



PARATRANSIT, INC. MEETING OF THE BOARD OF DIRECTORS

Meeting Date and Time:

February 15, 2023 at 6:00 p.m.

Meeting Location:

Ron Brown Conference Center
2501 Florin Road
Sacramento, CA 95822

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.

Members of the public may submit public comments via eComment by email at publiccomment@paratransit.org.

Paratransit's Mission: To expand mobility and accessibility by providing innovative programs and services to the Community.

AGENDA

1. Call to Order & Roll Call: (2 minutes)

Directors: Alves, Burrows, Hume, Kimble, Shekhar, Tucker, White

2. Pledge of Allegiance (3 minutes)

3. Public Comment: (5 minutes)

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. Introduction of New Board Members (10 minutes)

5. Staff Reports (30 minutes)

A. CEO Report

- a. Update on Activities and Contracts
- b. Discussion on 45th Anniversary Activities

B. CFO Report

- a. Monthly Financial Report
- b. Presentation on FY 22 Financial Audit

6. Consent Calendar (5 minutes)

A. Approve the Minutes of the December 20, 2022 Special Meeting of the Board of Directors

B. Receive and File the Fiscal Year 2022 Financial Audit

C. Adopt Resolution 01-23 Delegating Authority to the Chief Executive Officer to Procure and Award Contracts for Goods and Services not to exceed individual contract values of \$200,000.

D. Adopt Resolution 02-23 Delegating Authority to the Chief Executive Officer to Submit Proposals, Execute and/or Amend Existing Contracts to expand services consistent with the Board adopted Strategic Plan.

7. Facilitated Board Workshop Discussion on Board Member Participation and Setting Board Goals for the 2023 Calendar Year (60 minutes)

8. Action Items (15 minutes)

- A. Nomination and Election of Officers of the Board of Directors for Calendar Year 2023
- B. Adopt Resolution 03-23 Authorizing the Chief Executive Officer (CEO) to Execute a Revised Agreement with Creative Bus Sales for the purchase of ten (10) Class B buses

9. Closed Session - Announce Adjournment to Closed Session (15 minutes)

- A. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Government Code Section 54956.9: One case

10. Reconvene to Open Session and Report Action, if any taken (3 minutes)

11. Board Comments/Reports/Future Agenda Items (5 minutes)

12. Adjourn (1 minute)

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

April 17, 2023

6:00 p.m.

**Paratransit, Inc.
Ron Brown Conference Center
2501 Florin Road
Sacramento, CA 95822**

*Staff Reports are subject to change without prior notice.

ADA COMPLIANCE

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



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

AGENDA TITLE: Chief Executive Officer's Report

MEETING DATE: February 15, 2023

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

PARTNERSHIPS AND OPPORTUNITIES:

I will provide an overview of our on-going partnerships, grants, contracts and new programs and upcoming opportunities during my oral report and PowerPoint presentation at the Board meeting, as well as an overview of activities for Paratransit's 45th Anniversary.

As always, I remain available for any questions.



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

AGENDA TITLE: CHIEF FINANCIAL OFFICER'S REPORT

MEETING DATE: FEBRUARY 15, 2023

PREPARED BY: LISA M CAPPELLARI, CHIEF FINANCIAL OFFICER

RECOMMENDED ACTION:

Receive and file the Chief Financial Officer's Report.

BACKGROUND AND DISCUSSION:

All financial data are through December 2022 and operating data are through January 2023 unless otherwise noted.

- CTSA partner agency trips continue to grow, and are now at 83,323 from July to January 2023. While CTSA trips completely stopped during the pandemic, they are coming back rapidly. Most programs are now open 5 days per week. CTSA agency trips are approximately 55% of ADA trips, and we expect them to keep increasing over the next few months.
- Contracted transportation trips are growing steadily; average monthly billable hours are higher than pre-pandemic levels. There were on average 2,140 billable hours pre-pandemic whereas the average for July 2022 through January 2023 was 2,200 billable hours, with January 2023 being in excess of 2,600.
- Meals delivered from July 2022 through January 2023 include 59,200 meals delivered for the Sacramento Food Bank and Family Services and 2,500 meal kits delivered from Canon Restaurant for local seniors.
- Between July 2022 and January 2023, the Sacramento Mobility Management program successfully travel trained 54 elderly/disabled passengers and 191 youth.
- The CTSA program, where Paratransit, Inc. partners with local social service agencies, continues providing support with insurance expense, maintenance and fleet management, fuel reimbursement, buses, and driver support. Between July

and January 2023 Paratransit's maintenance department completed 1,645 work orders.

- Between July 2022 and January 2023, Paratransit, Inc. has received \$55,100 in income from renting out our accessible minivans.
- Year-to-date revenue is 8% lower than budgeted; year-to-date expense is also 8% lower than budgeted. Paratransit's net income is \$7,000.

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

FISCAL IMPACT:

None

ATTACHMENTS:

1. February 2023 CFO Report
2. December 2022 Income Statement
3. December 2022 Balance Sheet

PARATRANSIT, INC

FINANCIAL REPORT



January 2023

CTSA Trips Provided

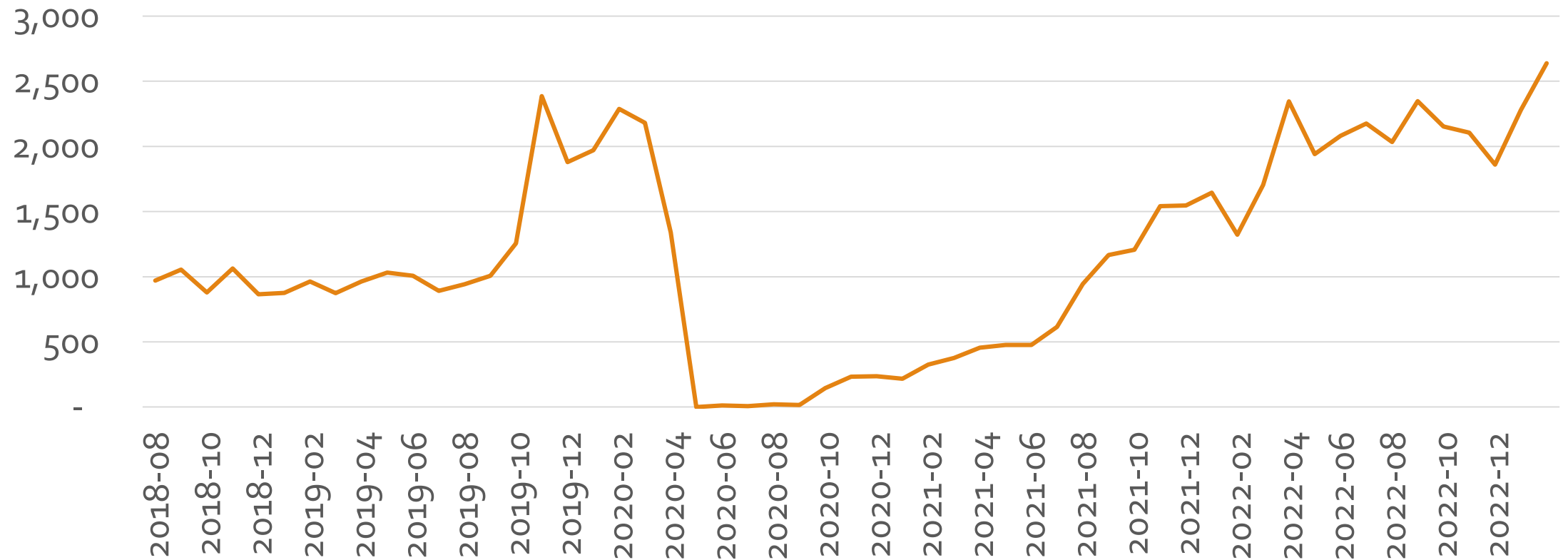
July 2022 – January 2023

Agency	Trips	% of Trips
ACC	9,541	11%
Easter Seal Society	4,731	6%
Elk Grove Adult Community Training	13,938	17%
St. John's Program for Real Change	4,456	5%
Sutter Senior Care	17,955	22%
UCP of Sacramento & Northern CA	32,702	39%
Total CTSA Trips	83,323	



Contracted Transportation Billable Hours

Fiscal Years 18/19 through current



Social Service Transportation

July 2022 to January 2023

- Sacramento Food Bank: 59,159 meals
- Clay Nutting, Canon Restaurant: 2,472 meal kits
- YMCA after school transport: 1,360 trips



Sacramento Mobility Management

July 2022 – January 2023

- Travel Training for Seniors/Disabled
 - successful trainees: 54
- Travel Training for Youth
 - successful trainees: 191



