



PARATRANSIT, INC. BOARD OF DIRECTORS' TELECONFERENCE MEETING

In response to AB 361, the Paratransit Board of Directors and other public meetings are being held via teleconference to follow state guidelines on social distancing.

Meeting Date and Time:

February 17, 2022
at 6:00 p.m.

Meeting Location:

Paratransit Board of Directors meetings are broadcast live on Zoom. 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: 845 5268 7026
Passcode: 716742

Web Access:

<https://paratransit-org.zoom.us/j/84552687026?pwd=R0JtK0k4NC9UQXhLR0tINStBcEJ0UT09>

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, Kimble, Leventon, Nguyen, Shekhar, Tucker

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. CFO Report

a. Monthly Financial Report

b. Presentation of the FY 21 Financial Audit

5. Consent Calendar

A. Adopt Resolution 01-22 Approving Continuance of Remote Board Meetings

B. Approve the Minutes of the December 20, 2021 Board of Directors' Meeting

C. Receive and File the Fiscal Year 2021 Financial Audit

- D. Adopt Resolution 02-22 Authorizing the Chief Executive Officer (CEO) to Execute an Agreement with Hunt and Sons for fuel purchases and services in accordance with the current SACOG Fuel Agreement and further authorizing the Chief Executive Officer to negotiate and execute any amendments, if awarded by SACOG

6. Facilitated Board Workshop Discussion on Setting Board Goals for the 2022 Calendar Year

To assist the facilitator in engaging with the Board, please have your cameras on for the duration of this agenda item.

7. Action Items

- A. Nomination and Election of Officers of the Board of Directors for Calendar Year 2022
- B. Adopt Resolution 03-22 Amending the Paratransit, Inc. By-Laws Related to Officer Elections and Updating the Officer Description for Secretary/Treasurer to reflect the combined duties due to consolidation of the roles

8. Board Comments/Reports/Future Agenda Items

9. Adjourn

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

**April 18, 2022
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 28, 2022 @ 5:30 p.m. – See www.sacrt.com for location information

RT Mobility Advisory Committee: March 3, 2022 @ 2:30 p.m. See www.sacrt.com for location information

Sacramento County Disability Advisory Commission: March 1, 2022 @ 5:00 p.m. via Zoom. See www.dac.saccounty.net for agenda with login/call in information

Sacramento City Disabilities Advisory Commission: March 2, 2022 @ 6:00 p.m. See <http://www.cityofsacramento.org/Clerk/Legislative-Bodies/Boards-and-Commissions/SacramentoDisabilityAdvisoryCommission> for location information

Sacramento Transportation Authority: March 10, 2022 @ 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: February 17, 2022

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

COVID-19:

As noted in the December CEO report, Paratransit is proud of the fact that 100% of our staff in Sacramento is fully vaccinated against COVID-19, and over 99% of our staff nationwide are fully vaccinated. (Remaining staff have received valid medical exemptions). As part of our commitment to safety for our staff and our passengers and clients, Paratransit has facilitated on-site weekly PCR test for staff. I want to thank the large number of staff who are voluntarily testing each week to minimize the risk of asymptomatic spread. To date, we remain free of any workplace transmission of COVID, an incredible accomplishment of 23 months.

With the Governor's lifting of the indoor mask mandate and Sacramento County's, staff has been evaluating next steps. A poll was conducted of staff with many still cautious about next steps. Management is considering a step in approach and is exploring options such as allowing for removal of masks when seated at their workspace, but requiring them in common areas.

CONGRATULATIONS:

I wanted to acknowledge the recent recognition of two of our Board Directors. Director Anna Fontus received the Metro Edge Young Professional of the Year Award from the Sacramento Metro Chamber at the Annual Awards Dinner. Director Stephanie Nguyen received the Lunar New Year Community Impact Award from the Sacramento Kings. Congratulations to you both for your accomplishments.

PARTNERSHIPS AND OPPORTUNITIES:

I will provide an overview of our on-going partnerships, new programs and upcoming opportunities during my oral report at the Board meeting.

As always, I remain available for any questions.



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

AGENDA TITLE: CHIEF FINANCIAL OFFICER'S REPORT

MEETING DATE: FEBRUARY 17, 2022

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 December 2021 unless otherwise noted.

- Meals delivered from July 2021 through January 2022 are currently at 250,000. This includes 228,000 meals delivered for the Sacramento Food Bank and Family Services and 22,000 meals delivered from Canon Restaurant for local seniors.
- Between July 2021 and January 2022, the Sacramento Mobility Management program successfully travel trained 39 elderly/disabled passengers and 92 youth. The Boston Eligibility office answered 68,000 incoming calls and certified 7,500 clients to be ADA-eligible passengers on Boston's paratransit service. The Boston Travel Training office performed 14 groups trainings and 31 individual 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 2021 and January 2022 Paratransit's maintenance department completed 1,378 work orders.
- Between July 2021 and January 2022, Paratransit, Inc. has received \$20,000 in income from renting out our 8 accessible minivans.
- Year-to-date revenue is 16% lower than budgeted; year-to-date expense is 16% lower than budgeted. Paratransit's net income is \$0.

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:

February 2022 CFO Report

December 2021 Income Statement

December 2021 Balance Sheet

PARATRANSIT, INC

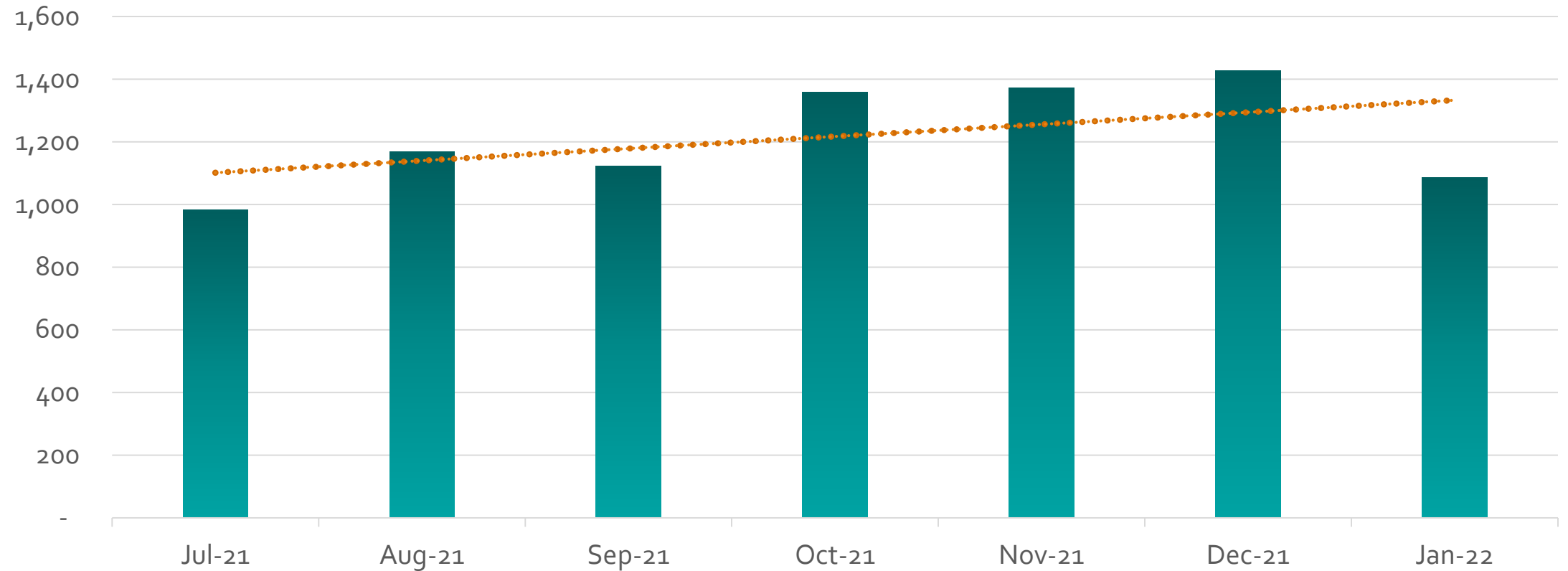
FINANCIAL REPORT



February 2022

Contracted Transportation Trips

July 2021 - January 2022



Social Service Transportation

July 2021 to January 2022

- Sacramento Food Bank: 228,000 meals
- Canon and Mulvaney's B&L: 7,261 meal kits
- Meals on Wheels support: 443 hours
- YMCA after school transport: 1,563 trips



Sacramento Mobility Management

July 2021 – January 2022

- Travel Training for Seniors/Disabled
 - 39 successful trainees
- Travel Training for Youth
 - 92 successful trainees
- Awarded SMUD grant for Expanded Youth programs



Massachusetts Bay Transportation Authority

July 2021 – January 2022

ADA Eligibility Certification

- 67,755 incoming calls
- 7,477 interviews
- 7,534 eligibility determinations

Travel Training

- 100 agencies contacted
- 14 group trainings
- 31 one-on-one trainings
- 15 presentations



