERAL TRANSIT ADMINISTRATION SECTION 5307 AND 5339 FUNDING, SACOG REGIONAL COMPETITIVE FUNDING AND OFFICE OF EMERGENCY SERVICES SAFETY AND SECURITY GRANT FUNDING

WHEREAS, Paratransit, Inc. utilizes Section 5307 and 5339 funding to fund regional mobility management services and applies for Regional Competitive funding for expanded mobility programs across the 6 county region; and

WHEREAS, SACOG has already released the Call for Projects for the Regional Competitive Funding round and will soon begin discussions with the Transit Coordinating Committee for the Section 5307 and 5339 funds; and

WHEREAS, the Office of Emergency Services has issued a Call for Projects for its Safety and Security funds.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Paratransit, Inc. authorize the Chief Executive Officer to negotiate and execute Agreements for funding for Federal Transit Administration Section 5307 and 5339 funds and any amendments, as necessary.

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Board of Directors of Paratransit, Inc. authorize the Chief Executive Officer to negotiate and execute agreements for SACOG Regional Competitive funds and Office of Emergency Services Safety and Security funds and any amendments, as necessary.

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

Date



Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 6B

AGENDA TITLE: Adopt Resolution 02-21 Authorizing the Chief Executive Officer (CEO) to Negotiate and Execute an Agreement with Creative Bus Sales for the purchase of ten (10) Compressed Natural Gas (CNG) Class B buses

MEETING DATE: January 28, 2021

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 02-21 authorizing the Chief Executive Officer (CEO) to Negotiate and Execute an Agreement with Creative Bus Sales for the purchase of 10 Compressed Natural Gas (CNG) Class B buses.

BACKGROUND AND DISCUSSION:

As part of Paratransit, Inc.'s role as the Consolidated Transportation Services Agency (CTSA) we make a fleet of vehicles available to Social Services agencies so that they can transport their clients to programs outside of traditional ADA services. While some of our fleet has been passed down and consists of larger Class C buses which are considered commercial and require commercial licenses to operate, the most in demand vehicles are the Class B buses. These slightly smaller buses do not require a commercial license and are much easier for agencies to staff drivers for. As these buses cannot be handed down from our existing service, they need to be bought directly using grant funding.

Recently, the Sacramento Transportation Authority took action to advance out funding from the final 10 years of the Measure program to meet current

needs (this is money that had been set aside from the first 10 years). We were allocated \$2.1 million in total funding with \$1.1 million specifically for the purchase of these vehicles. We have received the pricing from Creative Bus Sales and the grant allocation is enough to cover the purchase price, additional additive equipment, and in-servicing costs.

For the procurement of these buses, Paratransit, Inc. will utilize options available to it from the CalACT bus procurement schedule. This multi-agency procurement meets all federal guidelines for use and is consistent with the Paratransit, Inc. procurement policy. The CalACT specification is similar to the previous Paratransit led procurement which will allow the buses to be nearly identical to the existing Class B buses when built, allowing for continuity in maintenance.

FISCAL IMPACT:

Paratransit, Inc. was recently awarded \$1.1 million in Measure A funding specifically for the purchase of 10 Class B CNG buses. The funding received is enough to fully cover the cost of purchase and in-servicing of all 10 buses and we can accommodate the maintenance costs in our projected FY 22 budget.



RESOLUTION NO. 02-21

AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH CREATIVE BUS SALES FOR THE PURCHASE OF 10 COMPRESSED NATURAL GAS (CNG) CLASS B BUSES

WHEREAS, Paratransit, Inc. is a Consolidated Transportation Services Agency (CSTA) for Sacramento County and as part of those services make vehicles available to social services agencies; and

WHEREAS, there is a strong need for additional Class B bus fleet to serve this community; and

WHEREAS, Paratransit, Inc. was recently awarded \$1.1 million for the purchase of 10 Class B CNG buses which covers the cost of purchase, additive equipment and in-service costs.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Paratransit, Inc. authorize the Chief Executive Officer to negotiate and execute an Agreement with Creative Bus Sales for the purchase of 10 Compressed Natural Gas (CNG) Class B buses and any amendments, as necessary.

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

Date



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 6C**

AGENDA TITLE: Adopt Resolution 03-21 Authorizing the Chief Executive Officer to Submit a Proposal to Provide Complementary Paratransit Eligibility Certification Services to San Mateo County Transit (SamTrans) and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded

MEETING DATE: January 28, 2021

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 03-21 authorizing the Chief Executive Officer to Submit a Proposal to provide Complementary Paratransit Eligibility Certification Services to San Mateo County Transit (SamTrans) and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded.

BACKGROUND AND DISCUSSION:

San Mateo County Transit (SamTrans) 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. The RFP issued by SamTrans is similar in scope and size to the services we perform elsewhere and provides the same payment mechanism, a fixed rate fee for service. Additionally, the agency provides the building space and utilities, making this project consistent with the adopted Business Development Plan. Staff has reviewed the RFP in detail and the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer virtually attended the 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 03-21 Authorizing the Chief Executive Officer to Submit a Proposal to San Mateo County Transit and further authorizing the Chief Executive Officer to negotiate and execute the contract and any amendments, if awarded.