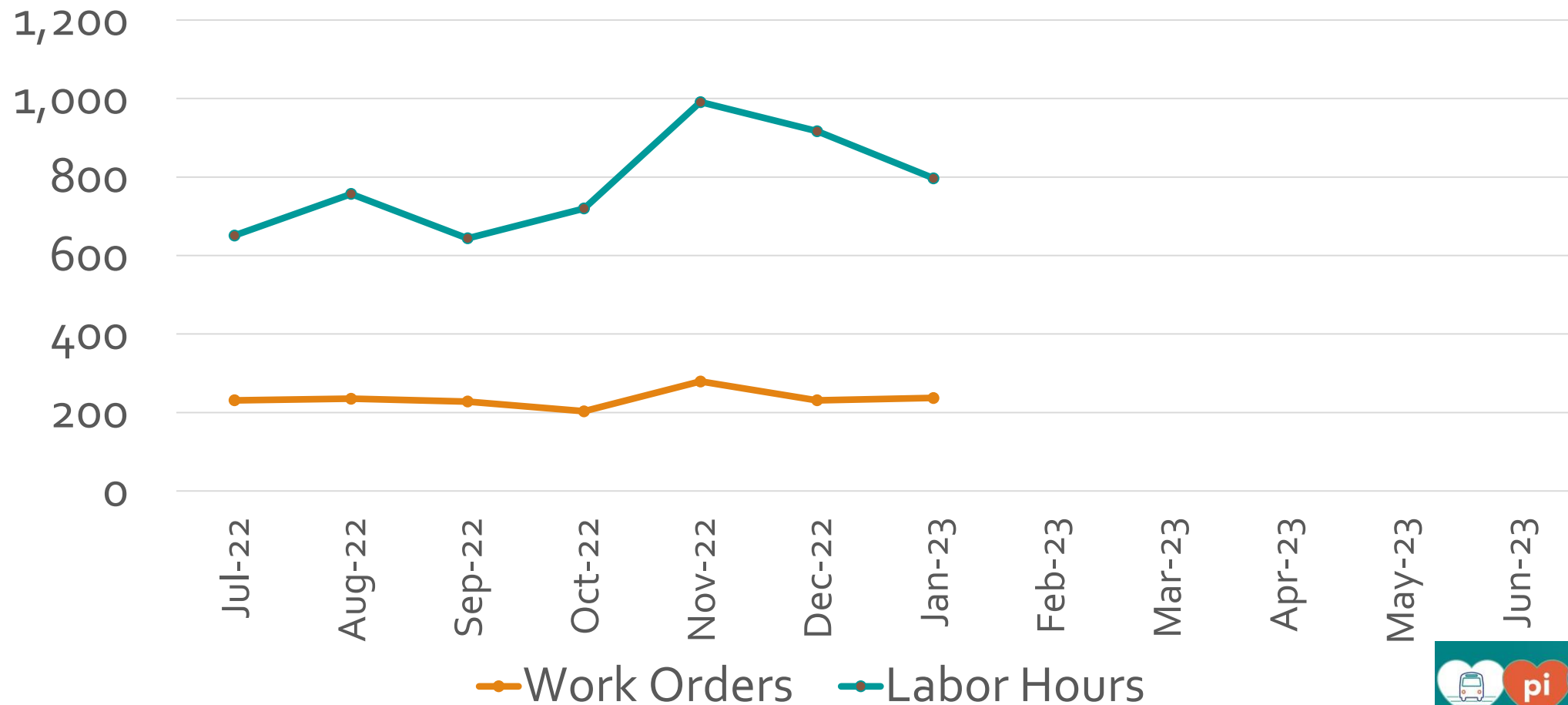
Maintenance

July 2022 to January 2023

FY23 Maintenance Operations	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Total
Work Orders	231	235	228	202	281	231	237						1,645
Labor Hours	651	757	644	720	991	917	797						5,477
Parts Cost	\$56,056	\$25,535	\$23,727	\$30,562	\$57,472	\$37,9339	\$33,717						\$265,008
Total Cost	\$120,141	\$112,855	\$92,528	\$133,846	\$174,877	\$136,087	\$124,136						\$894,470



FY22 Work Orders and Labor Hours



Work Orders: July 2022 – January 2023

Vehicle Type	Work Orders
Paratransit	497
SacRT Go Paratransit Services	606
Outside Agencies	416
CTSA Partners	91
Rental Fleet	35
Total Work Orders	1,645

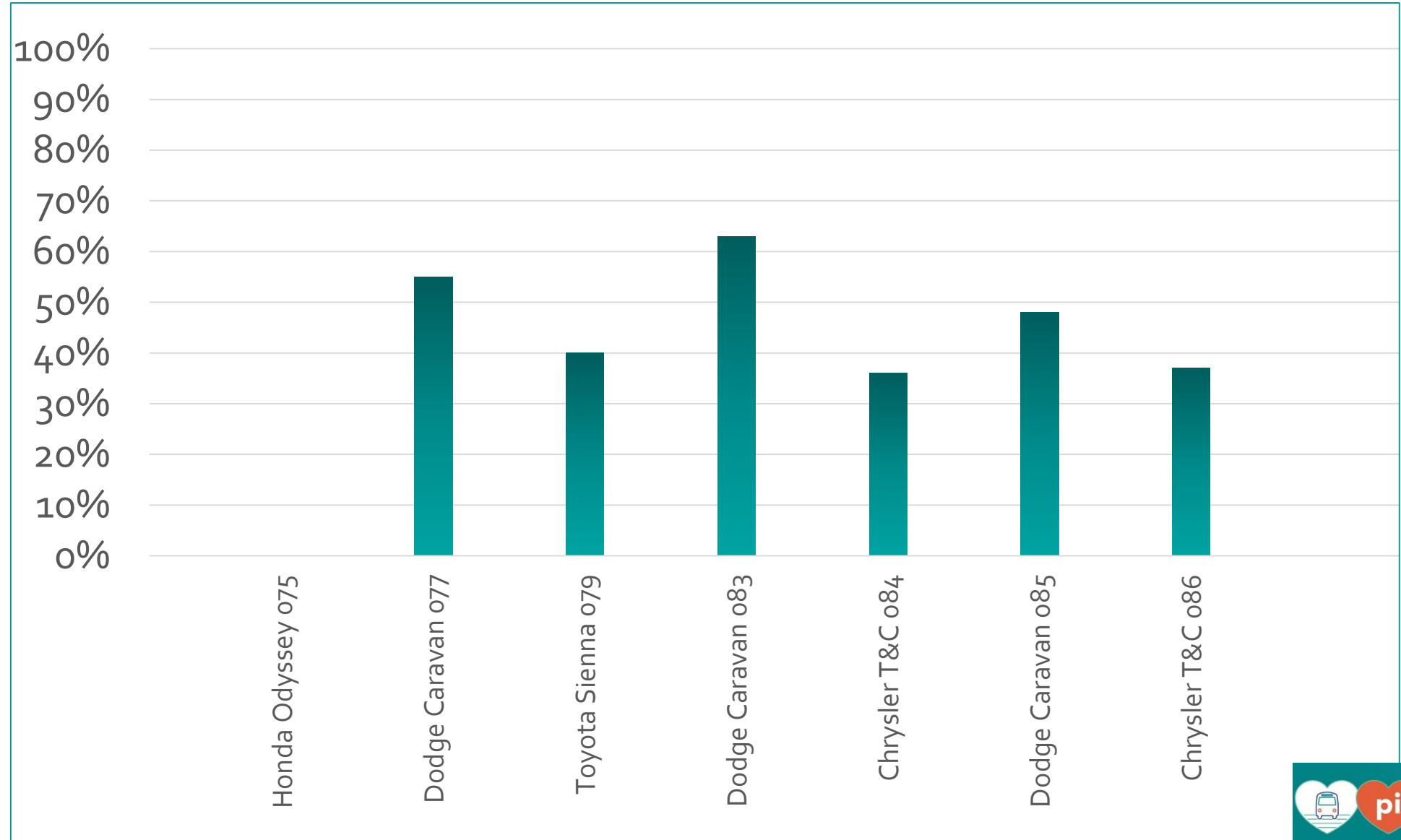


Accessible Vehicle Rental Income

- 7 accessible vehicles with ramps
- \$55,105 in rental income in July 2022 – January 2023



Accessible Vehicle Rentals



FY23 YTD Revenue: Budget versus Actuals

Jul-Dec 2022 (thousands of dollars)

FY23 Revenue	Budget	Actual	\$ Difference	% Difference	Percent of Target
Measure A	\$ 1,155	\$1,132	(\$23)	-2%	49%
TDA	\$627	\$630	\$3	1%	50%
Grants	\$1,250	\$1,600	\$350	28%	64%
Other Revenue	\$3,276	\$2,366	(\$910)	(28%)	36%
Capital Revenue	\$0	\$47	\$47		3%
Total Revenue	\$6,308	\$5,775	(\$534)	(8%)	41%



FY23 YTD Expense: Budget versus Actuals

Jul-Dec 2022 (thousands of dollars)

FY23 Expense	Budget	Actual	\$ Difference	% Difference	Percent of Target
Personnel	\$3,809	\$3,276	(\$533)	(14%)	43%
Fleet Operations	\$1,224	\$1,275	\$51	4%	52%
Non Personnel	\$1,022	\$985	(\$37)	(4%)	48%
Capital Projects	\$180	\$232	\$51	29%	15%
Total Expense	\$6,236	\$5,768	(\$468)	(8%)	42%
Net Income		\$7			



PARATRANSIT, INC.
COMBINED BALANCE SHEET
12/31/2022
UNAUDITED

ASSETS

CURRENT ASSETS:

Cash	2,351,084
Medical Annuity	240,590
Accounts Receivable	912,387
Grants Receivable	58,674
Inventory	101,715
Deposits and Prepaid Expenses	564,548
TOTAL CURRENT ASSETS	<u>4,228,998</u>

CAPITAL ASSETS:

Land Assets	924,736
Grant Equipment	11,200,332
Non-Grant Equipment	7,499,832
Work in Progress	-
TOTAL COST	<u>19,624,900</u>
Less Accumulated Depreciation	<u>(13,479,593)</u>
Net Capital Assets	<u>6,145,306</u>

TOTAL ASSETS	<u><u>10,374,304</u></u>
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LIABILITIES AND FUND BALANCE

CURRENT LIABILITIES

Accounts Payable	413,864
Workers' Compensation Payable	-
Accrued Payroll & Benefits	173,114
Sales Tax Payable	11,257
Lease/Notes Payable	309,991
Unredeemed Bus Scrip	-
Deferred Revenue	-
Other Payables	(62,916)
TOTAL CURRENT LIABILITIES	<u>845,312</u>

LONG-TERM LIABILITIES:

Long Term Liabilities	2,870,193
TOTAL LONG TERM LIABILITIES	<u>2,870,193</u>

TOTAL LIABILITIES	3,715,505
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FUND EQUITY

