Texoma Area Paratransit Systems

Date of Meeting: **January 28, 2015**

Time of Meeting: **10:00 AM**

Location of Meeting: **3400Texoma Pkwy, Sherman, TX 75090**

AGENDA

1. Call to Order, Declaration of a Quorum and Welcome
   Jay Davidson, Chairman

2. Chairman's Remarks

3. Approve the Minutes of November 19, 2014 Meeting
   Jay Davidson, Chairman

4. Public's Opportunity to Speak

5. Receive Presentation on 2014 Year in Review
   Brad Underwood, CEO

6. Receive Presentation on the Collin County Rural JARC Routes
   Corey Young, TAPS

7. Receive Update on Ridership for the McKinney Fixed Routes
   Brad Underwood, CEO

8. Receive Update on Southern Oklahoma Stakeholder Contribution for FY 2015
   Tim Patton, COO

9. Receive Audit Report for FY2013 and Take Action to adopt the audit as presented
   Teresa Foster, CFO & Conway Company CPAs, PC

10. Receive Presentation and Take Action to enter into a fee for service agreement with My Possibilities of Plano for fixed shuttle service.
    Brad Underwood, CEO

11. Receive Presentation on 2014 and 2015 Federal Funding Allocations, Timing, and Possible Implications of delay.
    Brad Underwood, CEO

12. Receive Presentation and Take Action to amend TAPS Confidentiality Policy
    Brad Underwood, CEO

13. Receive Presentation and Take Action to amend TAPS Background Check Policy
    Brad Underwood, CEO

14. Recess into Executive Session in compliance with Texas Government Code Section 551.074; Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Finance Director:

    (1) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or

    (2) to hear a complaint or charge against an officer or employee

15. **<u>Consent Items:</u> The following items on the consent agenda are considered to be routine by TAPS and will be enacted with one motion. There will not be separate discussion of these items unless a board member so requests, in which event they will be removed from the general order of business and considered in normal sequence.**

    A) Receive Financial Report and Accept For Months of October, November and December 2014
    Teresa Foster, CFO

    B) Receive Ridership Report and Accept For Months of October, November and December 2014
    Tim Patton, COO

16. Adjourn

Posted and Amended: January 23, 2014.

If you plan to attend this public meeting and you have a disability that requires special arrangements at the meeting, please contact the TAPS office at 903-893-4601 before 9:00 a.m. on the date of the meeting and reasonable accommodations will be made to assist your needs.

TAPS PUBLIC TRANSIT
BOARD OF DIRECTOR'S MEETING
January 28, 2015

MEMBERS PRESENT: Cary Wacker, H.L. Compton, Joan Schaffner, Jay Davidson, , Kenneth Liggett, Rick Lewis, Bill Magers, Leon Klement, Ken Brawley, Randy Pogue, and Brian Loughmiller

STAFF PRESENT: Brad Underwood, Tim Patton, Jeannie Slape, Darlene Smith, Barbara Reeves, Marily Hite, and Corey Young

GUEST PRESENT: Nancy Knapp, Darrek Ferrell and Mike Conway

The TAPS Board of Directors met at 3400 Texoma Pkwy Sherman, TX 75090 for a semimonthly board meeting.

1. Chairman, Jay Davidson, opened the meeting at 10:08 am and declared a quorum was present.

2. The minutes from the November 19, 2014 were reviewed. A motion was made by Joan Schaffner to approve the minutes with the correction of Hogue. The motion was seconded by Kenneth Liggett. Motioned carried.

3. The public was given an opportunity to speak. Nancy Knapp spoke.

4. The Board skipped to Item #9. Cary Wacker made a motion to adopt the Audit Report for FY2013. The motion was seconded by H.L. Compton. Motions carried.

5. The board received a presentation on 2014 Year in Review. No action was taken.

6. The board received a presentation on the Collin County JARC Routes. No action was taken. H.L. Compton left room at 10:32 am and returned at 10:34 am.

7. The Board received an update Ridership for the McKinney Fixed Routes. No action was taken.

8. The Board received an update on Southern Oklahoma Stakeholder Contribution for FY2015. No action was taken. Brain Loughmiller left the room at 10:59 am and returned at 11:04 am.