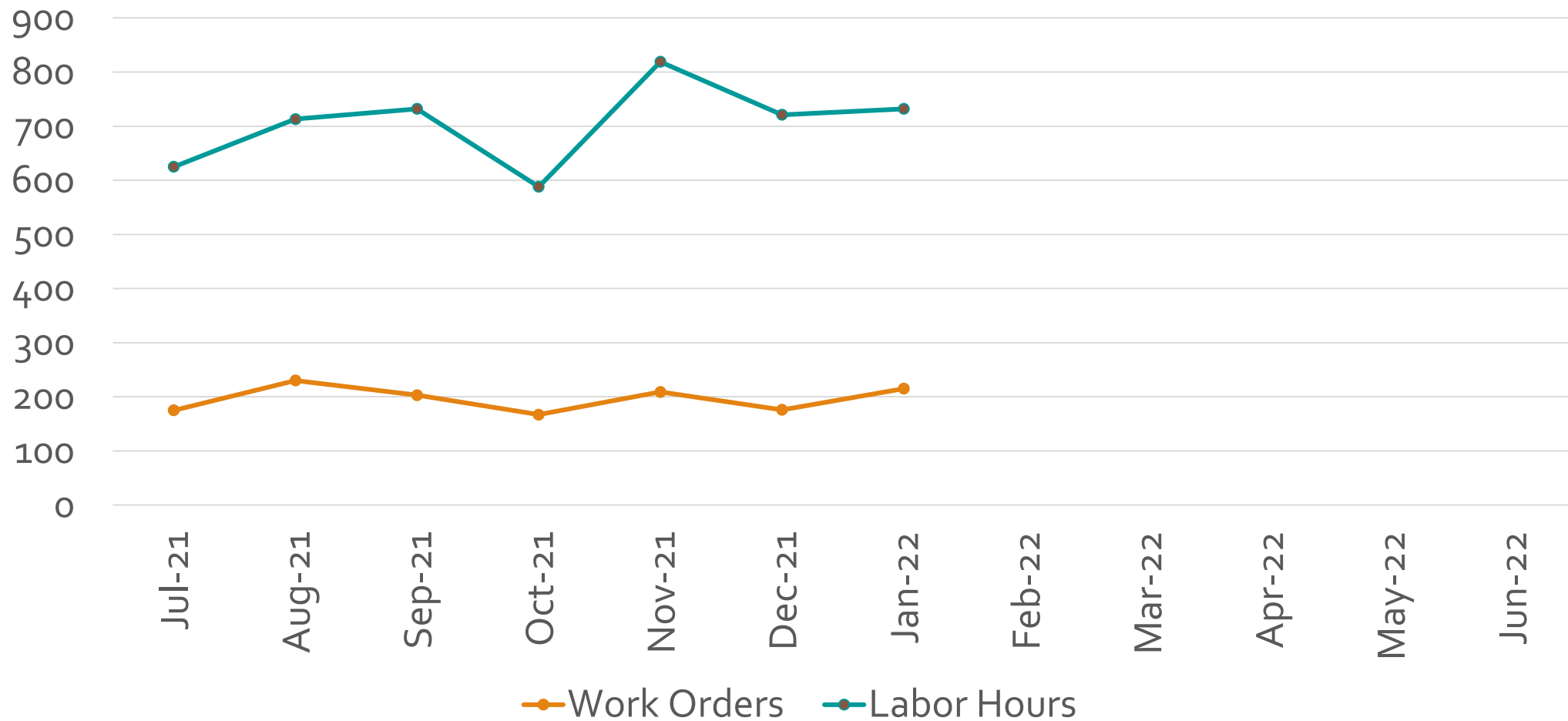
Maintenance

July 2021 to January 2022

FY22 Maintenance Operations	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Total
Work Orders	175	230	203	167	212	176	215						1,378
Labor Hours	625	713	732	588	831	721	732						4,943
Parts Cost	\$24,860	\$25,530	\$25,556	\$20,964	\$28,736	\$22,242	\$20,041						\$167,929
Total Cost	\$86,481	\$100,371	\$101,177	\$79,641	\$119,014	\$94,499	\$96,016						\$677,209



FY22 Work Orders and Labor Hours



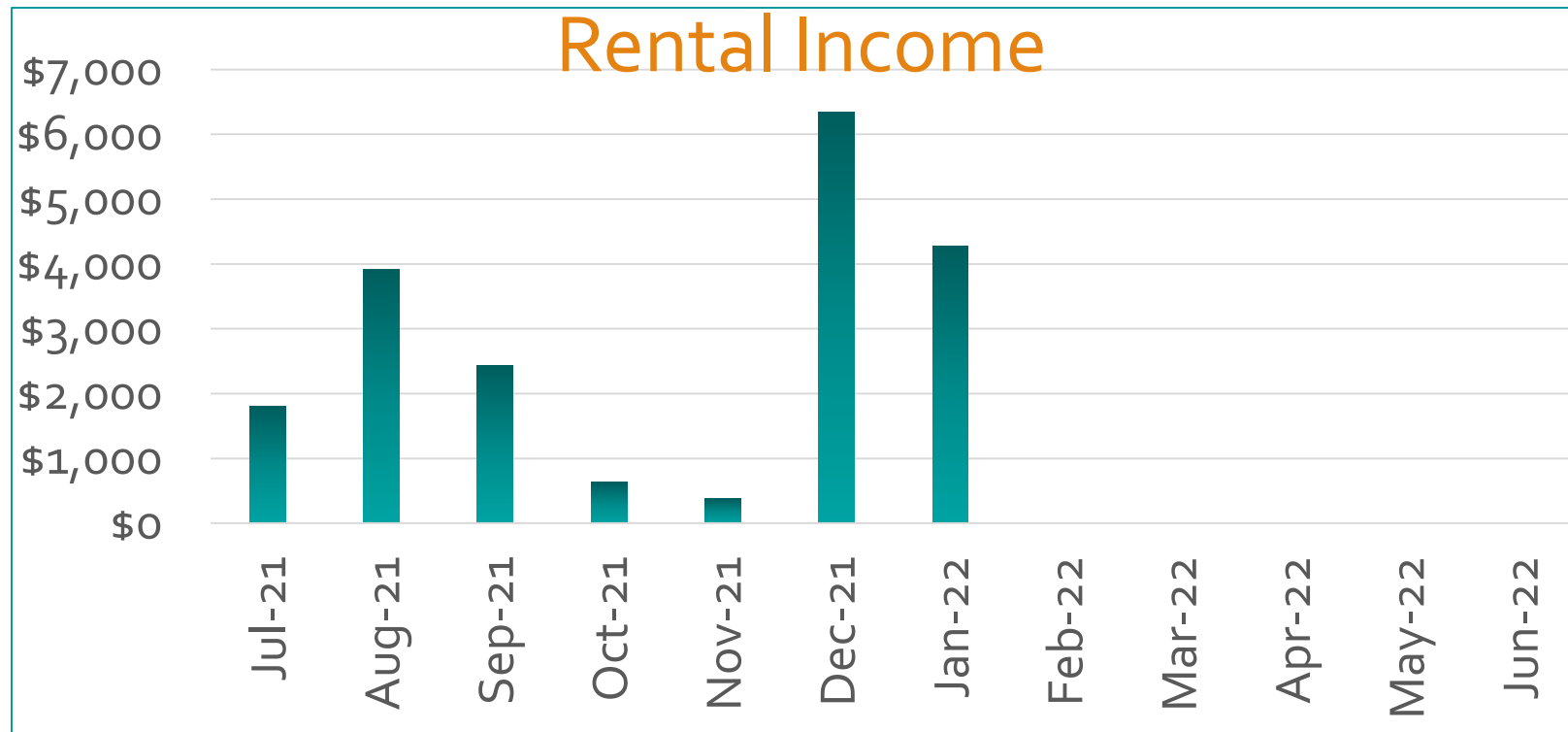
Work Orders: July 2021 - January 2022

Vehicle Type	Work Orders
Paratransit	453
SacRT Go Paratransit Services	446
Outside Agencies	364
CTSA Partners	92
Rental Fleet	23
Total Work Orders	1,378



Accessible Vehicle Rentals

- 8 accessible vehicles with ramps
- \$19,780 in rental income in July 2021 – January 2022



FY22 YTD Budget versus Actuals

(in thousands of dollars)

FY22 Revenue	Budget	Actual	\$ Difference	% Difference
Measure A	\$1,453	\$1,298	(\$155)	(24%)
TDA	\$400	\$555	\$155	39%
Grants	\$1,796	\$1,419	(\$377)	(21%)
Other	\$3,669	\$2,909	(\$760)	(21%)
Total Revenue	\$7,318	\$6,181	(\$1,137)	(16%)



FY22 YTD Budget versus Actuals

(in thousands of dollars)

FY22 Expense	Budget	Actual	\$ Difference	% Difference
Personnel	\$4,580	\$3,873	(\$707)	(15%)
Fleet Operations	\$966	\$1,155	\$189	20%
Non Personnel	\$983	\$957	(\$27)	(3%)
Capital Projects	\$789	\$196	(\$593)	(75%)
Total Expense	\$7,318	\$6,180	(\$1,136)	(16%)
FY21 Carryover		\$294		
Net Income	\$0	\$294		



PARATRANSIT, INC.
COMBINED BALANCE SHEET
12/31/2021
UNAUDITED

ASSETS

CURRENT ASSETS:

Cash	2,908,917
Medical Annuity	232,477
Accounts Receivable	902,925
Grants Receivable	776,739
Inventory	140,926
Deposits and Prepaid Expenses	843,193
TOTAL CURRENT ASSETS	<u>5,805,177</u>

CAPITAL ASSETS:

Land Assets	924,736
Grant Equipment	12,550,290
Non-Grant Equipment	9,302,272
Work in Progress	-
TOTAL COST	<u>22,777,298</u>
Less Accumulated Depreciation	<u>(15,535,649)</u>
Net Capital Assets	<u>7,241,649</u>

TOTAL ASSETS	<u><u>13,046,826</u></u>
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LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	(169,261)
Workers' Compensation Payable	-
Accrued Payroll & Benefits	179,362
Sales Tax Payable	11,727
Lease/Notes Payable	2,356,988
Unredeemed Bus Scrip	-
Deferred Revenue	55,756
Other Payables	18,460
TOTAL CURRENT LIABILITIES	<u>2,453,032</u>

LONG-TERM LIABILITIES:

Long Term Liabilities	3,260,810
TOTAL LONG TERM LIABILITIES	<u>3,260,810</u>

TOTAL LIABILITIES	5,713,841
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FUND EQUITY

Contributed Capital	1,683,812
Restricted for lease collateral	-
Restricted for grant administration	13,000
Retained Earnings (Loss)	5,636,172
TOTAL FUND EQUITY	<u>7,332,984</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>13,046,826</u></u>
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PARATRANSIT, INC. - CONSOLIDATED
STATEMENT OF OPERATING REVENUE AND EXPENSE AS AT 12/31/2021

	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 (Current)	158,823	-	(158,823)	1,905,874	952,937	915,800	(37,137)	(3.90)
Measure A (Years 1-10)	83,333	-	(83,333)	1,000,000	500,000	382,000	(118,000)	(23.60)
TDA 4.5	66,667	84,462	17,795	800,000	400,000	555,113	155,113	38.78
Contract & Program Transportation Revenue	279,167	216,163	(63,004)	3,350,000	1,675,000	1,183,792	(491,208)	(29.33)
SacRT Go Maintenance & Facility Contracts	72,652	66,641	(6,010)	871,818	435,909	417,081	(18,829)	(4.32)
Transportation Literacy (Civic Lab)	13,050	13,050	-	156,600	78,300	52,200	(26,100)	(33.33)
CARES Act Funding	166,667	333,333	166,666	2,000,000	1,000,000	1,366,665	366,665	36.67
American Rescue Plan	107,123	-	(107,123)	1,285,470	642,735	-	(642,735)	(100.00)
Section 5307 - Regional Mobility Management	12,500	-	(12,500)	150,000	75,000	-	(75,000)	(100.00)
Diversified Services	167,979	204,391	36,412	2,015,750	1,007,875	1,302,625	294,749	29.24
Applied to Capital Projects	(39,795)	(8,055)	31,740	(477,542)	(238,771)	(73,336)	165,435	(69.29)
TOTAL OPERATING REVENUE	1,088,164	909,985	(178,180)	13,057,971	6,528,985	6,101,938	(427,047)	(6.54)
CAPITAL REVENUE:								
FY22 10 NEW CNG VEHICLES	91,667	-	(91,667)	1,100,000	550,000	-	(550,000)	(100)
Applied Operating Revenue	39,795	8,055	(31,740)	477,542	238,771	73,336	(165,435)	(69.29)
Gain/(Loss) on Sale of Assets	-	-	-	-	-	5,624	5,624	-
TOTAL CAPITAL REVENUE	314,798	8,055	(306,744)	1,577,542	788,771	78,960	(709,811)	(89.99)
TOTAL REVENUE	1,402,963	918,040	(484,923)	14,635,513	7,317,756	6,180,898	(1,136,858)	(15.54)