Contributed Capital	276,513
Restricted for lease collateral	-
Restricted for grant administration	13,001
Retained Earnings (Loss)	6,369,286
TOTAL FUND EQUITY	<u>6,658,799</u>

TOTAL LIABILITIES AND FUND BALANCE	<u><u>10,374,304</u></u>
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PARATRANSIT, INC. - CONSOLIDATED
STATEMENT OF OPERATING REVENUE AND EXPENSE AS AT 12/31/2022

	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)	194,021	191,816	(2,205)	2,301,792	1,155,307	1,131,975	(23,332)	(2.02)
Measure A (Years 1-10)	-	-	-	-	-	-	-	-
TDA 4.5	105,279	105,009	(270)	1,248,991	626,887	630,055	3,168	0.51
Contract & Program Transportation Rever	-	1,670	1,670	-	-	22,988	22,988	-
SacRT Go Maintenance & Facility Contrar	90,712	73,369	(17,343)	1,076,175	540,149	509,776	(30,373)	(5.62)
Transportation Literacy (Civic Lab)	-	-	-	150,000	75,000	75,000	28,601	-
American Rescue Plan	145,833	145,833	-	1,750,000	875,000	875,000	-	-
FEMA	8,333	8,333	-	100,000	50,000	400,000	-	-
Section 5307 - Regional Mobility Manager	20,833	20,833	-	250,000	125,000	125,000	-	-
Section 5310 - Regional Mobility Manager	20,833	20,833	-	250,000	125,000	125,000	-	-
Agency Bus Fares	252,874	206,921	(45,953)	3,000,000	1,505,748	1,160,902	(344,847)	(22.90)
Diversified Services	206,596	96,863	(109,733)	2,450,982	1,230,184	672,301	(557,883)	(45.35)
Applied to Capital Projects	-	(37,477)	(37,477)	(489,514)	-	(231,927)	(231,927)	-
TOTAL OPERATING REVENUE	1,045,315	834,005	(211,311)	12,088,426	6,308,275	5,496,069	(1,133,605)	(12.88)
CAPITAL REVENUE:								
FY22 10 NEW CNG VEHICLES	-	-	-	1,100,000	-	-	-	-
Applied Operating Revenue	-	37,477	37,477	489,514	-	231,927	231,927	-
Gain/(Loss) on Sale of Assets	-	-	-	-	-	46,735	46,735	-
TOTAL CAPITAL REVENUE	393,173	37,477	(355,696)	1,589,514	-	278,662	278,662	-
TOTAL REVENUE	1,438,488	871,482	(567,007)	13,677,940	6,308,275	5,774,731	(854,943)	(8.46)
OPERATING EXPENSES								

PERSONNEL:								
Transportation Operations	183,951	166,335	(17,616)	2,391,378	1,195,683	983,978	(211,705)	(17.71)
Maintenance Operations	87,461	94,914	7,453	1,136,991	568,496	543,717	(24,779)	(4.36)
Administration	93,405	98,502	5,097	1,214,260	607,131	596,203	(10,928)	(1.80)
Diversified Services:								
Travel Training	18,466	11,581	(6,885)	240,057	120,029	67,540	(52,489)	(43.73)
Mobility Management	8,979	3,084	(5,895)	116,724	58,363	94,243	35,880	61.48
Fringe Benefits	182,602	123,489	(59,113)	2,241,077	1,123,179	880,444	(242,735)	(21.61)
Workers' Compensation	20,945	18,028	(2,917)	272,281	136,141	110,222	(25,919)	(19.04)
TOTAL PERSONNEL	595,809	515,932	(79,877)	7,612,768	3,809,022	3,276,347	(532,675)	(13.98)
FLEET OPERATIONS:								
Fuel	101,194	114,516	13,322	1,200,534	602,564	742,762	140,198	23.27
Insurance	83,976	31,818	(52,158)	996,264	500,039	305,229	(194,810)	(38.96)
Cost of Parts & Sublet Service	20,414	36,386	15,972	242,166	121,554	227,041	105,487	86.78
TOTAL FLEET OPERATIONS	205,584	182,720	(22,864)	2,438,964	1,224,157	1,275,032	50,875	4.16
NONPERSONNEL:								
Professional Services	65,939	90,501	24,562	782,267	392,634	429,134	36,500	9.30
Outside Services	31,155	19,909	(11,246)	369,619	185,520	106,785	(78,735)	(42.44)
Rent/Repair	12,764	17,779	5,015	151,404	75,996	80,263	4,267	5.61
Office Expense	17,776	18,970	1,194	210,915	105,858	98,296	(7,562)	(7.14)
Interest Expense	7,661	15,189	7,528	90,880	45,618	54,763	9,145	20.05
Telephone/Utilities	26,263	26,463	200	311,584	156,388	132,369	(24,019)	(15.36)
Tax/License/Dues/Permits	5,401	6,969	1,568	64,069	32,158	45,185	13,027	40.51
Travel	2,558	639	(1,919)	30,345	15,229	8,919	(6,310)	(41.43)
Professional Development	2,159	11,184	9,025	25,613	12,857	29,074	16,217	126.13
Brokered Trans. Services	-	-	-	-	-	-	-	-
TOTAL NONPERSONNEL	171,676	207,602	35,926	2,036,695	1,022,258	984,789	(37,469)	(3.67)
TOTAL OPERATIONS EXPENSE	973,069	906,254	(66,815)	12,088,426	6,055,437	5,536,167	(519,270)	(8.58)
CAPITAL PROJECTS:								
FY22 10 NEW CNG VEHICLES	-	-	-	1,100,000	-	-	-	-
Florin Road Facility	8,628	8,601	(27)	102,352	51,375	50,599	(776)	(1.51)
Facility Reserve	-	-	-	100,000	-	-	-	-
Vehicle Acquisition Project	21,675	21,420	(255)	257,163	129,074	127,511	(1,563)	(1.21)
Office Furniture & Equipment	-	6,990	6,990	10,000	-	6,990	6,990	-
Network & Telecommunications	-	467	467	10,000	-	36,528	36,528	-
Maintenance Equipment	-	-	-	10,000	-	10,299	10,299	-
Miscellaneous Capital Projects	-	-	-	-	-	-	-	-
TOTAL CAPITAL PROJECTS	30,303	37,477	7,174	1,589,514	180,449	231,927	51,478	28.53
TOTAL OPERATING AND CAPITAL EXP	1,003,372	943,731	(59,641)	13,677,940	6,235,886	5,768,095	(467,791)	(7.50)
NET INCOME (LOSS)	435,116	(72,249)	(507,366)	(0)	72,389	6,637	(387,152)	(90.83)



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

AGENDA TITLE: Approve the Minutes of the December 20, 2022 Special Board of Directors' Meeting

MEETING DATE: February 15, 2023

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

RECOMMENDED ACTION:

Approve the Minutes of the December 20, 2022, Special Meeting of the Board of Directors.

MINUTES:

December 20, 2022
6:00 p.m.
Broadcast and Teleconference

Board Members Present:

Anna Fontus
Pat Hume
Alice Kimble (departed at 7:01 p.m.)
Scott Leventon
Vidhu Shekhar (arrived at 6:08 p.m.)
Kim Tucker

Board Members Absent:

Public Present:

Jim Alves, Incoming Board Member
Leigh White, Incoming Board Member
Julie Young, Urban Elements
Danielle Foster, City of Sacramento

Staff Present:

Tiffani Fink, Chief Executive Officer
Dr. Lisa Cappellari, Chief Financial Officer
Chris Brown, Chief Administrative Officer
Gary Vickers, Chief operating Officer
Julio Diaz, Maintenance Manager
Amy Parkin, Director of Operations
Jamila Lee, Human Resources Manager
Alicia Brown, Director of Strategic Initiatives and Mobility
Elizabeth Leet Jackson, Legal Counsel at Delfino Madden

Call To Order/Roll Call: Director Hume called the meeting to order at 6:02 p.m.

Director Fontus, Hume, Kimble, Leventon, Shekhar, Tucker

Pledge of Allegiance:

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

PUBLIC COMMENT

No public comment

STAFF REPORTS

A. CEO Report

a. Update on Activities and Contracts

Chief Executive Officer Tiffani Fink provided an oral report on agency activities and contracts, including a year in review presentation looking back at the agency's activities and accomplishments in 2022. Activities included the rebranding initiative with updated recruitment and travel training materials, implementation of the Shine Grant, planning for the farmer's market shuttles, working with the City of Sacramento on food delivery and the new housing project, attending many community events, and

delivering 2480 Winter Wish List gift boxes to seniors and people with disabilities. Directors Hume and Tucker expressed their appreciation of CEO Fink and the agency.

b. Recognition of Board Members Anna Fontus and Scott Leventon

CEO Fink thanked Directors Fontus and Leventon for their time and dedication they gave to the Board. CEO Fink noted Director Leventon is our longest seated Board member, and both he and Director Fontus have served as Board President. Directors Fontus and Leventon shared reflections of their service, and Directors Hume and Shekhar thanked them and noted they will be missed.

B. CFO Report

a. Monthly Financial Report

Chief Financial Officer Lisa Cappellari reviewed her written staff report of financial measures through October 2022 and operating data through November 2022.

Director Hume inquired if overhead and administration costs are captured in the work orders for contracts. CFO Cappellari confirmed they are and that all possible expenses are factored in to our proposals. CEO Fink also noted those costs are captured in our labor rate for the maintenance shop which is adjusted annually. Director Hume also inquired about the allocation of expense to revenue for the Destinations Mobility rental fleet. CFO Cappellari shared the cost of the vehicles are depreciated over a five-year period and the fleet is older than that so we have minimal expense in the staff time needed to administer the rental program.

CONSENT CALENDAR

The Consent Calendar was approved upon motion by Director Tucker, seconded by Director Shekhar. The motion passed.