9. Ken Brawley motioned to enter into a fee for service agreement with My Possibilities of Plano for fixed shuttle service. Randy Pogue seconded the motion. Motioned carried.

TAPS PUBLIC TRANSIT
BOARD OF DIRECTOR'S MEETING
January 28, 2015

10. The Board received presentation on 2014 and 2015 Federal Funding Allocations, Timing, and Possible Implications of delay. No action was taken.

11. Brian Loghmiller motioned to amend TAPS Confidentiality Policy. Randy Pogue seconded the motion. Motion carried.

12. Joan Schaffner motioned to amend TAPS Background Check Policy. Randy Pogue seconded the motion. Motion carried.

13. At 11:26 am the TAPS Board convened in executive session to:

    (1) deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or
    (2) hear a complaint or charge against an officer or employee

    for Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Financial Director.

14. Brian Loughmiller left at 11:35 am. H.L. Compton left at 12:04 pm. The board reconvened in regular session at 12:12 pm.

15. The board skipped the consent items for financial and ridership reports for October 2014, November 2014 and December 2014.

16. Bill Magers motioned to adjourn the meeting. The motion was seconded by Randy Pogue. Meeting was adjourned at 12:18 pm.

Passed, Approved and Adopted April 8, 2015.

_____ or _____

Chairman, TAPS Board of Directors Secretary, TAPS Board of Directors

1. Call to Order, Declaration of a Quorum and Welcome
   Jay Davidson, Chairman

2. Chairman's Remark

3. **Approve the Minutes of November 19, 2014 Meeting**
   Jay Davidson, Chairman

TAPS PUBLIC TRANSIT
BOARD OF DIRECTOR'S MEETING
November 19, 2014

MEMBERS PRESENT: Joan Schaffner, Jay Davidson, H.L. Compton, Kenneth Liggett, Leon Klement, Ken Brawley, Eric Hogue, Chris Hill, and Brian Loughmiller

STAFF PRESENT: Tim Patton, Teresa Foster, Brad Underwood, Jeannie Slape, Darlene Smith, Barbara Reeves, Marily Hite, and Corey Young

GUEST PRESENT: Darrek Ferrell and Bill Magers

The TAPS Board of Directors met at 3400 Texoma Pkwy Sherman, TX 75090 for a special semimonthly board meeting.

1. Chairman, Jay Davidson, opened the meeting at 10:05 am and declared a quorum was present.

2. The minutes from the August 27, 2014 were reviewed. A motion was made by Kenneth Liggett to approve the minutes. The motion was seconded by Chris Hill. Motioned carried.

3. The public was given an opportunity to speak. No one spoke.

4. The Board voted to elect officers for the 2014-2014 year. Jay Davidson was nominated to serve as Chair. Ken Brawley made a motion to elect the nominee. The motion was seconded by Chris Hill. Chris Hill was nominated as Vice Chair. Jay Davidson made a motion to elect the nominee. The motion was seconded by H.L. Compton. Ken Brawley was nominated as Secretary/Treasurer. Eric Hogie made a motion to elect the nominee. The motion was seconded by Chris Hill. All Motions carried.

5. Chris Hill motioned to adopt Three Part Agreement between TAPS Public Transit & Dallas Area Rapid Transit. The motion was seconded by H.L Compton. Motion Passed. Brian Loughmiller arrived at 10:11 am.

6. The board received an update presentation on McKinney Fixed Route Project and Implementation Schedule. No action was taken.

7. The board received a presentation on a unique opportunity with UT Arlington. No action was taken. Chris Hill left room at 11:00 am and returned at 11:07 am.

TAPS PUBLIC TRANSIT
BOARD OF DIRECTOR'S MEETING
November 19, 2014

8. The Board received an update presentation on HHSC challenges and solutions. No action was taken.

9. The Board received an update on 2012-2014 FTA Tri-Annual Review. No action was taken.

10. The presentation of the Audit Report for FY2013 was skipped due to the Audit not being received by TAPS Public Transit in time for the meeting. No action was taken.

11. Kenneth Liggett motioned to amend TAPS No Show/Suspension Policy. Joan Schaffner seconded the motion. Motioned carried.

12. H.L. Compton motioned to adopt TAPS Wheelchair and Motorized Scooter Policy. Ken Brawley seconded the motion. Motion carried.