PARATRANSIT, INC. - CONSOLIDATED
STATEMENT OF OPERATING REVENUE AND EXPENSE AS AT 12/31/2021

	MONTHLY BUDGET	MONTHLY ACTUAL	MONTHLY VARIANCE	YEARLY BUDGET	Y-T-D BUDGET	Y-T-D ACTUAL	Y-T-D \$ VARIANCE	Y-T-D % VARIANCE
OPERATING EXPENSES								
PERSONNEL:								
Transportation Operations	195,463	149,133	(46,330)	2,345,550	1,172,775	908,795	(263,980)	(22.51)
Maintenance Operations	94,854	78,882	(15,972)	1,138,249	569,125	517,531	(51,594)	(9.07)
Administration	107,998	99,328	(8,671)	1,295,978	647,989	631,131	(16,859)	(2.60)
Diversified Services:								
Travel Training	17,262	11,944	(5,319)	207,150	103,575	72,273	(31,302)	(30.22)
Mobility Management	84,400	63,449	(20,951)	1,012,799	506,400	464,691	(41,708)	(8.24)
Destinations Mobility	-	-	-	-	-	-	-	-
Fringe Benefits	239,127	219,005	(20,122)	2,869,522	1,434,761	1,171,275	(263,486)	(18.36)
Workers' Compensation	24,196	16,557	(7,639)	290,348	145,174	107,389	(37,785)	(26.03)
TOTAL PERSONNEL	763,300	638,298	(125,002)	9,159,596	4,579,798	3,873,084	(706,715)	(15.43)
FLEET OPERATIONS:								
Fuel	64,844	91,028	26,183	778,134	389,067	547,585	158,519	40.74
Insurance	71,067	74,545	3,477	852,809	426,405	484,417	58,012	13.60
Cost of Parts & Sublet Service	25,037	17,475	(7,562)	300,439	150,219	122,540	(27,680)	(18.43)
TOTAL FLEET OPERATIONS	160,948	183,047	22,099	1,931,382	965,691	1,154,542	188,851	19.56
NONPERSONNEL:								
Professional Services	76,184	57,571	(18,612)	914,203	457,101	350,164	(106,938)	(23.39)
Outside Services	26,787	35,197	8,410	321,445	160,723	177,950	17,227	10.72
Rent/Repair	9,518	8,126	(1,392)	114,213	57,107	57,412	306	0.54
Office Expense	12,037	19,241	7,203	144,449	72,224	113,118	40,893	56.62
Interest Expense	7,849	8,861	1,011	94,190	47,095	54,259	7,164	15.21
Telephone/Utilities	21,174	25,759	4,585	254,091	127,045	143,200	16,155	12.72
Tax/License/Dues/Permits	8,851	1,509	(7,342)	106,206	53,103	35,325	(17,778)	(33.48)
Travel	683	640	(43)	8,196	4,098	14,933	10,835	264.40
Professional Development	833	(487)	(1,320)	10,000	5,000	10,607	5,607	112.14
Brokered Trans. Services	-	-	-	-	-	-	-	-
TOTAL NONPERSONNEL	163,916	156,416	(7,501)	1,966,993	983,496	956,968	(26,528)	(2.70)
TOTAL OPERATIONS EXPENSE	1,088,164	977,761	(110,404)	13,057,971	6,528,985	5,984,594	(544,392)	(8.34)
CAPITAL PROJECTS:								
FY22 10 NEW CNG VEHICLES	91,667	-	(91,667)	1,100,000	550,000	-	(550,000)	(100.00)
Florin Road Facility	8,219	8,055	(164)	98,629	49,314	48,076	(1,239)	(2.51)
Facility Reserve	8,333	-	(8,333)	100,000	50,000	-	(50,000)	(100.00)
Vehicle Acquisition Project	20,743	20,617	(125)	248,914	124,457	122,862	(1,595)	(1.28)
Office Furniture & Equipment	833	-	(833)	10,000	5,000	-	(5,000)	(100.00)
Network & Telecommunications	833	-	(833)	10,000	5,000	25,261	20,261	405.21
Maintenance Equipment	833	-	(833)	10,000	5,000	-	(5,000)	(100.00)
Miscellaneous Capital Projects	-	-	-	-	-	-	-	-
TOTAL CAPITAL PROJECTS	131,462	28,672	(102,790)	1,577,542	788,771	196,198	(592,573)	(75.13)
TOTAL OPERATING AND CAPITAL EXPENSE	1,219,626	1,006,433	(213,193)	14,635,513	7,317,757	6,180,792	(1,136,965)	(15.54)
NET INCOME (LOSS)	183,337	(88,393)	(271,730)	(0)	(0)	106	106	



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

AGENDA TITLE: Adopt Resolution 01-22 Approving Continuance of Remote Board Meetings

MEETING DATE: February 17, 2022

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 01-22 approving continuance of remote board meetings.

BACKGROUND AND DISCUSSION:

The Brown Act is a state law that establishes the procedural framework for members of local government decision-making bodies to meet, debate, and act. The Act is designed to ensure that the public is informed about the views, discussions, and actions of governing officials. Paratransit is subject to the Brown Act.

On March 12, 2020, the Governor issued Executive Order No. N-25-20 that waived certain requirements of the Brown Act including:

- the requirement that the notice of each meeting location be provided for those members of the legislative body (board or committee) participating in the meeting;
- the requirement that each meeting location be accessible to members of the public;
- the requirement that members of the public be able to address the legislative body (board and committee) at each meeting location;

- the requirement that agencies post agendas at all meeting locations; and
- the requirement that at least a quorum of the legislative body (board and committee) participate from locations within the boundaries of the territory over which they exercise jurisdiction.

With the Executive Order in place, Paratransit has been holding its meetings remotely over Zoom since the beginning of the pandemic. In September, the Governor signed Assembly Bill (AB) 361, which amends the Brown Act to allow continued flexibility for public meetings following the expiration of the Governor's Executive Order. The provisions of AB 361 regarding remote meetings can only be used in the event there is a Governor issued state of emergency that is active under the California Emergency Services Act and a legislative body makes a determination by resolution that there is a need to meet remotely. The Governor's state of emergency presently remains in effect. Staff recommends that the committee adopt a resolution that the committee is holding a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing. An additional stipulation of the legislation is that legislative bodies must approve by resolution the decision to meet remotely every 30 days. As such, we will bring this item to the board every meeting while a state of emergency exists.

FISCAL IMPACT:

There is no impact from this action

ATTACHMENTS:

1. Resolution 01-22



RESOLUTION NO. 01-22

APPROVING CONTINUANCE OF REMOTE BOARD MEETINGS

WHEREAS, the Paratransit, Inc. Board of Directors is committed to preserving public access and participation in meetings; and

WHEREAS, all meetings of the Paratransit, Inc. Board of Directors are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963, the “Brown Act”), so that any member of the public may attend, participate, and observe the agency conduct its business; and

WHEREAS, the Brown Act, Government Code section 54953(e), provides for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, such conditions now exist in the State, specifically, the Governor of the State of California proclaimed a state of emergency on March 4, 2020, related to the threat of COVID-19, which threat remains; and

WHEREAS, California Department of Public Health and the Federal Centers for Disease Control and Prevention caution that the Delta and Omicron variants of COVID- 19, currently the dominant strains of COVID-19 in the country, are more transmissible than prior variants of the virus, may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others resulting in rapid and alarming rates of COVID-19 cases and hospitalizations; and

WHEREAS, on September 28, 2021, the County of Sacramento Public Health Officer recommended social distancing measures and that local legislative bodies in the County

of Sacramento use certain available teleconferencing options in order to help minimize the spread and transmission of COVID-19; and

WHEREAS, the California Division of Occupational Safety and Health (“Cal/OSHA”) regulations at Title 8 Section 3205 recommends physical distancing in the workplace as precautions against the spread of COVID-19 and imposes certain restrictions and requirements due to a “close contact” which occurs when individuals are within six feet of another in certain circumstances;

NOW THEREFORE BE IT RESOLVED THAT THE PARATRANSIT, INC. BOARD OF DIRECTORS to allow for physical distancing and remote meeting attendance in accordance with recommended measures from Cal/OSHA and the County of Sacramento Public Health Officer, does hereby find that Paratransit shall conduct its meetings remotely.

Vidhu Shekhar, President
Paratransit, Inc., Board of Directors
Dated: February 17, 2022



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

AGENDA TITLE: Approve the Minutes of the December 20, 2021 Board of Directors' Meeting

MEETING DATE: February 17, 2022

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

RECOMMENDED ACTION:

Approve the Minutes of the December 20, 2021, Board of Directors' Meeting.

MINUTES:

December 20, 2021

6:00 p.m.

Teleconference

Board Members Present:

Anna Fontus

Pat Hume

Charlie Johnson

Alice Kimble

Scott Leventon

Mark Lonergan

Stephanie Nguyen (arrived at 6:06 p.m.;
left at 7:30 p.m.)

Molly Nugent

Vidhu Shekhar (arrived at 6:07 p.m.)

Board Members Absent:

Public Present:

Lisa Cooley
Helen O'Connell
Scott Rose, RSE
Kathy Sachen, SacRT
Kim Tucker, Impact Foundry

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
Julio Diaz, Maintenance Manager
Amy Parkin, Operations and Training Manager
Louise Friedlander, Mobility Management Program Liaison
Laura McHugh, Duggan McHugh (Legal Counsel)
Nancy Miller, Sloan Sakai (Legal Counsel)

Call To Order/Roll Call: Director Leventon called the meeting to order at 6:03 p.m.

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

Pledge of Allegiance:

Director Leventon opened the meeting by leading the Pledge of Allegiance.

PUBLIC COMMENT

Ms. Lisa Cooley stated she is a long-time rider and would like Paratransit to consider creating a ride service as a back-up to the paratransit service so people can get around Sacramento in a more spontaneous and less expensive manner. Ms. Cooley also requested that Paratransit form partnerships with other organizations similar to Shriner's Hospital regarding transportation and mobility management services.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Hume, seconded by Director Nguyen. The motion passed unanimously.

- A. Adopt Resolution 14-21 Approving Continuance of Remote Meetings

Resolution 14-21 was approved as presented.

- B. Approve the Minutes of the August 30, 2021, Board of Directors' Meeting

The Minutes of the Board of Directors' Meeting held December 20, 2021 were approved as presented.

- C. Adopt Resolution 15-21 Approving the Title VI Equal Employment Opportunity Plan

Resolution 15-21 was approved as presented.

- D. Adopt Resolution 16-21 Approving Amendment #1 to the Compensation and Classification Study Project increasing the contract not to exceed amount by \$30,000 to \$130,000 and increasing the Professional Services Budget Allocation to 100% of the Budgeted Amount for Fiscal Year 2022

Resolution 16-21 was approved as presented.

- E. Adopt Resolution 17-21 Authorizing the Chief Executive Officer to Negotiate and Execute an Agreement with River City Medical Group to provide Transportation Services

Resolution 17-21 was approved as presented.

- F. Adopt Resolution 18-21 Authorizing the Chief Executive Officer to Negotiate and Execute an Agreement with Shriner's Hospital to provide Transportation and Mobility Management Services

Resolution 18-21 was approved as presented.

- G. Adopt Resolution 19-21 Authorizing the Chief Executive Officer to Negotiate and Execute an Agreement with Creative Bus Sales to provide various Maintenance Services on behalf of Creative Bus Sales

Resolution 19-21 was approved as presented.

- H. Adopt Resolution 20-21 Authorizing the Chief Executive Officer to prepare, submit, and execute Agreements for various upcoming grant programs from the Sacramento Area Council of Governments, State of California, Federal Transit Administration and assorted local programs

Resolution 20-21 was approved as presented.

- I. Adopt Resolution 21-21 Deferring Election of Officers until the February 2022 Board of Directors meeting

Resolution 21-21 was approved as presented.