A. Adopt Resolution 17-22 Approving Continuance of Remote Board Meetings

Resolution 17-22 was approved as presented.

B. Approve the Minutes of the November 21, 2022 Special Meeting of the Board of Directors

The minutes of the Special Board of Directors' Meeting held November 21, 2022 were approved as presented.

AYES: Fontus, Hume, Leventon, Shekhar, Tucker

NOES: None

ABSTENTIONS: Kimble (on mute)

ABSENT: None

CLOSED SESSION

Adjourned to Closed Session at 6:49p.m. to discuss the development of the property at 7141 Woodbine Avenue Sacramento, California.

RECONVENE TO OPEN SESSION

Reconvened to Open Session at 8:12 p.m. The Board announced they will move forward with the sale and development of the Woodbine property, creating a new entity for that project and seating new Board members through the Action Items.

ACTION ITEMS

A. Discussion and Appointment of a Two New Board Members for a 3 year term, beginning January 1, 2023

CEO Fink informed the Board that the terms for Directors Hume and Leventon will expire on December 31, 2022. Director Leventon has chosen not to seek reappointment and Director Hume has expressed interest in serving another term. The proposed appointments for the Board to consider are the reappointment of Director Hume and the appointment of Julia Burrows to fill the seat vacated by Director Leventon.

After a brief discussion, Director Shekhar moved to appoint Julia Burrows and re-appoint Director Hume to the Board for a three-year term beginning January 1, 2023. Director Tucker seconded the motion, and it was unanimously approved by the Board.

AYES: Fontus, Hume, Leventon, Shekhar, Tucker

NOES: None

ABSTENTIONS: None

ABSENT: Kimble

- B. Discussion and Possible Action to Develop the property at 7141 Woodbine Avenue for an innovative, supportive housing project, creation of a new c(2) to own and operate the housing development, and execute all funding necessary to complete the project.

1. Adopt Resolution 18-22 Authorizing the Chief Executive Officer and Chief Financial Officer to Implement the Development of 7141 Woodbine Avenue as a supportive housing project to be named, the Arika.

CEO Fink shared this is a follow-up to last meeting's discussion of engaging with legal counsel to create the new non-profit to develop the housing project, and the action items tonight will get us what we need to move forward. Director Hume stated he is proud of the team around this project and appreciates the experts coming to the table.

Director Tucker moved to approve the motion as written. The motion was seconded by Director Fontus and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

2. Adopt Resolution 19-22 Authorizing the Chief Executive Officer and Chief Financial Officer to Negotiate and Sell the Real Property at 7141 Woodbine Avenue to Urban Elements and Fulcrum Property (or their affiliate entity) to undertake the project development with the intent to acquire (directly or through a subsidiary) the property after completion of the development's construction.

Director Fontus moved to approve the motion as written. The motion was seconded by Director Tucker and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

3. Adopt Resolution 20-22 Authorizing the Chief Executive Officer and Chief Financial Officer to Execute a Funding Agreement with the City of Sacramento for \$8.425 million in funding for the project with a financing term of 55 years.

Director Hume moved to approve the motion as written. The motion was seconded by Director Fontus and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

4. Adopt Resolution 21-22 Authorizing the Chief Executive Officer and Chief Financial Officer to Negotiate and Execute a Permanent Loan for the Acquisition of the Development post construction, consistent to the developed Pro Forma.

The Board discussed the resolution and want to ensure the motion is clear this is a property backed loan, so the proposed resolution was amended to add the following clarifying language after Pro Forma, "confirming this development is property-backed only." Director Hume moved to approve the motion as amended. The motion was seconded by Director Tucker and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

5. Adopt Resolution 22-22 Authorizing the Chief Executive Officer to Negotiate and Execute a Notice of Intent with Urban Elements and Fulcrum Property (or their affiliate entity) corporation) to develop the property as a supportive housing project to be named, the Arika.

Director Tucker moved to approve the motion as written. The motion was seconded by Director Fontus and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

6. Adopt Resolution 23-22 Authorizing the Chief Executive Officer to negotiate and execute Memorandums of Understanding with various non-profits for the purpose of securing housing for their clients and providing supportive services to the project.

Director Hume asked if this motion was putting the cart before the horse. CEO Fink responded the bank is excited to see the MOUs because having tenant agreements shows support for the project. Director Hume moved to approve the motion as written. The motion was seconded by Director Fontus and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

7. Adopt Resolution 24-22 Authorizing the Chief Executive Officer to file incorporation paperwork (with an effective date after Jan 1, 2023) for creation of a new c(2) corporation, to be named PI Housing Solutions, Inc to own and operate the housing project and naming the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer to subsequent identical roles for the c(2).

Director Tucker moved to approve the motion as written. The motion was seconded by Director Hume and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

8. Adopt Resolution 25-22 Authorizing the Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer to set up all necessary administrative, financial and oversight processes as needed for the c(2).

Director Fontus moved to approve the motion as written. The motion was seconded by Director Tucker and passed a vote of the Board.

AYES: Fontus, Hume, Shekhar, Tucker

NOES: Leventon

ABSTENTIONS: None

ABSENT: Kimble

9. Adopt Resolution 26-22 Appointing three Members to the Board of Directors of PI Housing Solutions, Inc. for a term of three (3) years.

CEO Fink presented the proposed Board members for PI Housing Solutions. Director Fontus was proposed as she would provide continuity as she has been in the discussions for the development of the project. Rachel Zillner was proposed as she has experienced in banking and property management, and CEO Fink was proposed as the third member as she will have day-to-day knowledge of the project and it is common to have the CEO as part of the nonprofit's Board. Director Shekhar stated there should be a segregation of duties between staff and Board members. The Board discussed the resolution and amended it to identify, by name, the three Members as Tiffani Fink, Anna Fontus and Rachel Zillner. Director Hume moved to approve the motion as amended. The motion was seconded by Director Tucker and passed a vote of the Board.

AYES: Fontus, Hume, Tucker

NOES: Leventon, Shekhar

ABSTENTIONS: None

ABSENT: Kimble

CLOSED SESSION

Adjourned to Closed Session at 8:29 p.m. to discuss the CEO's performance evaluation.

RECONVENE TO OPEN SESSION

Reconvened to Open Session at 9:43 p.m. Director Hume reported the Board completed the CEO's evaluation and they are pleased with her exemplary performance over the past year. Director Hume shared that CEO Fink made a modest request of a 3% increase consistent with staff increases and as her options for other medical and voluntary benefits has reached its maximum, allow the balance to be used for professional development opportunities that are normally an out-of-pocket expense. Director Tucker moved pursuant to the CEO annual performance evaluation, effective January 1, 2023, CEO will

receive a 3% cost of living adjustment for salary and benefits in line with staff and expand flexible medical allotment beyond medical in pursuit of professional development uses. The motion was seconded by Director Fontus and passed unanimously.

AYES: Fontus, Hume, Leventon, Shekhar, Tucker

NOES: None

ABSTENTIONS: None

ABSENT: Kimble

BOARD COMMENTS/REPORTS/FUTURE AGENDA ITEMS

Director Tucker wished everyone a Happy Holidays. Director Shekhar congratulated everyone on making it through a board Meeting of record length. CEO Fink thanked everyone for their participation, especially at the holidays. Director Hume thanked Directors Fontus and Leventon for their service as it was a pleasure serving with them both and wished them the best. Director Hume wished everyone a Merry Christmas, Happy Holidays and a happy New Year.

ADJOURNMENT

Director Hume announced the meeting adjourned at 9:48 p.m.

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

2/15/23
Date



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

AGENDA TITLE: RECEIVE AND FILE THE FISCAL YEAR 2021-2022
FINANCIAL AUDIT

MEETING DATE: FEBRUARY 15, 2023

PREPARED BY: LISA M. CAPPELLARI, CHIEF FINANCIAL OFFICER

RECOMMENDED ACTION:

Receive and file the Fiscal Year 2021-2022 Financial Audit.

BACKGROUND AND DISCUSSION:

In November of 2022, Richardson and Company, a regional CPA firm, audited Paratransit, Inc.'s financial records. As of June 30, 2022, Paratransit, Inc. had a total of \$13 million in assets, \$4.4 million in liabilities, and a change in net position of \$568,000.

Paratransit, Inc. is required to maintain a fare revenue to operating expense ratio of 5% in order to be eligible for Transportation Development Act (TDA) funding. As of June 30, 2022, Paratransit, Inc.'s fare revenue ratio is 25%.

During fiscal year 2021-2022, 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.

FISCAL IMPACT:

None

ATTACHMENTS:

1. Fiscal Year 2022 Financial Audit

PARATRANSIT, INC.

Audited Financial Statements, Other Supplementary
Information and Compliance Report

June 30, 2022

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PARATRANSIT, INC.

Audited Financial Statements, Other Supplementary
Information and Compliance Report

June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying statutory-basis financial statements of Paratransit, Inc. (a nonprofit organization) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, because Paratransit, Inc. is required to prepare its financial statements on the basis of accounting discussed in the "Basis for Qualified Opinion" 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, 2022 and 2021, 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, 2022 and 2021, and the results of its operations and cash flows for the fiscal years then ended, on the basis of accounting described in Note A.

Basis for Qualified Opinion

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

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.

Responsibilities of Management for the Financial Statements

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

To the Board of Directors
Paratransit, Inc.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Paratransit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Paratransit's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the 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

To the Board of Directors
Paratransit, Inc.

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 29, 2022 on our consideration of the Paratransit Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, including the Transportation Development Act and other state program guidelines. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of 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 29, 2022

PARATRANSIT, INC.