RESOLUTION NO. 03-21

AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO SUBMIT A PROPOSAL TO PROVIDE COMPLEMENTARY PARATRANSIT ELIGIBILITY CERTIFICATION SERVICES TO SAN MATEO COUNTY TRANSIT (SAMTRANS) 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, San Mateo County Transit 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 submit a proposal to San Mateo County Transit to provide Complementary Paratransit Eligibility Certifications services and to negotiate and execute the contract and any necessary amendments, as necessary.

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

Date



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 6D**

AGENDA TITLE: Approve Resolution 04-21 Authorizing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to Execute a Loan Agreement with Five Star Bank for the Paycheck Protection Program #2, in an amount not to exceed \$2 million, and further authorize the CEO and CFO to submit all paperwork necessary to seek full loan forgiveness

MEETING DATE: January 28, 2021

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

RECOMMENDED ACTION:

Adopt Resolution 04-21 authorizing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to Execute a Loan Agreement with Five Star Bank for the Paycheck Protection Program #2, in an amount not to exceed \$2 million, and further authorize the CEO and CFO to submit all paperwork necessary to seek full loan forgiveness.

BACKGROUND AND DISCUSSION:

On March 4, 2020, California Governor Gavin Newsom declared a State of Emergency to help the State prepare for and contain the spread of novel coronavirus (COVID-19); and on March 13, 2020, the President declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to section 501 (b) of

the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the “Stafford Act”). State, Territorial, Tribal, local government entities and certain private non-profit (PNP) organizations are eligible to apply for Public Assistance. Included in these provisions were mechanisms to open up SBA loans to small businesses and non-profits to assist with declining revenues as a result of the COVID-19 pandemic.

Staff previously applied for a \$1.99 million PPP loan and was approved in the first funding round. We utilized the funds as outlined and have submitted an application for full forgiveness with the SBA and are awaiting and expect to receive final approval. Recently, Congress passes the second stimulus aid package which authorized a second round of PPP funding, and allocated a reduced amount of transit specific aid. Paratransit is eligible to pursue the new PPP funding and the Executive Committee authorized the CEO to submit an application to Five Star based on the urgency of getting applications in.

Staff has been working with Five Star Bank and was just informed that it has been awarded an additional \$1.99 million in funding for that application. The action before the Board tonight would authorize the CEO and CFO to accept the funding and execute the Agreement. Upon receipt of the funding (if approved) Paratransit would then recuse itself from consideration for the second stimulus transit funding. This funding came in significantly reduced from the first allocation, and as we are eligible for the PPP we are recommending accessing that funding which would allow increased levels to be distributed to other transit agencies. (It is to note the earlier item on the Agenda is for the traditional apportionments and applies to outer years and is separate from the stimulus funding). Receipt of the PPP funds will allow us to continue to sustain all services at the existing levels until herd immunity restores traditional services. It will also allow Paratransit to continue to offer increased assistance to our partner CTSA agencies who have not been eligible for direct stimulus funds. During the pandemic we have increased maintenance, fleet allocation and operations support for our partners to keep

their programs going and this will further enable us to continue those program supports.

FISCAL IMPACT:

Paratransit, Inc. is classified as an essential business under the public health orders and provides a function that has been identified as a “Critical Infrastructure” under the federal designations. The services provided to our passengers and community social service agencies are vital during this pandemic. The loan has the same terms as the first PPP loan. While the SBA has yet to process our loan forgiveness application we remain confident (as does our bank) that the loan will be fully forgiven. We are working closely with Five Star Bank for this loan application and have designed the use to be compliant with full forgiveness as well.

ATTACHMENTS:

1. Resolution 04-21



RESOLUTION NO. 04-21

AUTHORIZING THE CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) TO EXECUTE A LOAN AGREEMENT WITH FIVE STAR BANK FOR THE PAYCHECK PROTECTION PROGRAM #2, IN AN AMOUNT NOT TO EXCEED \$2 MILLION, AND FURTHER AUTHORIZE THE CEO AND CFO TO SUBMIT ALL PAPERWORK NECESSARY TO SEEK FULL LOAN FORGIVENESS

WHEREAS, on March 4, 2020, California Governor Gavin Newsom declared a state of emergency to help the state prepare for and contain the spread of novel coronavirus (COVID-19); and

WHEREAS, on March 13, 2020, the President declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to section 501 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"). State, Territorial, Tribal, local government entities and certain private non-profit (PNP) organizations are eligible to apply for Public Assistance; and

WHEREAS, to further assist businesses with the impacts of COVID-19 Congress has authorized a second round of the Paycheck Protection Program; and

WHEREAS, as a public transit and social service provider, Paratransit, Inc. is considered an essential business delivering critical infrastructure and needs to continue providing essential public services during the outbreak; and

WHEREAS, traditional revenue sources have been diminished due to the state of emergency and shelter in place orders and replacement sources are being explored, however, many of these potential revenue sources and programs work on a reimbursement basis.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Paratransit, Inc. hereby authorizes the Chief Executive Officer and Chief

Financial Officer to execute a loan agreement with Five Star Bank for a PPP2 Small Business Loan, in an amount not to exceed \$2 million; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Board of Directors of Paratransit, Inc. further authorizes the CEO and CFO to submit all paperwork necessary to seek full loan forgiveness.