- J. Adopt Resolution 22-21 Adopting Update #1 to the Paratransit, Inc. Public Transit Agency Safety Plan

Resolution 22-21 was approved as presented.

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

NOES: None

ABSTENTIONS: None

ABSENT: None

STAFF REPORTS

A. CEO Report

a. Update on Activities and Contracts

Chief Executive Officer Tiffani Fink was happy to report that the Sacramento Agency is fully vaccinated, with one temporary medical exemption, and that there have been no work related COVID-19 exposures. CEO Fink thanked staff for their diligence.

CEO Fink presented a calendar year recap of 2021, and starting off by thanking staff for embracing the new direction of the agency and for providing exceptional service to the community. Paratransit is continuing to expand, including three additional transportation and maintenance contracts with Creative Bus Sales, Shriners Hospitals, and the River City Medical Group. Creative Bus Sales has included Paratransit in their new model on the maintenance side of operations, and they hold the majority of the small bus market for both the State of California and Cal Act contracts, which

are the largest contracts in California. This partnership will have Paratransit working alongside Creative and smaller transit agencies in Northern California. For the contract with Shriners Hospitals, Paratransit will provide transportation to families and patients who seek treatment at the hospital and inform recently discharged patients of transportation opportunities available to them through Paratransit. Through the contract with River City Medical Center, Paratransit will transport patients to follow-up care as they provide service to 50% of all Medicare patients in Sacramento County and represent all major hospital systems in the Sacramento area. Paratransit's role is to act as an intermediary while River City Medical will be dealing directly with the hospitals.

CEO Fink reported that Paratransit added a new CTSA partner, The Salvation Army. Paratransit will aid The Salvation Army with vehicle maintenance and client transportation. Additionally, Paratransit has expanded its training services, including the renewed 5 year contract with VIA for New York City transit which promises to have 5,000 drivers trained by its conclusion.

CEO Fink highlighted Paratransit's continued food delivery efforts in which Paratransit has delivered food to over 1.8 million seniors in need. Paratransit is in active discussions with Alta to establish a program in which Alta will pay Paratransit to transport clients as well as purchase meal boxes for their clients that will be delivered by Paratransit Inc. Being active in the community has lead Paratransit to be featured on several news media and social media outlets and highlighted in the Sacramento Business Journal. Paratransit's new mobility programs are fully funded for the foreseeable future with CEO Fink giving special thanks to STA and SACOG. "Where's Wyatt" has been rebranded where Wyatt is the acronym for "Ways You Access Travel Training". This concept was presented to Boston, and this program in the process of being rolled out there. In addition to food, Paratransit has helped more than 30,000 vaccines be administered by volunteering at vaccine clinics and providing transportation to vaccine sites. Paratransit provided support to the Caldor Fire victims with four vehicles dedicated to providing transportation in Lake Tahoe. These vehicles will be branded to reflect the community partnership between the agencies. Paratransit participated in several community events such as Run to Feed the Hungry, California Capital Air Show, Santa Parade, Sac Republic holiday deliveries, and the Sacramento Food Bank Turkey Drive. The report was finalized with a brief summary of the Winter Wishlist event in which

2,200 seniors in the Sacramento area received donated gift boxes. Director Hume congratulated CEO Fink and the Paratransit team for success in reinventing Paratransit as a community partnership agency.

B. CFO Report

a. Monthly Financial Report

Chief Financial Officer Lisa Cappellari reported on financial through October 2021 and operational data through November 2021. Since July 2021 contracted service is increasing and 195,235 meals have been delivered, the majority of 190,000 meals coming from the Sacramento Food Bank and 5,235 meals coming from Clay Nutting, Canon Restaurant. Paratransit has loaned drivers to Meals on Wheels when they are short drivers and Paratransit drivers have driven 443 hours in the fiscal year. Paratransit also started a program with the YMCA in which Paratransit has made 1,060 trips for the after school program. Since July 2021 Sacramento Mobility Management has successfully trained 36 disabled/senior clients and 68 youth travel trainees. Paratransit has partnered with Via Van to provide ADA driver sensitivity training for the Metropolitan Transportation Authority in New York City. Over the last month, 13 ADA classes have been organized with 3,000 drivers trained. The Boston office has fielded 50,025 incoming calls, scheduled 5,437 interviews and reviewed 5,431 eligibility determinations concerning ADA eligibility certification since July 2021. In that same time period 70 agencies were contacted, 8 group and 26 one-on-one trainings were executed, and 7 presentations were given regarding Travel Training.

CFO Cappellari presented a monthly statistics sheet for maintenance from July 2021 to October 2021. Between those months 775 total work orders had been submitted which roughly equated to 2,659 labor hours spent on these orders and \$96,910 worth of parts were purchased totaling out to a \$367,681 cost for both labor and parts. Of the 775 work orders 237 were for Paratransit vehicles, 268 for SacRT Go Paratransit Services, 208 for outside agencies, 51 for CTSA partners, and 11 for the rental fleet. From July 2021 through October 2021 Paratransit's accessible vehicle rentals generated \$8,800 in income.

Regarding FY22 Revenue CFO Cappellari reported that Measure A is \$500,000 under budget but that is due to \$1,000,000 being in

capital revenue which Paratransit has not spent yet, and in terms of monthly measure we are on budget. TDA is over budget by \$100,000. Grants are on budget but may be \$125,000 lower than budget due to timing for reimbursement. Other revenues are \$157,000 lower than usual due to COVID-19 and other non-controllable factors. All in all, revenue is about \$600,000 lower than budget or about 14% lower than budget. In expenses, personnel is \$2,584,000 which is \$400,000 lower than budgeted. Fleet operations came in at \$751,000 which is \$100,000 over budget but that is largely due to rising gas prices. Non-personnel was \$17,000 below budget. Capital projects were \$300,000 below budget due to timing issues with reimbursement. Overall, expenses were \$4,100,000 which is \$768,000 below budget or 16% below budget, which brings a net income of roughly \$89,000.

ACTION ITEMS

- A. Receive an update on the Marketing, Branding and Outreach projects in 2021 and Discussion and Consideration of Adoption of a new branding for Paratransit's Transportation Services

Scott Rose from RSE prepared a presentation to recap the 2021 calendar year that highlighted recent accomplishments and future plans for marketing. Mr. Rose unveiled a maintenance shop brochure that will be used to advertise and promote maintenance services, showed images of the two shuttles that were decaled advertise Run to Feed the Hungry and Winter Wishlist, and the MTBA Travel Training videos. The videos came with many challenges due to filming in the COVID-19 pandemic, but 6 videos were published. On social media, the Facebook page posted 45 posts over 2021 and had 7,500 impressions, the Instagram page totaled 31 posts with 1,130 impressions, and LinkedIn created 33 posts which reached 4,420 impressions.

Director Shekhar inquired about why there is a difference in impressions across platforms and what the team could do to bring in more impressions. Mr. Rose responded saying that the impressions are mostly organic with some paid posting. Generally, organic posts reach approximately 5% of followers. Mr. Rose implored the board to follow, share and like Paratransit, Inc. posts on all platforms and invest in paid posting in the future. CEO Fink agreed with Mr. Rose and shared her own experiences with sharing Paratransit posts on LinkedIn; which resulted in a broad spectrum of individuals being exposed to Paratransit's posts. Director Fontus added that the idea of

paid posting would be beneficial to Paratransit, however, if Paratransit was going to pay for advertising it would need to be well planned and budgeted. CEO Fink noted we are using social media for Destinations Mobility and have separate branding for the accessible vehicle rentals.

Mr. Rose introduced a brand structure in which Paratransit, Inc. would be the formal logo which would encompass all business and be used in an official capacity (i.e. legal, financial, business, and corporate functions). The organization has outgrown its name, so the PI Solutions logo would be used externally for marketing, advertising, and public relations nationwide. Director Johnson asked if RSE was planning to trademark the logos. CEO Fink followed up with confirmation stating that Paratransit had renewed trademarks for Paratransit, Inc., Destinations Mobility, and Innovative Paradigms and with board concurrence would trademark PI Solutions. Additionally, she shared the new icons were heavily used in the Boston proposal and were well received. Director Shekhar asked if about the thought process of keeping Paratransit versus changing to PI Solutions. CEO Fink informed the board that Paratransit, Inc. will be used at the executive and contract level but for riders and consumers the PI Solutions name will be used. Director Johnson offered his full support citing his experience with differentiating Paratransit and SacRT Go services. Director Kimble did not agree saying that Paratransit is becoming less about transportation and more about community service. CEO Fink clarified that services provided will not change but the intention of the rebranding is to stop the flooding of calls to Paratransit inquiring about ADA services.

Adoption of a new branding for Paratransit's Transportation Services was approved upon motion from President Shekhar, seconded by Director Fontus.

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

NOES: Kimble and Leventon

ABSENTIONS: None

ABSENT: None

- B. Recognition of outgoing Board Members Charles Johnson, Mark Lonergan and Molly Nugent and Discussion and Appointment of a New Board Member for a 3 year term, beginning January 1, 2022.

CEO Fink thanked Directors Johnson, Lonergan and Nugent for their service to Paratransit and expressed her desire that they stay involved with the organization in the future.

Directors Shekhar and Hume along with CEO Fink conducted interviews for 3 potential candidates for the Board for the candidates to learn about Paratransit as well as learning about the candidates and what they would bring to the Board. Directors Shekhar and Hume agreed to nominate Kim Tucker as the 7th board member for consideration. Ms. Tucker is the CEO of Impact Foundry, which is Northern California's non-profit resource center. Director Nguyen expressed her support for Kim Tucker's nomination citing her vision, work ethic and community leadership efforts. Director Nugent seconded Director Nguyen's sentiments.

Kim Tucker was appointed to a 3 year term as the 7th Paratransit Board member upon motion by Director Shekhar, seconded by Director Nguyen.

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

NOES: None

ABSESIONS: None

ABSENT: None

CLOSED SESSION

Director Shekhar announced adjournment to closed session at 7:06 p.m.

RECONVENE TO OPEN SESSION AND REPORT ACTION, IF ANY TAKEN

The meeting reconvened to open session at 7:47 p.m. Director Shekhar announced the Board approved a motion to grant the CEO a cost of living adjustment in line with her contract and pending completion of the compensation study will review further compensation items at that point.

BOARD COMMENTS/REPORTS/FUTURE AGENDA ITEMS

Director Shekhar asked the staff to consider adopting a formal equity, diversity and inclusion policy in addition to the official EEO policy already in effect. Director Fontus supports this idea.

CEO Fink reported Paratransit and USC Price School are using MPA students to help with the next iteration of the strategic plan to present to the Board in the summer.

Director Fontus addressed some of the concerns that Paratransit is straying away from its initial mission of enhancing mobility and brought to the attention of the Board that focus groups should be used as part of the rebranding process in order to achieve a fluid transition from Paratransit to PI Solutions. CEO Fink shared we are looking closely with Alta Regional Center on this process and utilizing their feedback.

ADJOURNMENT

President Shekhar announced the meeting adjourned at 7:54 p.m.

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

2/17/22
Date



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

AGENDA TITLE: Receive and file the Fiscal Year 2021 Financial Audit

MEETING DATE: February 17, 2022

PREPARED BY: Lisa M. Cappellari, Chief Financial Officer

RECOMMENDED ACTION:

Receive and file the Fiscal Year 2021 Financial Audit.