BALANCE SHEETS – STATUTORY BASIS

June 30, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents - Note B	\$ 3,669,930	\$ 3,829,739
Accounts and grants receivable - Note C	1,872,045	1,638,852
Inventory	104,424	94,924
Deposits and prepaid expenses	424,118	496,389
TOTAL CURRENT ASSETS	6,070,517	6,059,904
RESTRICTED ASSETS		
Restricted cash and cash equivalents - Note D	13,001	68,752
Restricted investments - Note D	240,590	232,477
TOTAL RESTRICTED ASSETS	253,591	301,229
CAPITAL ASSETS, NET - Notes E	6,754,780	7,881,368
TOTAL ASSETS	<u>\$ 13,078,888</u>	<u>\$ 14,242,501</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 1,014,572	\$ 297,260
Accrued payroll and related benefits	158,671	148,152
Other current liabilities	11,355	3,855
Unearned revenue – Note H	-	55,752
Paycheck Protection Program loan - Note I		1,990,000
Current portion of long-term liabilities	691,667	752,218
TOTAL CURRENT LIABILITIES	1,876,265	3,247,237
Long term liabilities – Note J	2,312,606	2,646,501
Other postemployment benefits liability - Note M	234,371	261,221
TOTAL LIABILITIES	4,423,242	6,154,959
NET POSITION		
Net investment in capital assets	4,082,496	4,891,087
Restricted for grant administration	13,001	13,000
Unrestricted	4,560,149	3,183,455
TOTAL NET POSITION	8,655,646	8,087,542
TOTAL LIABILITIES AND NET POSITION	<u>\$ 13,078,888</u>	<u>\$ 14,242,501</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, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Fares – Note K	\$ 1,776,817	\$ 1,469,497
Diversified transportation services	2,901,223	3,098,941
Mobility training	70,965	11,214
Maintenance fees	605,640	247,663
Destinations Mobility	54,201	19,152
Advertising	3,364	3,850
Other	18,281	25,676
TOTAL OPERATING REVENUES	5,430,491	4,875,993
OPERATING EXPENSES		
Elderly and disabled transportation	8,516,422	8,630,591
Mobility training services	458,843	437,826
Diversified services and outside maintenance	4,538,401	3,840,772
Destinations Mobility	58,431	74,690
TOTAL OPERATING EXPENSES	13,572,097	12,983,879
NET LOSS FROM OPERATIONS	(8,141,606)	(8,107,886)
NONOPERATING REVENUES (EXPENSES)		
Measure A Funds	3,047,595	2,228,005
Local Transportation Funds - Sacramento Area COG	1,189,515	804,052
Paycheck Protection Program	1,990,000	1,990,000
Federal grants	2,330,501	2,344,965
Donated inventory	-	8,600
Gain on disposal of capital assets	9,090	6,804
Interest income	8,853	8,554
TOTAL NONOPERATING REVENUES	8,575,554	7,390,980
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	433,948	(716,906)
CAPITAL CONTRIBUTIONS		
CalEMA (Proposition 1B)	55,774	-
SACOG PTMISEA (Proposition 1B)	78,382	71,476
TOTAL CAPITAL CONTRIBUTIONS	134,156	71,476
CHANGE IN NET POSITION	568,104	(645,430)
Net position at beginning of year	8,087,542	8,732,972
NET POSITION AT END OF YEAR	\$ 8,655,646	\$ 8,087,542

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, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 5,620,123	\$ 5,178,111
Cash paid to suppliers for goods and services	(3,606,793)	(3,678,595)
Cash paid to employees for services	(7,889,698)	(8,219,243)
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	(5,876,368)	(6,719,727)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Nonoperating grants and subsidies	6,089,034	5,294,238
Proceeds from Paycheck Protection Program loan	-	1,990,000
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	6,089,034	7,284,238
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants received for capital acquisitions	134,156	71,476
Acquisition of capital assets	(254,389)	(15,946)
Payments on long-term debt	(318,161)	(332,566)
Proceeds from disposal of capital assets	9,428	6,804
NET CASH FLOWS USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(428,966)	(270,232)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of restricted investments	(8,113)	(8,554)
Interest earnings	8,853	8,554
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	740	-
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(215,560)	294,279
Cash and cash equivalents at beginning of year	3,898,491	3,604,212
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,682,931	\$ 3,898,491
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents	\$ 3,669,930	\$ 3,829,739
Restricted cash and cash equivalents	13,001	68,752
	\$ 3,682,931	\$ 3,898,491

(Continued)

PARATRANSIT, INC.

STATEMENTS OF CASH FLOWS – STATUTORY BASIS (Continued)

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED FOR OPERATING ACTIVITIES		
Net loss from operations	\$ (8,141,606)	\$ (8,107,886)
Adjustments to reconcile net loss from operations to net cash used for operating activities:		
Depreciation	1,380,639	1,596,855
Donated PPE		8,600
Other nonoperating expenses	-	(712)
Change in operating assets and liabilities:		
Accounts receivable	189,632	302,118
Inventory	(9,500)	3,011
Deposits and prepaid expenses	72,271	(8,375)
Accounts payable	717,312	(121,019)
Accrued payroll and related benefits	10,519	(196,483)
Other current liabilities	7,500	(4,971)
Deferred compensation plan	(26,850)	(11,297)
Compensated absences	(76,285)	(179,568)
NET CASH FLOWS USED FOR OPERATING ACTIVITIES	<u>\$ (5,876,368)</u>	<u>\$ (6,719,727)</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for interest expense	\$ 106,163	\$ 105,211
Noncash transactions		
Loan forgiveness	1,990,000	1,990,000

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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS

June 30, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021. Paratransit is not classified as a private foundation.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

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, 2022 and 2021, respectively, Paratransit had uninsured bank balances of \$3,226,910 and \$3,432,761 respectively.

NOTE C – ACCOUNTS AND GRANTS RECEIVABLE

Receivable balances consist of the following at June 30:

	2022	2021
Trade receivables	\$ 1,616,673	\$ 740,295
Grants and other intergovernmental receivables	285,372	928,557
Allowance for doubtful accounts	(30,000)	(30,000)
	<u>\$ 1,872,045</u>	<u>\$ 1,638,852</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, 2022 and 2021:

	2022	2021
California Transit Security Grant		
Program (CTSGP) projects		\$ 55,752
Caltrans local match funds	\$ 13,001	13,000
	<u>\$ 13,001</u>	<u>\$ 68,752</u>

Restricted Investments: Paratransit also held a single premium deferred annuity from an insurance company in the amount of \$240,590 and \$232,477 at June 30, 2022 and 2021, 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, 2022 and 2021

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, 2021	Additions	Retirements	Balance at June 30, 2022
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	6,020,002	\$ 68,055	\$ (339,471)	5,748,586
Motor vehicles and related equipment	11,775,061	85,441	(1,389,359)	10,471,143
Office furniture and equipment	3,259,311	100,893	(1,344,835)	2,015,369
Maintenance equipment	857,031		(402,758)	454,273
Total capital assets being depreciated	21,911,405	254,389	(3,476,423)	18,689,371
Less accumulated depreciation for:				
Building	(4,142,436)	(348,249)	339,471	(4,151,214)
Motor vehicles and related equipment	(6,934,371)	(908,640)	1,389,359	(6,453,652)
Office furniture and equipment	(3,045,963)	(114,367)	1,344,497	(1,815,833)
Maintenance equipment	(832,003)	(9,383)	402,758	(438,628)
Total accumulated depreciation	(14,954,773)	(1,380,639)	3,476,085	(12,859,327)
Total capital assets being depreciated, net	6,956,632	(1,126,250)	(338)	5,830,044
Capital assets, net	\$ 7,881,368	\$ (1,126,250)	\$ (338)	\$ 6,754,780
	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

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

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, 2022 and 2021 for all leases amounted to \$84,783 and \$95,453, respectively.

NOTE G – LINE OF CREDIT

Paratransit has a line of credit for \$1,000,000 that expired December 15, 2022. The line of credit was replaced by a new line of credit entered into on November 21, 2022 for \$1,000,00 that expires December 1, 2024. The interest rate is variable and equal to the bank's index rate plus 0.75%, with a floor of 4%. The interest rates at June 30, 2022 and 2021 were 5.5% and 4%, respectively. 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. No amounts were due on the line of credit at June 30, 2022 and 2021.

NOTE H – UNEARNED REVENUE

Unearned revenue balances consist of the following at June 30, 2021:

CalOES Proposition 1b	<u>\$ 55,752</u>
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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 April 2020 loan was forgiven in March 2021. Paratransit received an additional PPP loan of \$1,990,000 in January 2021. The January 2021 loan was forgiven in December 2021. Forgiveness income of \$1,990,000 has been recorded for the years ended June 30, 2022 and June 30, 2021, representing principal on both PPP loans as of the date of forgiveness.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE J – LONG-TERM LIABILITIES

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

	<u>Original Debt</u>	<u>Balance at June 30, 2022</u>	<u>Balance at June 30, 2021</u>
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,	\$ 2,250,000	\$ 2,058,783	\$ 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	613,337	842,188
	<u>\$ 3,883,301</u>	<u>\$ 2,672,120</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, 2022 and 2021 was as follows:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>	<u>Within One Year</u>
Long-term debt:					
Mortgage Loan	\$ 2,148,093		\$ (89,310)	\$ 2,058,783	\$ 102,352
Vehicle Loan	842,188		(228,851)	613,337	257,162
Long-term debt	<u>2,990,281</u>		<u>(318,161)</u>	<u>2,672,120</u>	<u>359,514</u>
Other long-term liabilities:					
Compensated absences	408,438	\$ 451,870	(528,155)	332,153	332,153
Other long-term liabilities	408,438	451,870	(528,155)	332,153	332,153
	<u>\$ 3,398,719</u>	<u>\$ 451,870</u>	<u>\$ (846,316)</u>	<u>\$ 3,004,273</u>	<u>\$ 691,667</u>
	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Within One Year</u>
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
	<u>\$ 3,910,853</u>	<u>\$ 481,629</u>	<u>\$ (993,763)</u>	<u>\$ 3,398,719</u>	<u>\$ 752,218</u>