13. Eric Hogue motioned to adopt a Service Animal Policy. Ken Brawley seconded the motion. Motion carried.

14. At 11:18am the TAPS Board convened in executive session to:

    (1) deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or
    (2) hear a complaint or charge against an officer or employee

    for Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Financial Director.

15. The board reconvened in regular session at 11:48 am.

16. The board received the consent items for approval including financial and ridership reports for July 2014, August 2014 and September 2014, and an RFP to procure a 5 Passenger Compact Minivan, Bus Shelters for City of McKinney Fixed Routes, Bus Routers and Equipment, and TAPS Staff Vehicles. Kenneth Liggett motioned to approve the consent items. Brian Loughmiller seconded the motion. Motion carried.

17. Meeting was adjourned at 11:50 am.

TAPS PUBLIC TRANSIT
BOARD OF DIRECTOR'S MEETING
November 19, 2014

Passed, Approved and Adopted January 28, 2014.

_____ or _____

Chairman, TAPS Board of Directors Secretary, TAPS Board of Directors

4. Public's Opportunity to Speak

5. **Receive Presentation on 2014 Year in Review**
   Brad Underwood, CEO

My Possibilities Route

Overview

The My Possibilities Route will have four stops, terminating at the My Possibilities location in Plano. The route will be approximately 35-40 minutes in length one way, depending on weather and traffic conditions. All of the pick-up locations will allow for the safe boarding and disembarking of the bus.

Pricing

Yearly cost of service: $48,048

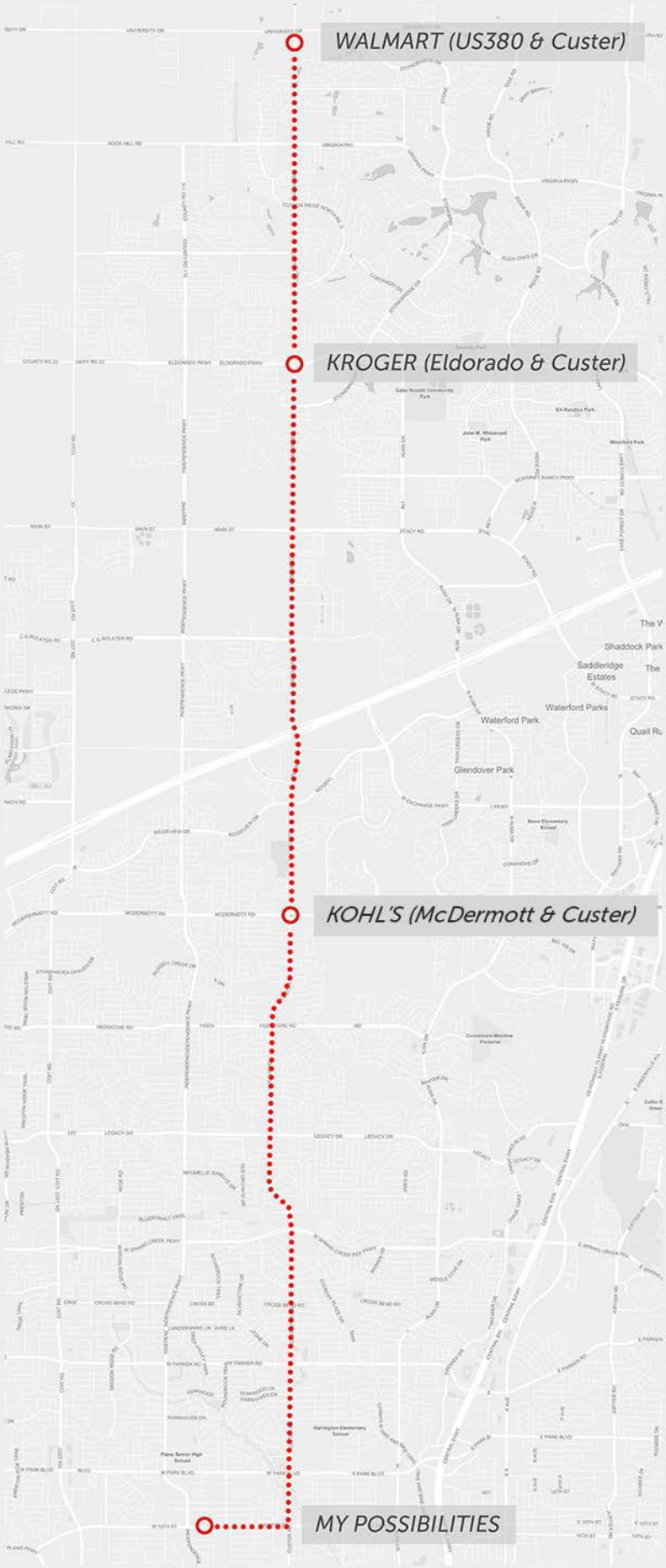
Included in this cost:

- *Operating Expenses*
- *Preventative Maintenance Expenses*
- *Administrative Expenses*

Route Schedule

AM Route	
Location	**Pick-up Time**
Walmart	8:20
Kroger	8:25
Kohl's	8:40
My Possibilities	Arrive at 8:55-9:00

PM Route	
Location	**Drop-off Time**
My Possibilities	Depart at 5:10
Jump Street	5:25
Kroger	5:35
Walmart	5:45



6. **Receive Presentation on the Collin County Rural JARC Routes**
   Corey Young, TAPS

7. Receive Update on McKinney Fixed Route
Brad Underwood, CEO

8. **Receive Update on Southern Oklahoma Stakeholder Contribution for FY2015**
   Tim Patton, COO

9. **Receive Audit Report for FY2013 and Take Action to adopt the audit as presented**
Teresa Foster, CFO & Conway Company CPAs. PC

Texoma Area Paratransit System, Inc.
3400 Texoma Pkwy; Sherman, TX. 75090
903-893-4601 | 800-256-0911 | Fax 903-893-4766

To: TAPS Board of Directors

From: Teresa Foster, CFO

Subject: Item #9 Receive Audit Report for FY2013 and Take Action to adopt the audit as presented

Board:
Included in your Agenda Packet was the 2013 Financial Audit Draft for your review. Please become familiar with it for the meeting.

Recommendation:

To approve the audit as presented.

TEXOMA AREA PARATRANSIT SYSTEM, INC.

ANNUAL FINANCIAL REPORT

For the Years Ended September 30, 2013 and 2012

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TEXOMA AREA PARATRANSIT SYSTEM, INC.
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DRAFT

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Independent Auditor's Report

November 14, 2014

Board of Directors
Texoma Area Paratransit System, Inc.
Sherman, Tx 75090

We have audited the accompanying statements of financial position of Texoma Area Paratransit System, Inc., a nonprofit organization, ("TAPS") as of September 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texoma Area Paratransit System, Inc. as of September 30, 2013 and 2012, and the changes in its net assets, functional expenses and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

In accordance with *Government Auditing Standards,* we have also issued our report dated November 14, 2014 on our consideration of TAPS' 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of TAPS taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* 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 procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with governmental 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 taken as a whole.

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Respectfully submitted,

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

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FINANCIAL STATEMENTS

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TEXOMA AREA PARATRANSIT SYSTEM, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2013 AND 2012

	2013	2012
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 5,057	$ -
Accounts Receivables	58,554	30,596
Grant Receivables	1,293,222	708,873
Total Current Assets	1,356,833	739,469
Non-current Assets:		
Fixed Assets:		
Non-depreciable Assets:		
Construction in Progress	-	14,440
Land	211,780	211,780
Total Non-depreciable Assets	211,780	226,220
Depreciable Assets:		
Leasehold Improvements	208,350	200,735
Buildings	1,945,830	1,543,457
Equipment	430,238	405,407
Vehicles	8,112,887	3,152,725
Accumulated Depreciation	(3,245,460)	(2,203,606)
Total Depreciable Assets, net	7,451,845	3,098,718
Total Fixed Assets, net	7,663,625	3,324,938
Total Non-current Assets	7,663,625	3,324,938
Total Assets	9,020,458	4,064,407
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	1,901,493	583,339
Accrued Liabilities	4,720	2,817
Other Liabilities	26,307	101,374
Current Portion Compensated Absences	2,262	2,506
Total Current Liabilities	1,934,782	690,036
Long-term Liabilities:		
Compensated Absences	32,320	22,394
Total Long-term Liabilities	32,320	22,394
Total Liabilities	1,967,102	712,430
Net Assets:		
Unrestricted Net Assets	7,053,356	3,351,977
Total Net Assets	7,053,356	3,351,977
Total Liabilities and Net Assets	$ 9,020,458	$ 4,064,407

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The accompanying notes are an integral part of this financial statement.