BACKGROUND AND DISCUSSION:

At the end of the fiscal year, June 30, 2021, Richardson and Company, a regional CPA firm, audited Paratransit's financial books. Because of the pandemic Paratransit hoped to end the year close to net zero income. When looking at projections for the end of the year, we thought it prudent to advance some revenue from FY22 to FY21. At the end of the fiscal year, some expense was delayed until FY22 so the financials showed the end of the year coming out as cash positive. This amount has now been applied to the FY22 financials.

During FY21, Paratransit, Inc. spent \$2.2 million in grants from the Federal Transit Administration, which automatically triggered a Single Audit. The audit showed no weaknesses or deficiencies, as all federal funds were found to be spent appropriately.

Since Paratransit has seen a reduction in accounting staff over the last years, compounded with remote work during FY21, there have been some issues regarding inconsistencies in the dates when benefits and other invoices are being posted to the accounting ledgers. For example, in a few cases the

medical benefits invoices were posted to the General Ledger in one month but were posted to the Accounts Payable ledger in the following month. Over the period of a fiscal year, this does not have an effect because the transactions are “cleared” once the following month passes. However, when this occurs across two fiscal years, such as invoices posted in the General Ledger in June but in the Accounts Payable ledger in July, this creates a discrepancy between the ledgers.

Over the past months, I have sorted through hundreds of accounting transactions in order to find the postings that caused the problem, cross referencing the General Ledger with the Accounts Payable ledger, month by month, starting at the beginning of the fiscal year in July 2020. I have had numerous meetings with accounting staff to clarify the posting procedures going forward. The accounting processes and procedures regarding posting have been updated in order to avoid these inconsistencies. I have completed a Corrective Action Plan that has been submitted to the auditors, which can be seen in the last two pages of the attached audit. Upon recommendation of the auditors, accounting staff will be reconciling all ledgers on a monthly basis, to avoid these problems going forward.

FISCAL IMPACT:

None.

ATTACHMENTS:

1. Fiscal Year 2021 Financial Audit

PARATRANSIT, INC.

Audited Financial Statements, Other Supplementary
Information and Compliance Report

June 30, 2021

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PARATRANSIT, INC.

Audited Financial Statements, Other Supplementary
Information and Compliance Report

June 30, 2021 and 2020

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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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, and the results of its operations and cash flows for the fiscal years then ended, on the basis of accounting described in Note A.

Other Matters

Required Supplementary Information

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of the Paratransit Inc.'s internal control over financial reporting and on our tests

To the Board of Directors
Paratransit, Inc.

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

Richardson & Company, LLP

December 30, 2021

PARATRANSIT, INC.

BALANCE SHEETS – STATUTORY BASIS

June 30, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Note B	\$ 3,829,739	\$ 3,535,473
Accounts and grants receivable - Note C	1,638,852	1,858,173
Inventory	94,924	97,935
Deposits and prepaid expenses	496,389	488,014
TOTAL CURRENT ASSETS	6,059,904	5,979,595
RESTRICTED ASSETS		
Restricted cash and cash equivalents - Note D	68,752	68,739
Restricted investments - Note D	232,477	223,211
TOTAL RESTRICTED ASSETS	301,229	291,950
CAPITAL ASSETS, NET - Notes E and F	7,881,368	9,462,277
TOTAL ASSETS	<u>\$ 14,242,501</u>	<u>\$ 15,733,822</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 297,260	\$ 418,279
Accrued payroll and related benefits	148,152	344,635
Other current liabilities	3,855	8,826
Unearned revenue – Note H	55,752	55,739
Paycheck Protection Program loan - Note I	1,990,000	1,990,000
Current portion of long-term liabilities	752,218	920,572
TOTAL CURRENT LIABILITIES	3,247,237	3,738,051
Long term liabilities – Note J	2,646,501	2,990,281
Other postemployment benefits liability - Note M	261,221	272,518
TOTAL LIABILITIES	6,154,959	7,000,850
NET POSITION		
Net investment in capital assets	4,891,087	6,139,430
Restricted for grant administration	13,000	13,000
Unrestricted	3,183,455	2,580,542
TOTAL NET POSITION	8,087,542	8,732,972
TOTAL LIABILITIES AND NET POSITION	<u>\$ 14,242,501</u>	<u>\$ 15,733,822</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, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Fares – Note K	\$ 1,469,497	\$ 2,985,295
Regional Transit	-	7,592,501
Diversified transportation services	3,098,941	2,148,373
Mobility training	11,214	383,641
Maintenance fees	247,663	663,425
Destinations Mobility	19,152	103,880
Advertising	3,850	4,200
Other	25,676	974
TOTAL OPERATING REVENUES	4,875,993	13,882,289
OPERATING EXPENSES		
Elderly and disabled transportation	8,630,591	21,570,242
Mobility training services	437,826	862,845
Diversified services and outside maintenance	3,840,772	2,705,825
Destinations Mobility	74,690	96,712
TOTAL OPERATING EXPENSES	12,983,879	25,235,624
NET LOSS FROM OPERATIONS	(8,107,886)	(11,353,335)
NONOPERATING REVENUES (EXPENSES)		
Measure A Funds	2,228,005	6,783,324
Local Transportation Funds - Sacramento Area COG	804,052	2,864,884
Paycheck Protection Program	1,990,000	
Federal grants	2,344,965	133,332
Gain on disposal of capital assets	6,804	
Interest income	8,554	8,283
TOTAL NONOPERATING REVENUES	7,390,980	9,789,823
NET LOSS BEFORE CAPITAL CONTRIBUTIONS	(716,906)	(1,563,512)
CAPITAL CONTRIBUTIONS		
Federal Transit Administration	71,476	
TOTAL CAPITAL CONTRIBUTIONS	71,476	-
CHANGE IN NET POSITION	(645,430)	(1,563,512)
Net position at beginning of year	8,732,972	10,296,484
NET POSITION AT END OF YEAR	\$ 8,087,542	\$ 8,732,972

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, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 5,178,111	\$ 13,736,516
Cash paid to suppliers for goods and services	(3,678,595)	(9,142,222)
Cash paid to employees for services	(8,219,243)	(15,316,849)
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	(6,719,727)	(10,722,555)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating grants and subsidies	5,294,238	9,578,088
Proceeds from Paycheck Protection Program loan	1,990,000	1,990,000
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,284,238	11,568,088
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received for capital acquisitions	71,476	(9,131)
Acquisition of capital assets	(15,946)	(95,855)
Payments on long-term debt	(332,566)	(321,405)
Proceeds from disposal of capital assets	6,804	
NET CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(270,232)	(426,391)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of restricted investments	(8,554)	(8,918)
Withdrawal of restricted investments		23,881
Interest earnings	8,554	8,283
NET CASH FLOWS PROVIDED BY BY INVESTING ACTIVITIES	-	23,246
NET INCREASE IN CASH AND CASH EQUIVALENTS	294,279	442,388
Cash and cash equivalents at beginning of year	3,604,212	3,161,824
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,898,491	\$ 3,604,212
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 3,829,739	\$ 3,535,473
Restricted cash and cash equivalents	68,752	68,739
	\$ 3,898,491	\$ 3,604,212

(Continued)

PARATRANSIT, INC.

STATEMENTS OF CASH FLOWS – STATUTORY BASIS (Continued)

For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net loss from operations	\$ (8,107,886)	\$ (11,353,335)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	1,596,855	1,000,629
Other nonoperating expenses	(712)	
Change in operating assets and liabilities:		
Accounts receivable	302,118	(145,773)
Inventory	3,011	13,284
Deposits and prepaid expenses	(8,375)	186,231
Accounts payable	(121,019)	(512,901)
Accrued payroll and related benefits	(196,483)	113,687
Other current liabilities	(4,971)	(48,793)
Deferred compensation plan	(11,297)	(4,985)
Compensated absences	(179,568)	29,401
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	<u><u>\$ (6,719,727)</u></u>	<u><u>\$ (10,722,555)</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest expense	\$ 105,211	\$ 128,644

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Paratransit, Inc. (Paratransit) is a nonprofit organization that provides transportation services for numerous organizations. 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. Paratransit also expanded their services this past year to partner with Meals on Wheels and Sacramento Food Bank to provide food delivery services.

Paratransit, Inc. has broadened its 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 engagements are short-term consulting agreements primarily with public agency clients.

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, 2021 and 2020

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, 2021 and 2020. Paratransit is not classified as a private foundation.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

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, 2021 and 2020, respectively, Paratransit had uninsured bank balances of \$3,432,761 and \$3,211,930, respectively.

NOTE C – ACCOUNTS AND GRANTS RECEIVABLE

Receivable balances consist of the following at June 30:

	2021	2020
Trade receivables	\$ 740,295	\$ 1,685,198
Grants and other intergovernmental receivables	928,557	202,575
Miscellaneous		400
Allowance for doubtful accounts	(30,000)	(30,000)
	<u>\$ 1,638,852</u>	<u>\$ 1,858,173</u>

NOTE D – RESTRICTED CASH AND INVESTMENTS

Restricted Cash and Cash Equivalents: Paratransit has bank deposits that are restricted for the following at June 30, 2021 and 2020:

	2021	2020
California Transit Security Grant		
Program (CTSGP) projects	\$ 55,752	\$ 55,739
Caltrans local match funds	13,000	13,000
	<u>\$ 68,752</u>	<u>\$ 68,739</u>

Restricted Investments: Paratransit also held a single premium deferred annuity from an insurance company in the amount of \$232,477 and \$223,211 at June 30, 2021 and 2020, respectively, that is restricted to fund postemployment healthcare benefits (OPEB), as described in Note M. 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 a 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.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE D – RESTRICTED CASH AND INVESTMENTS (Continued)

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.

NOTE E – CAPITAL ASSETS

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

	Balance at July 1, 2020	Additions	Retirements	Balance at June 30, 2021
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	\$ 15,946		6,020,002
Motor vehicles and related equipment	11,815,739		\$ (40,678)	11,775,061
Office furniture and equipment	3,259,311			3,259,311
Maintenance equipment	857,031			857,031
Total capital assets being depreciated	21,936,137	15,946	(40,678)	21,911,405
Less accumulated depreciation for:				
Building	(3,741,919)	(400,517)		(4,142,436)
Motor vehicles and related equipment	(5,944,232)	(1,030,817)	40,678	(6,934,371)
Office furniture and equipment	(2,892,533)	(153,430)		(3,045,963)
Maintenance equipment	(819,912)	(12,091)		(832,003)
Total accumulated depreciation	(13,398,596)	(1,596,855)	40,678	(14,954,773)
Total capital assets being depreciated, net	8,537,541	(1,580,909)		6,956,632
Capital assets, net	\$ 9,462,277	\$ (1,580,909)	\$ -	\$ 7,881,368
	Balance at July 1, 2019	Additions	Retirements	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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE F – LEASING ARRANGEMENTS

Paratransit leases certain equipment and a parking lot adjacent to its main facility at 2401 Florin Road under month-to-month agreements. Rent expense for the years ended June 30, 2021 and 2020 for all operating leases amounted to \$95,453 and \$100,351, 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 entered into on December 15, 2020 for \$1,000,000. The interest rate is variable and equal to the bank's index rate plus 0.75%, with a floor of 4%. The interest rate at June 30, 2021 was 4%. Interest only payments are due monthly and all outstanding principal and unpaid accrued interest is due in full at maturity. The loan is secured by inventory, equipment, real property and buses.