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE J – LONG-TERM LIABILITIES (Continued)

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

	Principal	Interest	Total
2023	\$ 359,515	\$ 90,880	\$ 450,395
2024	371,690	78,703	450,393
2025	200,722	67,427	268,149
2026	114,377	62,649	177,026
2027	118,694	58,331	177,025
2028-2037	1,507,122	307,391	1,814,513
Total	<u>\$ 2,672,120</u>	<u>\$ 665,381</u>	<u>\$ 3,337,501</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:

	2022	2021
Fare revenues	\$ 1,776,817	\$ 1,469,497
Local funds - interest income	8,853	8,554
Total fare revenues and local funds	<u>\$ 1,785,670</u>	<u>\$ 1,478,051</u>
Total operating expenses	\$ 13,572,097	\$ 12,983,879
Less:		
Mobility training	(458,843)	(437,826)
Depreciation, included in elderly and disabled transportation	(1,350,432)	(1,542,636)
Diversified services and outside maintenance	(4,538,401)	(3,840,772)
Destinations Mobility, including depreciation	<u>(58,431)</u>	<u>(74,690)</u>
Net operating expenses	<u>\$ 7,165,990</u>	<u>\$ 7,087,955</u>
Fare revenue ratio	<u>24.92%</u>	<u>20.85%</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, 2022 and 2021

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

Paratransit applied for and received proceeds of \$275,000 for an enhanced facility security project during the year ended June 30, 2018. As of June 30, 2022 and 2021, 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, 2022 and 2021, funds received and expended were as follows:

	2022	2021
Balance at beginning of year	\$ 55,752	\$ 55,739
Interest earnings	22	13
Expenses incurred:		
On-board cameras	(55,774)	
Unexpended proceeds	\$ -	\$ 55,752

NOTE M – PTMISEA ACTIVITY

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Regulation, Air Quality, and Port Security Bond Act of 2006. Of the \$19.925 billion of state general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements or for rolling stock procurement, rehabilitation or replacement.

During the year ended June 30, 2022, Paratransit received and expended \$78,382 through a SACOG PTMISEA contract for ranger vehicle upgrades, which were verified in the course of the audit. During the year ended June 30, 2021, Paratransit received and expended \$71,478 through a SACOG PTMISEA contract.

NOTE N – 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.

PARATRANSIT, INC.

NOTES TO STATUTORY BASIS FINANCIAL STATEMENTS (Continued)

June 30, 2022 and 2021

NOTE N – POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Contributions: The contributions in the form of the required cash payment discussed above amounted to \$11,158 and \$11,158 during each of the years ended June 30, 2022 and 2021. 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 \$234,371 and \$261,221 at June 30, 2022 and 2021 was measured using the Alternative Measurement Method as of January 1, 2020 and 2019, respectively. Changes in the total OPEB liability were as follows:

	2022	2021
Total OPEB liability, July 1	\$ 261,221	\$ 272,518
Changes for the year:		
Interest on net OPEB obligation	3,395	7,854
Changes in assumptions	(19,087)	(7,993)
Benefit payments	(11,158)	(11,158)
Decrease in OPEB liability	(26,850)	(11,297)
Total OPEB liability, June 30	\$ 234,371	\$ 261,221

OPEB expense recognized during the year ended June 30, 2022 and 2021 totaled \$26,850 and \$7,418, 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:

	2022	2021
Valuation date	January 1, 2021	January 1, 2020
Measurement date	January 1, 2021	January 1, 2020
Discount rate	1.47%	3.10%
Healthcare trend rate	5 percent per year	5 percent per year
Remaining life expectancy	14 years	15 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 Market Yield on U.S. Treasury Securities at 20-Year Constant Maturity was used as of June 30, 2022, and the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index was used as of June 30, 2021. The discount rate at June 30, 2022 represents a change in assumptions from the 3.10% discount rate used at June 30, 2021. 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, 2022 and 2021

NOTE N – 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:

		2022		
		1% Decrease	Discount Rate	1% Increase
		0.47%	1.47%	2.47%
Total OPEB liability	\$	224,277	\$ 234,371	\$ 244,784
		2021		
		1% Decrease	Discount Rate	1% Increase
		2.10%	3.10%	4.10%
Total OPEB liability	\$	253,211	\$ 261,221	\$ 269,394

Related Section 457(f) Plan and Insurance Annuity: Paratransit held a single premium deferred annuity from an insurance company with a contract amount of \$240,590 and \$232,477 at June 30, 2022 and 2021, 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 O – 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, 2022 and 2021

NOTE O – 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 P – TAX DEFERRED ANNUITY PLAN

Paratransit maintains a Tax Deferred Annuity Plan administered by American United Life Insurance Company (OneAmerica) under section 403(b) of the Internal Revenue Service. Plan provisions and contribution requirements are established and may be amended by the Board of Directors. Regular full time non-bargaining unit employees become eligible to participate after two years of service. Employees are permitted to make contributions to the Plan up to applicable Internal Revenue Code limits. Under the Plan, Paratransit contributes 9% to 15% of wages of eligible employees depending on years of service. Employees vest immediately in both employee and employer contributions, so there are no forfeitures. Paratransit's contributions were \$489,446 and \$470,667 for June 30, 2022 and 2021, respectively.

NOTE Q – 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 R – 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, 2022 and 2021

NOTE R – 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 S – 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.

ALTA California Regional Center (ALTA) identified an overpayment made to Paratransit for alternative services that were later determined to be unauthorized. Overpayments totaled \$708,901 for the months of July 2021 to May 2022 and July 2022. Included in accounts payable at June 30, 2022 is \$664,691 of the total due to ALTA.

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REQUIRED SUPPLEMENTARY INFORMATION

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PARATRANSIT, INC

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

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

	2022	2021	2020	2019
<u>Total OPEB liability</u>				
Service cost				\$ 283,949
Interest	\$ 3,395	\$ 7,854	\$ 9,470	8,474
Changes in assumptions	(19,087)	(7,993)	3,110	
Benefit payments	(11,158)	(11,158)	(17,565)	(14,920)
Net change in total OPEB liability	(26,850)	(11,297)	(4,985)	277,503
Total OPEB liability - beginning	261,221	272,518	277,503	
Total OPEB liability - ending (a)	<u>\$ 234,371</u>	<u>\$ 261,221</u>	<u>\$ 272,518</u>	<u>\$ 277,503</u>
Notes to schedule:				
Valuation date	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Measurement period - fiscal year ended	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Changes in assumptions:				
Discount rate	1.47%	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, 2022

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

	2022	2021	2020	2019
Contractually determined contribution - employer fiscal year	\$ 11,158	\$ 11,158	\$ 17,565	\$ 14,920
Contributions in relation to the contractually determined contribution	(11,158)	(11,158)	(17,565)	(14,920)
Contribution deficiency (excess)	<u>\$ -</u>	<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, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Measurement period - fiscal year ended	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Alternative measurement method			
Amortization period in years	14	15	16	17
Healthcare cost trend rates	5.00%	5.00%	5.00%	5.00%
Discount rate	1.47%	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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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, 2022 and 2021 and our report thereon dated December 29, 2022, 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 29, 2022

PARATRANSIT, INC.

SCHEDULES OF EXPENSES BY FUNCTION

For the Years Ended June 30, 2022 and 2021

	2022	2021
Elderly and Disabled Transportation		
Salaries and wages	\$ 2,951,869	\$ 3,052,145
Employee benefits	1,512,776	1,505,650
Services	725,250	858,370
Fuel	564,148	526,563
Materials and supplies	197,632	155,422
Utilities	167,912	141,962
Insurance	799,030	631,898
Miscellaneous	120,842	75,603
Interest expense	74,754	80,009
Leases and rentals	51,777	60,333
Depreciation	1,350,432	1,542,636
Total Elderly and Disabled Transportation	8,516,422	8,630,591
Mobility Training Services		
Salaries and wages	230,799	228,935
Employee benefits	111,098	124,971
Services	46,819	35,483
Materials and supplies	12,454	7,560
Utilities	17,434	18,004
Insurance	6,742	7,128
Miscellaneous	22,161	7,146
Interest expense	5,530	3,520
Leases and rentals	5,806	5,079
Total Mobility Training Services	458,843	437,826
Diversified Services and Outside Maintenance		
Salaries and wages	1,877,514	1,834,740
Employee benefits	1,027,654	865,873
Services	425,298	310,519
Fuel	676,136	378,767
Materials and supplies	200,209	124,692
Utilities	112,011	118,252
Insurance	97,074	106,161
Miscellaneous	69,426	50,045
Interest expense	25,879	21,682
Leases and rentals	27,200	30,041
Total Diversified Services and Outside Maintenance	4,538,401	3,840,772
Destinations Mobility		
Services	7,289	6,221
Materials and supplies	4,425	1,115
Utilities		
Insurance	14,751	12,647
Miscellaneous	1,759	488
Depreciation	30,207	54,219
Total Destinations Mobility	58,431	74,690
Total Operating Expenses	\$ 13,572,097	\$ 12,983,879

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, 2022, and the related notes to the financial statements, which collectively comprise Paratransit's basic financial statements, and have issued our report thereon dated December 29, 2022. 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.

Report on 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.

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

To the Board of Directors
Paratransit, Inc.

Report on 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.

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 29, 2022



550 Howe Avenue, Suite 210
Sacramento, California 95825
Telephone: (916) 564-8727
FAX: (916) 564-8728

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

Opinion on Each Major Program

We have audited Paratransit, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Paratransit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Paratransit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Paratransit's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

Board of Directors
Paratransit, Inc.

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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, 2022, and the related notes to the financial statements, which collectively comprise Paratransit's basic financial statements. We issued our report thereon dated December 29, 2022, 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.