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

Date



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 6E**

AGENDA TITLE: Adopt Resolution 5-21 Approving the Paratransit, Inc. Board Meeting Calendars for the Calendar Years 2021 and 2022

MEETING DATE: January 28, 2021

PREPARED BY: Chris M. Brown, SHRM-SCP, SPHR, Assistant Secretary of the Board of Directors

RECOMMENDED ACTION:

Staff recommends that the Board of Directors adopt Resolution 5-21 Approving the Paratransit, Inc. Board Meeting Calendars for the Calendar Year 2021 and 2022.

BACKGROUND AND DISCUSSION:

Annually, executive staff prepares the meeting calendar for the Board of Directors. Historically, the Board has adopted a calendar with meeting dates in January, March, May, June, September and November. All meetings are on the on the third Monday of the month except January and the meetings are scheduled for 6 P.M.: For Calendar Year 2021 and beyond, staff is recommending a change in the months the Board meets as this schedule more closely aligns with new business needs. For Calendar Year 2021, staff proposes a calendar with meeting dates in January, April, June, August, October and December. In Calendar Year 2022, the January meeting would move to February to begin an every other month schedule. Due to the holiday in February, the meeting date would vary just as January does now, but all other months would remain on the 3rd Monday at 6PM. Staff is recommending a change in the months the Board meets as this schedule more closely aligns with new business needs and the timing of important actions such as the audit and other grants and operational items.

FISCAL IMPACT:

None

ATTACHMENTS:

1. Board of Directors Meeting Calendars
2. Resolution 5-21 Approving the Paratransit, Inc. Board Meeting Calendars for the Calendar Years 2021 and 2022



BOARD OF DIRECTORS' 2021 MEETING DATES

Paratransit, Inc.

2501 Florin Road

Sacramento, CA 95822

6:00 p.m.

January 28, 2021 (Thursday)

April 19, 2021

June 21, 2021

August 16, 2021

October 18, 2021

December 20, 2021

Paratransit, Inc. Welcomes Public Attendance

**Please call 429-2009 if you would like to request an agenda.
Agendas are prepared and ready for public distribution three (3) days
before meeting dates.**



paratransit inc.

BOARD OF DIRECTORS' 2022 MEETING DATES

Paratransit, Inc.

2501 Florin Road

Sacramento, CA 95822

6:00 p.m.

February 17, 2022 (Thursday)

April 18, 2022

June 20, 2022

August 15, 2022

October 17, 2022

December 19, 2022

Paratransit, Inc. Welcomes Public Attendance

**Please call 429-2009 if you would like to request an agenda.
Agendas are prepared and ready for public distribution three (3) days
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**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 6F**

AGENDA TITLE: Nominations and Election of Officers of the Board of Directors for Calendar Year 2021

MEETING DATE: January 28, 2021

PREPARED BY: Tiffani M Fink, Chief Executive Officer

RECOMMENDED ACTION:

Open nominations for each of the three offices: President, Vice-President, Secretary/Treasurer and conduct elections and conduct elections. Upon appointment, the officers shall become effective the day following the meeting (January 29th, 2021). This will allow for all actions taken by the Board at the January meeting to be signed consistently for audit records.

BACKGROUND AND DISCUSSION:

The officers of the corporation shall be a president, a vice president, Secretary/Treasurer. Normally, a Nominating Committee appointed by the President shall reports its nominations for officers of the corporation at the Board of Directors meeting in November, however in light of the transition of the Board, the nomination of the officers this year was delegated to a Committee of the Whole and deferral to January was approved by the Board.

Going forward, officers shall be elected from among the Directors of the corporation at the meeting in November of each year. Officers shall serve at the pleasure of the Board.

A definition of the duties of each officer position is listed below:

President: The President shall direct the affairs of the corporation with other elected officers and Board members by presiding at all regular meetings of the corporation and of the Board; shall, with ratification of the Board, appoint persons to all Committees.

Vice President: The Vice president shall preside at meetings in the absence of the President and assist the President as needed. The Vice president shall assume the duties of the President if the position is vacated.

Secretary/Treasurer: The Secretary/Treasurer shall maintain a record of the proceedings of all meetings of the Board. The Secretary/Treasurer shall maintain a complete up-to-date, and accurate record of the Articles of Incorporation, Bylaws, and any amendments to the Bylaws and file with the Secretary of State any amendments to the Articles of Incorporation. Additionally, the Secretary/ Treasurer shall receive a report quarterly on the financial statement of the corporation for the Board from the Chief Financial Officer and more frequently as requested by the Board. The books and records of the corporation in the hands of the Secretary/ Treasurer shall be open to inspection at all times to the directors. There shall be an annual audit by a certified public accountant.

FISCAL IMPACT:

None

ATTACHMENTS:

None