NOTE H – UNEARNED REVENUE

Unearned revenue balances consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
CalOES Proposition 1b	<u>\$ 55,752</u>	<u>\$ 55,739</u>
	<u><u>\$ 55,752</u></u>	<u><u>\$ 55,739</u></u>

NOTE I – PAYCHECK PROTECTION PROGRAM LOAN

In April 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 over the loan term at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The April 2020 loan was forgiven in March 2021. Paratransit received an additional PPP loan of \$1,990,000 in January 2021. Forgiveness income has been recorded for the year ended June 30, 2021 of \$1,990,000, representing principal on the first PPP loan as of the date of forgiveness. The January 2021 loan was forgiven in December 2021.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE J – LONG-TERM LIABILITIES

Long-term debt consists of the following direct borrowings at June 30, 2021:

	Original Debt	Balance at June 30, 2021
FIVE STAR BANK FACILITY LOAN		
Entered into in December 2020 to refinance an earlier loan used to purchase the Paratransit building, and perform repairs on the facility. The interest rate is a fixed, tax exempt rate of 3.66%. Monthly principal and interest payments of \$14,731 are due through September 1, 2037. The loan is secured by Paratransit's facility, located at 2501 Florin Road, Sacramento, CA.		
	\$ 2,250,000	\$ 2,148,093
FIVE STAR BANK EQUIPMENT LOAN		
Entered into in December 2020 to refinance the purchase of fifteen vehicles. The interest rate is 3.22% 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.		
	1,633,301	842,188
	<u>\$ 3,883,301</u>	<u>\$ 2,990,281</u>

Both of these loans have default provisions that provide for Five Star Bank to take possession of the property held as security for these loans.

Long-term debt activity for the years ended June 30, 2021 and 2020 was as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Within One Year
Long-term debt:					
Mortgage Loan	\$ 2,245,336		\$ (97,243)	\$ 2,148,093	\$ 100,658
Vehicle Loan	1,077,511		(235,323)	842,188	243,122
Long-term debt	<u>3,322,847</u>		<u>(332,566)</u>	<u>2,990,281</u>	<u>343,780</u>
Other long-term liabilities:					
Compensated absences	588,006	\$ 481,629	(661,197)	408,438	408,438
Other long-term liabilities	<u>588,006</u>	<u>481,629</u>	<u>(661,197)</u>	<u>408,438</u>	<u>408,438</u>
	<u>\$ 3,910,853</u>	<u>\$ 481,629</u>	<u>\$ (993,763)</u>	<u>\$ 3,398,719</u>	<u>\$ 752,218</u>
	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Within One Year
Long-term debt:					
Mortgage Loan	\$ 2,339,067		\$ (93,731)	\$ 2,245,336	\$ 97,242
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:					
Compensated absences	558,605	\$ 720,343	(690,942)	588,006	588,006
	<u>\$ 4,202,857</u>	<u>\$ 720,343</u>	<u>\$ (1,012,347)</u>	<u>\$ 3,910,853</u>	<u>\$ 920,572</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE J – LONG-TERM LIABILITIES (Continued)

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

	Principal	Interest	Total
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	115,557	61,838	177,395
2027-2037	1,608,374	361,759	1,970,133
Total	<u>\$ 2,990,281</u>	<u>\$ 760,517</u>	<u>\$ 3,750,798</u>

NOTE K – 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:

	2021	2020
Fare revenues	\$ 1,469,497	\$ 2,985,295
Local funds - interest income	8,554	8,283
Total fare revenues and local funds	<u>\$ 1,478,051</u>	<u>\$ 2,993,578</u>
Total operating expenses	\$ 12,983,879	\$ 25,235,624
Less:		
Mobility training	(437,826)	(862,845)
Depreciation, included in elderly and disabled transportation	(1,542,636)	(942,554)
Diversified services and outside maintenance	(3,840,772)	(2,705,825)
Destinations Mobility, including depreciation	<u>(74,690)</u>	<u>(96,712)</u>
Net operating expenses	<u>\$ 7,087,955</u>	<u>\$ 20,627,688</u>
Fare revenue ratio	<u>20.85%</u>	<u>14.51%</u>
Required ratio	<u>5.00%</u>	<u>5.00%</u>

NOTE L - CALIFORNIA OFFICE OF EMERGENCY SERVICES (CalOES)

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

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

During the fiscal year ended June 30, 2018, Paratransit applied for and received proceeds of \$275,000 for an enhanced facility security project. No proceeds were received during fiscal years ended June 30, 2021, 2020 or 2019. As of June 30, 2021 and 2020, 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, 2021 and 2020, funds received and expended were as follows:

	2021	2020
Balance at beginning of year	\$ 55,739	\$ 55,725
Interest earnings	13	14
Unexpended proceeds	<u>\$ 55,752</u>	<u>\$ 55,739</u>

NOTE M – 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 \$11,158 and \$17,565 during the years ended June 30, 2021 and 2020, respectively. No additional contributions are made to the plan.

Total OPEB Liability: Paratransit has computed the post-employment benefits using the alternative measurement method. Paratransit’s total OPEB liability of \$261,221 and \$272,518 at June 30, 2021 and 2020 was measured using the Alternative Measurement Method as of January 1, 2020 and 2019, respectively. Changes in the total OPEB liability were as follows:

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE M – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

	2021	2020
Total OPEB liability, July 1	\$ 272,518	\$ 277,503
Changes for the year:		
Interest on net OPEB obligation	7,854	9,470
Changes in assumptions	(7,993)	3,110
Benefit payments	(11,158)	(17,565)
Decrease in OPEB liability	(11,297)	(4,985)
Total OPEB liability, June 30	<u>\$ 261,221</u>	<u>\$ 272,518</u>

OPEB expense recognized during the year ended June 30, 2021 and 2020 totaled \$7,418 and \$4,985, 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:

	2021	2020
Valuation date	January 1, 2020	January 1, 2019
Measurement date	January 1, 2020	January 1, 2019
Discount rate	3.10%	3.60%
Healthcare trend rate	5 percent per year	5 percent per year
Remaining life expectancy	15 years	16 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, 2021 represents a change in assumptions from the 3.60% discount rate used at June 30, 2020. 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.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE M – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

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:

2021			
	1% Decrease	Discount Rate	1% Increase
	2.10%	3.10%	4.10%
Total OPEB liability	\$ 253,211	\$ 261,221	\$ 269,394

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

Related Section 457(f) Plan and Insurance Annuity: Paratransit held a single premium deferred annuity from an insurance company with a contract amount of \$232,477 and \$223,211 at June 30, 2021 and 2020, 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 N – 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 \$2 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. Financial statements for NonProfits may be obtained at 610 Fulton Avenue, Suite 200, Sacramento, CA 95825 or www.niac.org.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE N – RISK MANAGEMENT (Continued)

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 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 \$470,667 and \$711,029 for June 30, 2021 and 2020, respectively.

NOTE P – 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 Q – CONTINGENCIES

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

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2021 and 2020

NOTE Q – CONTINGENCIES (Continued)

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 R – COMMITMENTS

A \$2,500,000 real estate line of credit (non-revolving) was approved but not yet disbursed, 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.

NOTE S – SUBSEQUENT EVENTS

In May 2021 Paratransit signed an agreement with Creative Bus Sales to purchase ten Starcraft Class B-CNG buses for a total of \$976,880.

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REQUIRED SUPPLEMENTARY INFORMATION

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PARATRANSIT, INC

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

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

	2021	2020	2019
<u>Total OPEB liability</u>			
Service cost			\$ 283,949
Interest	\$ 7,854	\$ 9,470	8,474
Changes in assumptions	(7,993)	3,110	
Benefit payments	(11,158)	(17,565)	(14,920)
Net change in total OPEB liability	(11,297)	(4,985)	277,503
Total OPEB liability - beginning	272,518	277,503	
Total OPEB liability - ending (a)	<u>\$ 261,221</u>	<u>\$ 272,518</u>	<u>\$ 277,503</u>

Notes to schedule:

Valuation date	January 1, 2020	January 1, 2019	January 1, 2018
Measurement period - fiscal year ended	January 1, 2020	January 1, 2019	January 1, 2018

Changes in assumptions:

Discount rate changes:	3.10%	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, 2021

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

	2021	2020	2019
Contractually determined contribution - employer fiscal year	\$ 11,158	\$ 17,565	\$ 14,920
Contributions in relation to the contractually determined contributio	(11,158)	(17,565)	(14,920)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule:

Note: Participants of the plan consist of only one retired employee and her spouse, so the Plan is not based on payroll.

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

Methods and assumptions used to determine contribution rates:

	Alternative measurement method		
Actuarial Cost Method			
Amortization period in years	15	16	17
Healthcare cost trend rates	5.00%	5.00%	5.00%
Discount rate	3.10%	3.60%	3.15%

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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FAX: (916) 564-8728

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, 2021 and 2020 and our report thereon dated December 30, 2021, which expressed a modified opinion on those financial statements, appears on pages 1 to 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Expenses by Function is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Richardson & Company, LLP

December 30, 2021

PARATRANSIT, INC.

SCHEDULES OF EXPENSES BY FUNCTION

For the Years Ended June 30, 2021 and 2020

	2021	2020
Elderly and Disabled Transportation		
Salaries and wages	\$ 3,052,145	\$ 8,962,181
Employee benefits	1,505,650	3,960,867
Services	858,370	1,491,507
Fuel	526,563	1,455,408
Materials and supplies	155,422	592,146
Utilities	141,962	171,014
Insurance	631,898	1,334,972
Purchased transportation	-	2,235,339
Miscellaneous	75,603	221,834
Interest expense	80,009	115,472
Leases and rentals	60,333	86,948
Depreciation	1,542,636	942,554
Total Elderly and Disabled Transportation	<u>8,630,591</u>	<u>21,570,242</u>
Mobility Training Services		
Salaries and wages	228,935	462,326
Employee benefits	124,971	275,685
Services	35,483	47,993
Materials and supplies	7,560	14,270
Utilities	18,004	12,916
Insurance	7,128	3,699
Miscellaneous	7,146	36,135
Interest expense	3,520	3,757
Leases and rentals	5,079	6,064
Total Mobility Training Services	<u>437,826</u>	<u>862,845</u>
Diversified Services and Outside Maintenance		
Salaries and wages	1,834,740	1,238,379
Employee benefits	865,873	555,514
Services	310,519	287,833
Fuel	378,767	307,676
Materials and supplies	124,692	108,226
Utilities	118,252	67,389
Insurance	106,161	68,720
Miscellaneous	50,045	55,334
Interest expense	21,682	9,415
Leases and rentals	30,041	7,339
Total Diversified Services and Outside Maintenance	<u>3,840,772</u>	<u>2,705,825</u>
Destinations Mobility		
Services	6,221	9,443
Materials and supplies	1,115	9,333
Utilities		
Insurance	12,647	13,763
Miscellaneous	488	6,098
Depreciation	54,219	58,075
Total Destinations Mobility	<u>74,690</u>	<u>96,712</u>
Total Operating Expenses	<u>\$ 12,983,879</u>	<u>\$ 25,235,624</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, 2021, and the related notes to the financial statements, which collectively comprise Paratransit's basic financial statements, and have issued our report thereon dated December 30, 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) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule findings and questioned costs as items 2021-001, 2021-002 and 2021-003 that we consider to be significant deficiencies.