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 29, 2022

PARATRANSIT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

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? | None Reported |
| 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, 2022

B. CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

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.

Current Status: This issue has been resolved.

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.

PARATRANSIT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2022

Findings – Financial Statements (Continued)

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.

Current Status: This issue has been resolved.

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.

Current Status: This issue has been resolved.

D. CURRENT YEAR FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

None

E. PRIOR YEAR FINDINGS – FEDERAL AWARDS

None

PARATRANSIT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title/Pass-Through Number	Federal AL Number	Program or Award Amount	Expenditures
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	\$ 2,000,001
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>\$ 2,200,001</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, 2022

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, 2022. 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, 2022.

NOTE H – LOAN PROGRAMS

None

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

AGENDA TITLE: Adopt Resolution 01-23 Delegating Authority to the Chief Executive Officer to Procure and Award Contracts for Goods and Services, not to exceed individual contract values of \$200,000

MEETING DATE: February 15, 2023

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 01-23 Delegating Authority it to the Chief Executive Officer to procure and award contract for goods and services, not to exceed individual contract values of \$200,000.

BACKGROUND AND DISCUSSION:

On March 4, 2020, California Governor Gavin Newsom declared a state of emergency to help the state prepare for and contain the spread of novel coronavirus (COVID-19); and on March 13, 2020, the President declared the ongoing Coronavirus Disease 2019 (COVID-19) pandemic of sufficient severity and magnitude to warrant an emergency declaration for all states, tribes, territories, and the District of Columbia pursuant to section 501 (b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"). State, Territorial, Tribal, local government entities and certain private non-profit (PNP) organizations are eligible to apply for Public Assistance. The Paratransit, Inc. Procurement Policy requires competitive solicitation of goods and services in most circumstances and generally requires Board approval of all procurement contracts over \$50,000.

At the March 2020 Special Board meeting, the Board adopted Resolution 03-20 authorizing the Chief Executive Officer to procure and award contracts for goods and services, in accordance with the procedures outlined in the procurement manual, up to an individual contract level of \$200,000 during the pandemic. This level of contract authority has given management the flexibility to respond to agency needs during a continued period of extreme supply chain limitations, staffing shortages and service adjustment. All purchases made have been consistent with the Board adopted Strategic Plan and within the spending authority outlined in the adopted annual budget. With the Executive Orders for the COVID-19 pandemic sunseting this month, staff is now requesting consideration by the Board to make this spending level permanent.

FISCAL IMPACT:

There is no proposed fiscal impact from this item.

ATTACHMENTS:

1. Resolution 01-23



RESOLUTION NO. 01-23

DELEGATING AUTHORITY TO THE CHIEF OPERATING OFFICER TO PROCURE AND AWARD CONTRACTS FOR GOODS AND SERVICES, NOT TO EXCEED INDIVIDUAL CONTRACT VALUES OF \$200,000

WHEREAS, the Paratransit, Inc. Procurement Policy requires competitive solicitation of goods and services in most circumstances and generally requires Board approval of all procurement contracts over \$50,000; and

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

WHEREAS, as of March 2020, the Paratransit Board of Directors has delegated an increased limit of \$200,000 to the Chief Executive Officer for Goods and Services contracts; and

WHEREAS, as a public transit and social service provider, Paratransit, Inc. is considered an essential business delivering critical infrastructure; and

WHEREAS, ongoing supply chain, staffing and recovery impacts remain even as the Executive Order from the Governor ends; and

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Board of Directors of Paratransit, Inc. delegates to the Chief Executive Officer authority to approve and execute goods and services contracts not to exceed an individual limit of \$200,000 per contract.

Patrick Hume, President
Paratransit, Inc., Board of Directors

02/15/2023
Date



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

AGENDA TITLE: Approve Resolution 02-23 Authorizing the Chief Executive Officer to Submit Proposals, Execute and/or Amend Existing Contracts to Expand Services Consistent with the Board Adopted Strategic Plan

MEETING DATE: February 15, 2023

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

RECOMMENDED ACTION:

Adopt Resolution 02-23 authorizing the Chief Executive Officer to Submit Proposals, Execute and/or Amend Existing Contracts to expand services consistent with the Board adopted Strategic Plan.

BACKGROUND AND DISCUSSION:

With the changes in our services provided, following the end of our Agreement with Sacramento Regional Transit District, staff has been actively engaging in conversations in the community and across the State to provide mobility services. These changes have included the significant expansion of our services provided to ALTA California Regional Center, the award of a USDA grant for shuttles to address food insecurity, FEMA funding for foodbank deliveries, and community shuttle services to assorted non-profits and community groups. Additionally, we have fielded inquiries for technical assistance agreements, maintenance services and call center operations.

In March 2020, the Board delegated to the Chief Executive Officer the ability to pursue and commit to new business to sustain our operations. With the ending of the Governor's Executive Order, staff is asking for the Board to continue this practice even post COVID-19.

All services provided are evaluated for feasibility, mission alignment, community support and fiscal sustainability. Only services that are net neutral and/or net positive are considered (with the exception of in-kind events such as the Santa parade, etc.) and consistent with the Board adopted Strategic Plan.

FISCAL IMPACT:

All revenues received will be used to cover the costs of services provided and expands the services provided to meet our Mission to the community.

ATTACHMENTS:

1. Resolution 02-23



RESOLUTION NO. 02-23

Authorizing the Chief Executive Officer to Submit Proposals, Execute and/or Amend Existing Contracts to Expand Services Consistent with the Board Adopted Strategic Plan

WHEREAS, following the end of our Agreement with Sacramento Regional Transit District, staff has been actively engaging in conversations in the community and across the State to provide mobility services; and

WHEREAS, these changes have included the significant expansion of our services provided to ALTA California Regional Center, the award of a USDA grant for shuttles to address food insecurity, FEMA funding for foodbank deliveries, and community shuttle services to assorted non-profits and community groups; and

WHEREAS, we have fielded inquiries for technical assistance agreements, maintenance services and call center operations; and

WHEREAS, In March 2020, the Board delegated to the Chief Executive Officer the ability to pursue and commit to new business to sustain our operations. With the ending of the Governor's Executive Order, staff is asking for the Board to continue this practice even post COVID-19; and

WHEREAS, All services provided are evaluated for feasibility, mission alignment, community support and fiscal sustainability.

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Board of Directors of Paratransit, Inc. authorizes the Chief Executive Officer to submit proposals, execute and/or amend existing contracts to expand services consistent with the Board adopted Strategic Plan.

Patrick Hume, President
Paratransit, Inc., Board of Directors

02/15/2023
Date



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

AGENDA TITLE: Facilitated Board Workshop Discussion on Board Member Participation and Setting Board Goals for the 2023 Calendar Year

MEETING DATE: February 15, 2023

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Facilitated Board workshop discussion on Board member participation and Board goals for Calendar Year 2023.

BACKGROUND AND DISCUSSION:

This facilitated Board workshop is a follow up to the Board Member participation workshop conducted in August 2022. Rachel Zillner will recap the work done in August related to the Board's visioning and assist in leading the Board through the last few remaining items needed to be updated for governance, including attendance. Additionally, this workshop will allow Board members to discuss goals for Board participation and engagement in 2023.

FISCAL IMPACT:

There is no fiscal impact associated with the process involved.

ATTACHMENTS:

1. Paratransit Strategic Planning Workshop Notes 08-11-2022

Attendance:

- Five board members → quorum met and group could vote
 - One board member left after 30 minutes for a prior commitment, leaving four remaining
 - Second board member left shortly after, losing quorum, no further action taken
- Discussion was held around priority items including Vision Statement, Board Member Commitment and Accountability and Future Board Member Selection

Introduction

- Defining what action words mean
- 5 action words to meet vision to serve mission statement
- Is the vision changing or is the strategic plan not in alignment?
- Talk about responsibilities moving forward
- Reflect back on goals for Paratransit

What we Love About the Board

Words	<ul style="list-style-type: none"> • Words can be interpreted differently by different people • Not just using words for their definitions but the broad terms surrounding them • Be intentional about word choice • Take the words and ask how the board connects and interacts with those words?
Things that are missing	<ul style="list-style-type: none"> • The idea of collaboration • Service delivery, why we want to stay afloat • Remove “reflect” & “profitable” • Possible words that are missing: inclusivity, collaborate, connect, innovate, share, inspire • No need to put mobility as action words as it is already in mission statement •
Mission/Vision	<ul style="list-style-type: none"> • Mission = why we exist • Vision = How we accomplish those words and show them (showing action) • Paratransit is not just linear one thing, the wheel goes around but the vision is how we make those wheels go around and expand • The goal may never hit all 5 words, but how do we bring parts to other portions of the plan

Vision Statement

Four Chosen Action Words	<ol style="list-style-type: none"> 1. Collaborate 2. Innovate 3. Connect 4. Inspire
--------------------------	---

Flexible Approach	<ul style="list-style-type: none"> The group decided to recommend four “action words” to provide flexibility when defining the Paratransit Vision based on the type and focus of the various projects/initiatives selected throughout the year (quorum met for vote, action taken) This approach would provide flexibility and customization of the Vision to meet the Mission
-------------------	--

Role of Board

Support	<ul style="list-style-type: none"> Support staff success <ul style="list-style-type: none"> Never be about the business of undermining the leadership organization Cheerleaders for the agency, not external its internal Support can be engaging but not moving forward Culture cheerleader
Community	<ul style="list-style-type: none"> Represent the communities that are served by this mission Not telling just the community but the staff accomplishments
Leaders	<ul style="list-style-type: none"> Sounding board: checks and balances to make sure everyone is pointed in the same direction Setting strategic vision By law, fiscal stewards and brand ambassadors Invest in what the staff are doing