TEXOMA AREA PARATRANSIT SYSTEM, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues:								
Federal Financial Assistance	$ 8,602,781	$ -	$ -	$ 8,602,781	$ 3,312,819	$ -	$ -	$ 3,312,819
State Financial Assistance	1,113,576	-	-	1,113,576	706,892	-	-	706,892
Program Income	59,660	-	-	59,660	677,976	-	-	677,976
Fare Revenue	513,874	-	-	513,874	372,499	-	-	372,499
Gain (Loss) on Asset Sales	(7,222)	-	-	(7,222)	39,840	-	-	39,840
Insurance Proceeds	2,667	-	-	2,667	-	-	-	-
Public Donations	710,686	-	-	710,686	225,880	-	-	225,880
Interest Income	4	-	-	4	6	-	-	6
Miscellaneous Income	7,397	-	-	7,397	17,712	-	-	17,712
In-Kind Contributions	307,941	-	-	307,941	129,313	-	-	129,313
Unrestricted Support and Revenues	11,311,364	-	-	11,311,364	5,482,937	-	-	5,482,937
Expenses								
Program Services:								
Transportation Programs	6,423,353	-	-	6,423,353	4,766,468	-	-	4,766,468
Supporting Services:								
Administration Costs	1,186,632	-	-	1,186,632	629,664	-	-	629,664
Total Expenses	7,609,985	-	-	7,609,985	5,396,132			5,396,132
Net Increase in Net Assets	3,701,379	-	-	3,701,379	86,805	-	-	86,805
Net Assets, October 1	3,351,977	-	-	3,351,977	3,265,172	-	-	3,265,172
Net Assets, September 30	$ 7,053,356	$ -	$ -	$ 7,053,356	$ 3,351,977	$ -	$ -	$ 3,351,977

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The accompanying notes are an integral part of this financial statement.

TEXOMA AREA PARATRANSIT SYSTEM, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities:		
Change in net assets	$ 3,701,379	$ 86,805
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,153,456	783,638
Changes in operating assets and liabilities:		
(Increase) Decrease in Accounts receivable	(612,307)	(312,940)
Increase (Decrease) in Accounts payable	1,318,154	406,280
Increase (Decrease) in Accrued liabilities	1,903	(22,581)
Increase (Decrease) in Other liabilities	(75,067)	46,688
Increase (Decrease) in Compensated absences	9,682	(19,363)
Net Cash Provided (Used) by Operating Activities	5,497,200	968,527
Cash Flow from Investing Activities		
Gain on sale of vehicles	7,222	(39,840)
Purchase of fixed assets	(5,499,365)	(878,693)
Net Cash Provided (Used) by Investing Activities	(5,492,143)	(918,533)
Cash Flow from Financing Activities		
Payments on Line of Credit	-	(49,994)
Net Cash Provided (Used) by Financing Activities	-	(49,994)
Net Increase (Decrease) in Cash and Cash Equivalents	5,057	-
Cash and Cash Equivalents at Beginning of Year	-	-
Cash and Cash Equivalents at End of Year	$ 5,057	$ -
Supplemental Cash Flow Information:		
Non-cash contributions received: In-kind	307,941	129,313
Interest Expense	$ 83	$ 1,365

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The accompanying notes are an integral part of this financial statement.

TEXOMA AREA PARATRANSIT SYSTEM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013			
Expenses	**Program Services**	**Administrative Expenses**	**Total 2013**	**Total 2012**
Salaries and Employee Benefits	$ 1,048,140	$ 185,033	$ 1,233,173	$ 461,566
Vehicle Expenses	1,321,562	-	1,321,562	1,123,757
Center Maintenance	280,429	29,428	309,857	292,173
Communications	56,712	12,658	69,370	178,066
Subcontractor Expense	2,382,652	266,784	2,649,436	2,159,355
Travel	-	57,485	57,485	30,155
Supplies	12,297	12,296	24,593	13,851
Utilities	53,860	224,360	278,220	125,860
Insurance	-	7,395	7,395	6,397
Professional Fees	-	93,946	93,946	43,360
Marketing	-	93,536	93,536	23,404
Other Operating Costs	-	10,015	10,015	25,237
Expenses before Depreciation	5,155,652	992,936	6,148,588	4,483,181
In-Kind Expense	229,591	78,350	307,941	129,313
Depreciation	1,038,110	115,346	1,153,456	783,638
Total Functional Expenses	$ 6,423,353	$ 1,186,632	$ 7,609,985	$ 5,396,132

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The accompanying notes are an integral part of this financial statement.