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 financial statements. 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 L 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.

Paratransit's Response to Findings

Paratransit's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Paratransit's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Richardson & Company, LLP

December 30, 2021



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Paratransit, Inc.
Sacramento, California

Report on Compliance for Each Major Federal Program

We have audited Paratransit, Inc.'s compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Paratransit, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Paratransit Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

We have audited the financial statements of Paratransit as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Paratransit's basic financial statements. We issued our report thereon dated December 30, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Paratransit's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Directors
Paratransit, Inc.

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

Richardson & Company, LLP

December 30, 2021

PARATRANSIT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

- | | | |
|----|---|------------|
| 2. | Type of auditor's report issued: | Unmodified |
| 3. | Internal controls over financial reporting: | |
| a. | Material weaknesses identified | No |
| b. | Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 4. | Noncompliance material to financial statements noted? | No |

Federal Awards

- | | | |
|----|--|---------------|
| 5. | Internal control over major programs: | |
| a. | Material weaknesses identified? | No |
| b. | Significant deficiencies identified not considered to be material weaknesses? | None Reported |
| 6. | Type of auditor's report issued on compliance for major programs: | Unmodified |
| 7. | Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? | No |
| 8. | Identification of major programs: | |

Assistance Listing (AL) Number

Name of Federal Program

20.507

CARES Act

20.507

Mobility Management

- | | | |
|-----|--|------------|
| 9. | Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 750,000 |
| 10. | Auditee qualified as a low-risk auditee under 2 CFR Section 200.516(a)? | No |

PARATRANSIT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2021

B. Findings – Financial Statements

Finding 2021-001: Accounts Receivable/Accounts Payable Subsidiary Records—Significant Deficiency

Criteria: Subsidiary ledgers should be reconciled to the general ledger (GL) on a periodic basis (monthly or quarterly) by accounting personnel. This important internal control ensures activity from the subsidiary ledgers is reflected in the GL, and that GL activity not reflected in the subsidiary ledgers is appropriate.

Condition: The Accounts Receivable Aging and Accounts Payable Aging report balances were not reconciled to the GL. When we performed these reconciliations, we noted \$147,000 in accounts receivable GL activity not reflected in the Accounts Receivable Aging Report due to a batch double posting. We also noted \$70,000 in activity posted in the Accounts Payable GL that was not reflected in the Accounts Payable Aging Report, and \$13,900 of items on the Accounts Payable Aging report that were not reflected in the Accounts Payable GL. All items have been corrected by management.

Cause: Subsidiary ledgers were not being reconciled on a periodic basis.

Effect: Adjustments were required in the GL to correct errors and mispostings.

Recommendation: We recommend that the Accounts Receivable and Accounts Payable Aging Reports be reconciled to the general ledger on a period basis, but no less than quarterly.

Managements' Response: See Corrective Action Plan

Finding 2021-002: Suspense Account Reconciliations—Significant Deficiency

Criteria: Suspense accounts are used to temporarily record financial transactions, which are later transferred to their applicable GL account. Periodic reconciliations of suspense accounts should be performed on a periodic basis (monthly or quarterly) by accounting personnel. This important internal control ensures activity is properly reported in the financial statements.

Condition: The Sage Accounting System is set up so that accounts receivable (AR) and accounts payable (AP) are locked to making entries through the GL. This is because any adjustments to these accounts should be made through the accounts payable and accounts receivable subsidiary ledgers. As a work around accounting personnel make AR and AP adjustments through suspense accounts. We also noted payroll activity is posted to the AP Suspense account. All items have been corrected by management.

Cause: Suspense accounts were not being reconciled on a periodic basis.

Effect: The Accounts Payable Suspense Account had a credit balance of \$137,000 at June 30, 2021. When we reconciled the activity in the Suspense Account we noted activity related to payroll accrual, grants receivable, tax deferred annuity costs, and medical benefit costs that needed to be reclassified.

Recommendation: We recommend suspense accounts be reconciled on a period basis, but no less than quarterly.

Managements' Response: See Corrective Action Plan

PARATRANSIT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2021

B. Findings – Financial Statements (Continued)

Finding 2021-003: Bank Reconciliations—Significant Deficiency

Criteria: Bank reconciliations should be performed on a monthly basis using a correct format. This format starts with balances per the GL and the Bank, then adds or subtracts items that are reflected in one and not the other. This important internal control helps identify account and bank errors in addition to helping detecting and preventing fraud.

Condition: The June 30, 2021 Wells Fargo bank reconciliation reflected a book balance that was \$258,000 lower than the actual book balance. We were informed there were some test batches posted to the GL by mistake. We also noted a double posting of a batch. It appears these differences were being accounting for outside the bank reconciliation so that the book balance was adjusted prior to being included on the bank reconciliation.

Cause: Paratransit's internal controls over bank reconciliations were not operating effectively.

Effect: Reconciling items were not included on the bank reconciliation. This sidesteps the purpose of performing these reconciliations so that those charged with management may investigate potential errors and/or fraud.

Recommendation: We recommend that the book balance reflect the actual GL balance on the bank reconciliation, and that any differences be accounted for as reconciling items on the reconciliation.

Managements' Response: See Corrective Action Plan

C. Findings and Questioned Costs – Federal Awards

None

D. Prior year Findings

None

PARATRANSIT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title/Pass-Through Number</u>	<u>Federal AL Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
MAJOR FEDERAL AWARDS			
<u>U.S. Department of Transportation</u>			
<u>Federal Transit Cluster</u>			
Passed through Sacramento Regional Transit District			
Federal Transit — Formula Grants			
CARES Act			
CA-2020-140-00	20.507	\$4,000,000	\$ 1,999,999
Mobility Management			
CA-2020-250-00	20.507	<u>400,000</u>	<u>200,000</u>
TOTAL FEDERAL AWARDS		<u>\$ 4,400,000</u>	<u>\$ 2,199,999</u>

The accompanying notes to the schedule of expenditures of federal awards are an integral part of this schedule.

PARATRANSIT, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Paratransit, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of Paratransit's operations, it is not intended to be and does not present the financial position, changes in net position, or cash flows of Paratransit.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported on the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the (federal/state/local) grant portion of the program costs. Entire program costs may be more than shown.

NOTE D – NONCASH AWARDS

No noncash awards existed in the current year.

NOTE E – MISSING PASS-THROUGH IDENTIFYING NUMBER

None

NOTE F – INDIRECT COSTS

The Paratransit did not charge indirect costs to its federal programs.

NOTE G – SUBRECIPIENTS

There were no subrecipients of the Paratransit's programs during the year ended June 30, 2021.

NOTE H – LOAN PROGRAMS

None

NOTE I – CLUSTERS OF PROGRAMS

Federal Transit Cluster

NOTE J – DONATED PPP

Paratransit received the following donated PPE from FEMA:

Cases of hand sanitizer (20 bottles/case)	\$ 2,250
Cases of cloth masks (500/case)	1,350
10,000 surgical masks	2,000
3 standing thermometers	<u>3,000</u>
	<u>\$ 8,600</u>



Corrective Action Plan

June 30, 2021

Cognizant or Oversight Agency for Audit

Paratransit, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent public accounting firm:
Richardson and Co.
550 Howe Ave. Unit 210
Sacramento, CA 95825

Audit Period:
July 1, 2020 to June 30, 2021

The findings from the June 30, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statement Audit

Significant Deficiency

Finding 2021-001: Accounts Receivable / Accounts Payable Subsidiary Records – Significant Deficiency

Cause and Effect: Subsidiary ledgers were not being reconciled on a period basis therefore adjustments were required in the GL to correct errors and mispostings.

Recommendation: The Accounts Receivable and Accounts Payable Aging Reports should be reconciled to the general ledger on a periodic basis, but no less than quarterly.

Action Taken: We concur with the recommendation and will start a monthly reconciliation of Accounts Receivable and Accounts Payable to general ledger on January 3, 2022.

Sacramento Operations
and Mobility Management
(Headquarters)
2501 Florin Road
Sacramento, CA 95822
916-429-2009

Boston Eligibility and
Travel Training Office
1000 Massachusetts Ave.
Boston, MA 02118
617-337-2727

Finding 2021-002: Suspense Account Reconciliation – Significant Deficiency

Cause and Effect: The Accounts Payable Suspense account was not being reconciled on a periodic basis requiring payroll accrual, grants receivable, tax deferred annuity costs, and medical benefits costs to be reclassified.

Recommendation: The Accounts Payable Suspense account should be reconciled on a periodic basis, but no less than quarterly.

Action Taken: We concur with the recommendation and will reduce the use of the Accounts Payable Suspense account as well as start a monthly reconciliation of the Accounts Payable Suspense account on January 3, 2022.

Finding 2021-003: Bank Reconciliation – Significant Deficiency

Cause and Effect: Paratransit's internal controls over bank reconciliations were not operating effectively, resulting in reconciling items that were not included on the bank reconciliation.

Recommendation: The book balance should reflect the actual GL balance on the bank reconciliation, and any differences be accounted for as reconciling items on the reconciliation.

Action Taken: We concur with the recommendation and will implement a monthly reconciliation of the book balance to the GL balance on January 3, 2022.

If there are any questions regarding this plan, please contact Lisa Cappellari at 916-429-2009 extension 7234 or Lisac@paratransit.org.

Sincerely yours,

A handwritten signature in black ink that reads "L. Cappellari". The signature is stylized with a large, looped "L" and a cursive "Cappellari".

Lisa Cappellari, Chief Financial Officer
12/30/2021



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

AGENDA TITLE: Adopt Resolution 02-22 Authorizing the Chief Executive Officer to Execute an Agreement with Hunt and Sons for fuel and fuel maintenance services in accordance with Sacramento Area Council of Governments Master Contract and authorizing the CEO to execute any amendments, if awarded by SACOG

MEETING DATE: February 17, 2022

PREPARED BY: Tiffani M. Fink, Chief Executive Officer
Gary Vickers, Director of Operations

RECOMMENDED ACTION:

Adopt Resolution 02-22 authorizing the Chief Executive Officer to Execute an Agreement with Hunt and Sons for fuel and fuel maintenance services in accordance with Sacramento Area Council of Governments Master Contract and authorizing the CEO to execute any amendments, if awarded by SACOG.

BACKGROUND AND DISCUSSION:

Hunt and Sons has been the long-term fuel vendor for Paratransit, Inc. and provides gasoline deliveries, as well as, fueling station infrastructure maintenance and reporting assistance. In 2018, the Sacramento Area Council of Governments awarded a contract with Hunt and Sons for fuel and fueling services. This contract allows a provision to allow other agencies, such as Paratransit, to access this contract.

Paratransit is in need of a new fuel and fueling service contract and staff recommends that it is in the best interest of the agency to award an agreement to Hunt and Sons as an option from the SACOG contract. The pricing is favorable due to size and scope and the familiarity and experience

with our fueling facility provides an additional benefit of significance. The initial term is through 2022, but the contract has provisions to allow for two additional option years. Staff is recommending the Board authorize the CEO to execute an Agreement for the remainder of the base term and further authorize the CEO to execute option years, if awarded by SACOG.