How the Board can Improve

Engagement	<ul style="list-style-type: none"> The group discussed lack of Board member commitment when it came to regular and consistent Board meeting attendance Try and find ways to be engaged and involved for staff There have been some ways of disconnect Not just being a person on a wall Showing more interaction with staff Staff focus
Board Chairman	<ul style="list-style-type: none"> Commented that the previous Board member selection process based on affiliations didn’t necessarily promote active, ongoing participation in all Board meetings and outside activities
Board member Tucker	<ul style="list-style-type: none"> Said Board participation was not just limited to meetings, but by definition also consists of assisting the CEO by attending important out of meeting activities
Minimum Requirements	<ul style="list-style-type: none"> It was decided that the Board needed to vote on minimum requirements for active Board participation, and members needed to decide if they could live up to these standards Also discussed the Board members would need to hold each other accountable to meeting minimum requirements

Staff

Intimidated	<ul style="list-style-type: none"> • Tend to be on best behavior and intimidated by board members • Some staff members may not feel like they can be themselves around a board member
Culture	<ul style="list-style-type: none"> • If it's a collaborative workplace, we would want to be hearing laughter in the workplace • Creating a culture that isn't "just come in for a meeting"
Setting the tone	<ul style="list-style-type: none"> • Show appreciation

Why Engagement is Good

- Allows staff to feel like they can be a person and not just feel like they are interacting with a boss
- Creates a people first culture
- Staff perspective: may be a slow process but creates connection to see board members as people

Board Member Engagement Expectation and Standard

Interaction	<ul style="list-style-type: none"> • The more board members interact with each other the more they appreciate each other • Make sure every board member feels valued (All board members matter)
Attendance	<ul style="list-style-type: none"> • Meetings are expected and needed, sometimes board can't move forward because not everyone shows up • Do not take being at a meeting for granted • Board members to try their best to make it when Tiffani needs them • Not just engaging for the fun stuff, but the hard work stuff • Tiffani looks for participation and attendance • Choose to make board meetings a priority • Full attendance = before clock hits time <ul style="list-style-type: none"> ○ Engagement is an issue
Accountability	<ul style="list-style-type: none"> • It's okay to say I need to leave, resign, or take a leave of absence, but board members need to take responsibility for those actions • Board needs to be honest to say whether they can make commitments

How Staff Feel When Attendance is Low

- Staff works hard and takes time to be at the board meetings and set up but feels disrespected when board members don't show up at all
- How it makes staff feel: embarrassing on the outside

Meeting Attendance & Communication

Attendance	<ul style="list-style-type: none"> • Having an understanding of why a member can't be there • Not just say "I can't go to the meeting" • Board members can control their board meetings
Staying Connected After Meeting	<ul style="list-style-type: none"> • If you can't make the meeting <ul style="list-style-type: none"> ◦ Reach out and show you care about the meeting (staying engaged) • Feeling invested in the topic • Going out of their way to communicate
Tiffani's Thoughts	<ul style="list-style-type: none"> • Individually reach out to each board member for any updates • No news = doing good • Tiffani always wants to keep board members up to speed and make sure board members aren't flat footed

Holding Each Other Accountable (quorum lost during this portion)

Attendance	<ul style="list-style-type: none"> • Thinking about people missing meetings (is there an accountability measure?) • Do your best to make it 100% to all meetings <ul style="list-style-type: none"> ◦ Value consistency • Ways to have conversation when things become inconsistent • Is there any way to make it to the meeting or not? Possibly find a compromise and ability to adapt to other people's time constraints • What is an unexcused absence? <ul style="list-style-type: none"> ◦ Absences have to be catastrophic, and unforeseen, not just a choice to not go <ul style="list-style-type: none"> ▪ It can be hard for some people to share what exactly is happening if they miss a meeting ▪ Should have to be a choice to share whether or not they couldn't make a meeting ▪ Be sensitive to people's absences/circumstances • Brings the question of: Do we value in person meetings? Is it our preference? Do we want to rely on Zoom? <ul style="list-style-type: none"> ◦ Boils down to see if people are invested and engaged to have board meetings
Communication	<ul style="list-style-type: none"> • Have one on ones with boss of the board <ul style="list-style-type: none"> ◦ Are you enjoying this? ◦ Is this meeting your needs? • Engagement surveys and check ins
Other Board Members	<ul style="list-style-type: none"> • Accountability begins with ourselves • Be transparent with other board members • Show board chairs they are valued and appreciated

Increasing Visibility

External Visibility	<ul style="list-style-type: none"> • Ask ourselves who is our audience? Who <i>should</i> be our audience? <ul style="list-style-type: none"> ◦ 3rd party validators, dinners and events, balancing board meeting attendance with making connections in the moment • Clarify stakeholders • Utilize social media platforms • Even though there is a lot of publicity, most people may not know what Paratransit or PI Solutions is • General public is not PI Solutions' audience → the average person may not know what it is • How does/should the board accurately portray Paratransit?
Internal Visibility	<ul style="list-style-type: none"> • Updating profiles and bios on LinkedIn and websites, engaging on social media, clarifying stakeholders, and showing what paratransit really is • Agency to agency engagement • Maintaining a board of choice, not board of assignment

Most Important Conversations in the Community

Mobility	<ul style="list-style-type: none"> • Where is mobility going? • Mobility can be: Housing, food, childcare
Serving the community	<ul style="list-style-type: none"> • Serving most people most fairly • PI Solutions may not be everything, but it's something to somebody • PI Solutions provide coordinated services to nonprofit, low income, elderly
Charter	<ul style="list-style-type: none"> • Not competing with charter

Action Items:

Commitment	<ul style="list-style-type: none"> • Build your own job description of what being a board member is and what you expect from a board member individually
Craft a Survey	<ul style="list-style-type: none"> • Why are you on this board? • What are you expecting to accomplish on this board?



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 8A**

AGENDA TITLE: Nominations and Election of Officers of the Board of Directors for Calendar Year 2023

MEETING DATE: February 15, 2023

PREPARED BY: Tiffani M Fink, Chief Executive Officer

RECOMMENDED ACTION:

Consider the slate of officer as presented by Board President Hume, open additional nominations from the floor 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 16, 2023). 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. 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.

Consistent with the bylaws, the President of the Board has prepared a slate of officers for consideration. All directors nominated have accepted the nomination for consideration. The slate as prepared is:

President: Patrick Hume
Vice President: Kim Tucker
Secretary/ Treasurer: Jim Alves

The Board may adopt the slate in its entirety as presented or accept nominations for a substitute slate for consideration.

FISCAL IMPACT:

None

ATTACHMENTS:

None



**Paratransit, Inc.
Board of Directors Staff Report
Agenda Item 8B**

AGENDA TITLE: Adopt Resolution 03-23 Authorizing the Chief Executive Officer (CEO) to Execute a Revised Agreement with Creative Bus Sales for the Purchase of Ten (10) Class B buses

MEETING DATE: February 15, 2023

PREPARED BY: Tiffani M. Fink, Chief Executive Officer

RECOMMENDED ACTION:

Adopt Resolution 03-23 authorizing the Chief Executive Officer (CEO) to Execute a revised agreement with Creative Bus Sales for the purchase of 10 Class B buses.

BACKGROUND AND DISCUSSION:

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

In early 2021 the Sacramento Transportation Authority (STA) took action to advance out funding from the final 10 years of the Measure program to meet

current needs (this is money that had been set aside from the first 10 years). We were allocated \$2.1 million in total funding with \$1.1 million specifically for the purchase of these vehicles. We received the pricing from Creative Bus Sales and the Board awarded a contract for 10 Compressed Natural Gas (CNG) buses at the January 2021 meeting. Staff immediately issued a purchase contract for the buses. However, on-going supply chain issues have significantly hurt the bus manufacturing industry and we were recently notified that the manufacturer could not produce our order. Staff at Creative Bus Sales immediately reached out to us to let us know that they could offer 10 gasoline buses in their place, but that they would need a 1 year delivery extension and that the total cost would increase, due to contract allowed inflation adjustments. While the delivery timeline is extended, Paratransit was offered the ability to staff in our original purchase spot (order of delivery) which remains one of the soonest deliveries promised in Northern California.

Tonight staff is asking for authorization to purchase the 10 gasoline vehicles with an increased purchase cost of \$83,027.35 in excess of the funding awarded by STA. Paratransit recently made a significant financial contribution to our reserves. Even prior to this contribution, the reserves were nearly double to Board adopted Reserve Policy target. Staff recommends allocating the difference in cost from reserves to offset this needed purchase.

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

FISCAL IMPACT:

Paratransit, Inc. was recently awarded \$1.1 million in Measure A funding specifically for the purchase of 10 Class B CNG buses. The additional \$83,027.35 is recommended from allocation from agency reserves. The reserve balance will remain significantly in excess of the Board adopted Reserve Policy limit.

ATTACHMENTS:

1. Resolution 03-23



RESOLUTION NO. 03-23

AUTHORIZING THE CHIEF EXECUTIVE OFFICER (CEO) TO EXECUTE A REVISED AGREEMENT WITH CREATIVE BUS SALES FOR THE PURCHASE OF 10 CLASS B BUSES

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

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

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

WHEREAS, supply chain challenges have created significant delays in the delivery of cutaway vehicles and costs have increased due to unprecedented inflationary costs.

NOW, THEREFORE BE IT RESOLVED, that the Board of Directors of Paratransit, Inc. authorize the Chief Executive Officer to execute a revised Agreement with Creative Bus Sales for the purchase of 10 Class B buses and any amendments, as necessary.

NOW, THEREFORE BE IT FURTHER RESOLVED, that the Board of Directors of Paratransit, Inc. allocate \$83,027.35 from reserves to cover the increase in costs for these vehicles.

Patrick Hume, President
Paratransit, Inc., Board of Directors

02/15/2023
Date