TEXOMA AREA PARATRANSIT SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE A - FINANCIAL REPORTING ENTITY

Texoma Area Paratransit System, Inc. ("TAPS") was incorporated on July 14, 1986 as a Texas nonprofit corporation. Its purpose is to provide coordinated transportation services to the public in several North Central Texas counties. Services are directed primarily toward meeting the needs of the elderly, handicapped and economically disadvantaged.

The Texas legislature enacted the Rural and Urban Transit Act in 1995 which created transit districts that can receive public transportation funds through the Texas Department of Transportation. Although TAPS meets the requirements of the Act, it operates as a nonprofit corporation, but retains the option to elect to implement the act and operate as a rural transit district by action of its Board of Directors.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of TAPS and changes therein are classified and reported as follows:

Unrestricted net assets - net assets that are not subject to donor-imposed stipulations are classified as unrestricted. These may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted net assets - support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. Donor restricted support that will be met either by action of TAPS and/or the passage of time, are classified as an increase in temporarily restricted net assets. When restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by TAPS are classified as permanently restricted.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, TAPS considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All cash and cash equivalents are covered by Federal Deposit Insurance Corporation "(FDIC").

Receivables

TAPS believes that sufficient detail of receivable balances is provided in the notes to the financial statements to avoid the obscuring of significant components by aggregation. Management has evaluated the necessity of providing for an allowance for doubtful accounts and has concluded that no such allowance is required for either September 30, 2013 or 2012.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment and Depreciation

Expenditures for property and equipment are recorded at cost. TAPS defines capital assets as those with a useful life exceeding five years. Donations of land, buildings, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. TAPS does not have any restricted donations at the end of the current period.

Capital assets are defined as those with an individual cost of $5,000 or more and a useful life exceeding five years. Property and equipment are being depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Furniture, fixtures & equip	5-7 years
Vehicles	5-12 years

Leasehold improvements are depreciated over the applicable lease term.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value or fair value less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Comparative Prior Year Information

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

Revenue Recognition

Grants - Support received under grant contract agreements with various federal and state agencies are recorded as revenue when the related costs are incurred. Grant amounts receivable at September 30, 2013 and 2012 represent amounts due for expenses incurred prior to the respective fiscal year-end.

Contributions - Contributions received from the public, corporations, intercounty agencies, and local governments are recognized as support when received and are reported as unrestricted net assets.

In-Kind contributions represent the estimated fair value of contributed assets, facilities, fuel, equipment, and professional and administrative fees. Contributions of services are only recognized if the services received require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Contributed Services

Necessary services donated by persons with specialized skills are reported as unrestricted support at the fair market value of those services during the period the services are provided. These services are reported as in-kind donations. The amount of in-kind donations recognized in 2013 was $307,941 and the amount for 2012 was $129,313.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes
TAPS operates under Section 501(c)(3) of the Internal Revenue Code and is generally exempt from federal, state, and local income taxes. Accordingly, no provision for income taxes is included in the financial statements.

Compensated Absences
Accrued compensated absences - TAPS' employees earn vacation and sick leave beginning with the month following the probationary period. Accrued leave is based on eight hours per day for full-time employees working 40 hours per week and a pro-rata share for those working 30 or more hours per week. Sick leave is accrued at the rate of one day per month. Vacation leave is accrued annually based on length of service at rates ranging from 5 - 20 days. The maximum amount of vacation and sick leave that can be earned is 200 hours and 264 hours, respectively. Sick leave is not vested and unused hours are forfeited upon termination of service. Accumulated unused vacation is fully vested and is paid upon termination of service and the liability has been recorded in the accompanying financial statements.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Retirement plan
TAPS cancelled their 401k plan effective November 30, 2011. No new plan was enacted in fiscal year 2013.