FISCAL IMPACT:

The cost of fuel is included in the annual budget. All expenditures would be in accordance with the annual expenditure authorizations contained in each year's fiscal year budget.

Attachments:

- 1) Resolution 02-22



RESOLUTION 02-22

**AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE AN AGREEMENT
WITH HUNT AND SONS FOR FUEL AND FUEL MAINTENANCE SERVICES IN
ACCORDANCE WITH SACRAMENTO AREA COUNCIL OF GOVERNMENTS MASTER
CONTRACT AND AUTHORIZING THE CEO TO EXECUTE ANY AMENDMENTS, IF
AWARDED BY SACOG**

WHEREAS, Paratransit, Inc. has procured fuel from Hunt and Sons for more than a decade and they have extensive experience maintaining Paratransit's fueling infrastructure; and

WHEREAS, the Sacramento Area Council of Governments (SACOG) completed a competitive procurement in 2018 for fuel and fueling services and awarded the contract to Hunt and Sons; and

WHEREAS, the contract included a three year base term and two option years; and

WHEREAS, going out for an independent bid would not likely result in a better result for Paratransit, Inc.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Paratransit, Inc. does hereby authorize the Chief Executive Officer to execute an agreement for fuel and fuel maintenance services in accordance with the SACOG Master Contract.

NOW THEREFORE BE IT FURTHER RESOLVED, that the Board authorizes the CEO to execute any amendments, if awarded by SACOG.

Vidhu Shekhar, President
Paratransit, Inc., Board of Directors
Dated: February 17, 2022



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

AGENDA TITLE: Facilitated Board Workshop Discussion on Board Member Participation and Board Goals for Calendar Year 2022

MEETING DATE: February 17, 2022

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Facilitated Board workshop discussion on Board member participation and Board goals for Calendar Year 2022.

BACKGROUND AND DISCUSSION:

This facilitated Board workshop is a follow up to the facilitated presentation on the Board member recruitment and appointment process. This workshop will allow Board members to discuss goals for Board participation and engagement.

FISCAL IMPACT:

There is no fiscal impact associated with the process involved.

ATTACHMENTS:

None



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 7A**

AGENDA TITLE: Nominations and Election of Officers of the Board of Directors for Calendar Year 2022

MEETING DATE: February 17, 2022

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. Upon appointment, the officers shall become effective the day following the meeting (February 18, 2022). This will allow for all actions taken by the Board at the February 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 report 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 deferred by the Board to the February meeting.

The next agenda item would revise the Bylaws so that going forward, officers shall be elected from among the Directors of the Corporation at the first Board Meeting 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



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 7B**

AGENDA TITLE: Adopt Resolution 03-22 Amending the Paratransit, Inc. Bylaws Related to Officer Elections and Updating the Officer Description for Secretary/Treasurer to reflect the combined duties due to consolidation of the roles

MEETING DATE: February 17, 2022

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 03-22 amending the Paratransit, Inc. Bylaws related to Officer Elections and updating the officer description for Secretary Treasurer to reflect the combined duties due to consolidation of the roles.

BACKGROUND AND DISCUSSION:

In 2020, the Board of Directors updated the bylaws to have all of the terms for the Board begin on January 1st of the appointing year and terminate on December 31st (initially of their staggered term and therefore, after a three year term). Currently the bylaws call for the election of Board Officers at the November meeting each year. With the change in appointments to have terms begin in January, and with the change in meeting dates moving the months that meetings occur in, it is necessary to clean up the bylaws to reflect these changes. The revised bylaws move the election of officers to the first meeting of each calendar year, to coincide with the terms. Staff has intentionally left it as the first meeting, instead of specifying a month to accommodate any changes to the calendar the Board may make.

Additionally, with the revisions to Board Composition, the Officers were reduced from four positions to three. This was accomplished by combining the Secretary and Treasurer positions into a new Secretary/Treasurer

position. The proposed bylaw revision cleans up the language associated with that change to reflect the actions of the Board.

FISCAL IMPACT:

There is no fiscal impact associated with the change in the bylaws proposed.

ATTACHMENTS:

1. Resolution 03-22
2. Proposed Amended Bylaws



RESOLUTION 03-22

**AMENDING THE PARATRANSIT, INC BYLAWS RELATED TO OFFICER
ELECTIONS AND UPDATING THE OFFICER DESCRIPTION FOR
SECRETARY/TREASURER TO REFLECT THE COMBINED DUTIES DUE TO
CONSOLIDATION OF THE ROLES**

WHEREAS, the current Board of the Directors of Paratransit, Inc. has the authority to amend the bylaws as needed; and

WHEREAS, the Board of Directors has set all new terms to begin on January 1st of the initial term year; and

WHEREAS, to allow for all Board members in office effective January 1st to elect their officers; and

WHEREAS, the bylaws currently require Board elections to occur in November of the previous year; and

WHEREAS, the Board also consolidated officer roles combining the positions of Secretary and Treasurer into one position known as the Secretary/Treasurer.

NOW THEREFORE BE IT RESOLVED that the Board of Directors of Paratransit, Inc. does hereby amend the Paratransit, Inc. Bylaws related to officer elections to move the elections to the first meeting of the Board of Directors each calendar year.

NOW THEREFORE BE IT FURTHER RESOLVED, that the Board updates the officer description for the Secretary/Treasurer to reflect the combined duties due to consolidation of the roles.

Vidhu Shekhar, President
Paratransit, Inc., Board of Directors
Dated: February 17, 2022

BYLAWS OF PARATRANSIT, INCORPORATED
A CALIFORNIA **NONPROFIT PUBLIC BENEFIT**
CORPORATION

Adopted March 27, 1985
Amended July 31, 1985
Amended June 18, 1996
Amended April 25, 2002
Amended June 18, 2018
Amended June 15, 2020
Amended September 21, 2020

ARTICLE I

NAME

The name of this corporation is Paratransit, Incorporated.

ARTICLE II

OFFICES

The principal office for the transaction of the activities and affairs of the corporation ("principal office") is located at 2501 Florin Road, Sacramento County, California. The Board of Directors ("the Board") may change the principal office from one location to another.

ARTICLE III

PURPOSES AND LIMITATIONS

This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for public or charitable purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

Notwithstanding any other provision of these Bylaws, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are

not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal Income Tax under Section 501(c) (3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law) or (b) by a corporation, contributions to which are deductible under section 170(c) (2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

ARTICLE IV

MEMBERSHIP

This corporation shall have no members.

ARTICLE V

DIRECTORS

SECTION 5.01. NUMBER AND SELECTION OF DIRECTORS

The Board shall consist of at least five (5), but no more than nine (9) directors, unless changed by amendment to these bylaws. There shall initially be nine (9) directors consisting of individuals who were directors serving as of June 30, 2020 and who shall remain as directors until December 31, 2020.

SECTION 5.02 FUTURE BOARD APPOINTMENTS

The existing Board shall establish a process for determining how future board members shall be selected and appointed prior to December 31, 2020. The process shall establish the term of office for each appointed member.

ARTICLE VI

OFFICERS

SECTION 6.01. OFFICERS

The officers of the corporation shall be a President, a Vice President, a Secretary/Treasurer. A Nominating Committee appointed by the President shall report its nominations for officers of the corporation at the first Board of Directors meeting in ~~November each calendar year~~. Officers shall be elected from among the directors of the corporation at the first meeting ~~in November~~ of each year. Officers shall serve at the pleasure of the Board. The corporation may also have one or more assistant secretaries, ~~and~~ one or more assistant treasurers.

SECTION 6.02. RESPONSIBILITIES OF OFFICERS

(a) 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.

(b) 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.

~~(c)~~ Secretary/Treasurer. The Secretary/Treasurer shall maintain a record of the proceedings of all meetings of the Board. The Secretary 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.

~~(d)(c)~~ Treasurer. ~~The Treasurer~~ They shall also 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 and Treasurer shall be open to inspection at all times to the directors. There shall be an annual audit by a certified public accountant.

If required by the Board, the Secretary/ Treasurer officer shall give the corporation a bond in the amount and with the surety or sureties specified by the Board for faithful performance of the duties of the office and for restoration to the corporation of all of its books, papers, vouchers, money and other property of every kind in the possession or under the control of the Treasurer upon death, resignation, retirement or removal from office.

SECTION 6.03. COMMITTEES

The Executive Committee shall consist of the officers of the Corporation. The Executive Committee shall be empowered to act in matters affecting the corporation between regular meetings of the Board of Directors. A minimum of three directors must vote to approve any matter binding the corporation. At the next meeting following an action taken by the Executive Committee, the Board shall adopt, modify, or reject the action taken by the Executive Committee.

SECTION 6.04. QUORUM

Not less than a majority of the Directors currently appointed and serving shall constitute a quorum of the Board of Directors. Board actions shall require a majority vote of the Board of Directors unless formally delegated to the Chief Executive Officer by prior Board action.

ARTICLE VII

INDEMNIFICATION AND INSURANCE SECTION 7.01 INDEMNIFICATION

(a) Right of Indemnity. To the full extent permitted by law, this corporation shall indemnify its directors, officers, employees and other persons described in Section 5238(9a) of the California Corporation Code, including persons formerly occupying any such position, against all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any "proceeding", as that term is used in such Section and including an action by or in the right of the corporation, by reason of the fact that such person is or was a person described by such Section. "Expenses", as used in this Bylaw, shall have the same meaning as in Section 4238(a) of the California Corporation Code.

(b) Approval of Indemnity. Upon written request to the Board by any person seeking indemnification under Section 5238(a) or Section 5238 (c) of the California Corporation Code, the Board shall promptly determine in accordance with Section 5238(e) of the Code whether the applicable standard of conduct set forth in Section 5238 or Section 5238(c) has been met and, if so, the Board shall authorize indemnification. If the Board cannot authorize indemnification because the number of directors who are

parties to the proceeding with respect to which indemnification is sought prevent the formation of a quorum of directors who are not parties to such proceeding, the Board or the attorney or other person rendering services in connection with the defense shall apply to the court in which such proceeding is or was pending to determine whether the applicable standard of conduct set forth in Section 5238(b) or Section 5238(c) has been met.

(c) Advancement of Expenses. To the full extent permitted by law and except as is otherwise determined by the Board in a specific instance, expenses incurred by a person seeking indemnification under this Bylaw in defending any proceeding covered by this Bylaw shall be advanced by the corporation prior to the final disposition of the proceeding upon receipt by the corporation of an undertaking by or on behalf of such person that the advance will be repaid unless it is ultimately determined that such person is entitled to be indemnified by the corporation therefor.

SECTION 7.02. INSURANCE

The corporation shall have the right to purchase and maintain insurance to the full extent permitted by law on behalf of its officers, directors, employees and other agents of the corporation, against any liability asserted against or incurred by an officer, director, employee or agent in such capacity or arising out of the officer's, director's, employee's or agent's status as such.

ARTICLE VIII

AMENDMENTS

The Bylaws may be amended at any meeting of the Board by a majority vote of the current membership of the Board, provided the proposed amendment has been sent to each director at least ten (10) days before the meeting.

ARTICLE IX

PARLIAMENTARY AUTHORITY

The rules set forth in Roberts Rules of Order Newly Revised shall govern the corporation in all cases to which they are applicable and in which they are not inconsistent with these Bylaws, applicable law or other operating procedures adopted by the Board of Directors.