Commitments and Contingencies
TAPS receives a substantial amount of its support from federal and state grant programs, the funding of which is subject to the political process. Additionally, the programs are periodically audited for compliance by the granting agencies. The amount, if any, of expenditures which may be disallowed or repayments required by the granting agencies cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and the supporting services benefitted.

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NOTE C - PROPERTY AND EQUIPMENT

The following is a summary of property and equipment and the related accumulated depreciation as of September 30, 2013:

	Balances 9/30/2012	Additions	Decreases	Balances 9/30/2013
Capital assets not being depreciated				
Land	$ 211,780	$ -	$ -	$ 211,780
Construction in progress	14,441	380,514	(394,955)	-
Total capital assets not being depreciated	226,221	380,514	(394,955)	211,780
Capital assets being depreciated:				
Buildings and Improvements	1,543,457	402,373	-	1,945,830
Leasehold Improvements	200,735	7,615	-	208,350
Machinery & Equipment	213,543	14,163	(68,614)	159,092
Software	191,864	79,282	-	271,146
Vehicles	3,152,725	5,029,871	(69,709)	8,112,887
Total capital assets being depreciated:	5,302,324	5,533,304	(138,323)	10,697,305
Total fixed assets	5,528,545	5,913,818	(533,278)	10,909,085
Less accumulated depreciation for:				
Buildings and Improvements	(418,880)	(47,600)	-	(466,480)
Leasehold Improvements	(101,364)	(10,037)	-	(111,401)
Machinery & Equipment	(142,480)	(15,532)	68,614	(89,398)
Software	(2,242)	(79,852)	-	(82,094)
Vehicles	(1,538,641)	(1,000,433)	42,987	(2,496,087)
Total accumulated depreciation	(2,203,607)	(1,153,454)	111,601	(3,245,460)
Total capital assets being depreciated, net	3,098,717	4,379,850	(26,722)	7,451,845
Capital assets, net of depreciation	$ 3,324,938	$ 4,760,364	$ (421,677)	$ 7,663,625

The following is a summary of property and equipment and the related accumulated depreciation as of September 30, 2012:

	Balances 9/30/2011	Additions	Decreases	Balances 9/30/2012
Capital Assets not being depreciated				
Land	$ 211,780	$ -	$ -	$ 211,780
Construction in progress	34,742	14,850	(35,151)	14,441
Total capital assets not being depreciated	246,522	14,850	(35,151)	226,221
Capital assets being depreciated:				
Buildings and Improvements	1,508,842	34,615	-	1,543,457
Leasehold Improvements	200,735	-	-	200,735
Machinery & Equipment	557,565	69,931	(413,953)	213,543
Software	-	191,864	-	191,864
Vehicles	3,433,552	679,844	(960,671)	3,152,725
Total capital assets being depreciated:	5,700,694	976,254	(1,374,624)	5,302,324
Total fixed assets	$ 5,947,216	$ 991,104	$ (1,409,775)	$ 5,528,545

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NOTE C - PROPERTY AND EQUIPMENT (continued)

	Balances 9/30/2011	Additions	Decreases	Balances 9/30/2012
Less accumulated depreciation for:				
Buildings and Improvements	$ (374,816)	$ (44,064)	$ -	$ (418,880)
Leasehold Improvements	(91,327)	(10,037)	-	(101,364)
Machinery & Equipment	(408,895)	(129,710)	396,125	(142,480)
Software	-	(2,242)	-	(2,242)
Vehicles	(1,882,133)	(597,586)	941,078	(1,538,641)
Total accumulated depreciation	(2,757,171)	(783,639)	1,337,203	(2,203,607)
Total capital assets being depreciated, net	2,943,523	192,615	(37,421)	3,098,717
Capital assets, net of depreciation	$ 3,190,045	$ 207,465	$ (72,572)	$ 3,324,938

TxDot Liens

Liens assigned to the Texas Department of Transportation ("TxDot") have been placed on the title of all rolling stock purchases made by funds from TxDot grants.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable due from contracting agencies were as follows:

	September 30, 2013	2012
Transit customers receivables	$ 58,554	$ 30,596
Texas Department of Transportation Grants	1,293,222	708,873
Total	$ 1,351,776	$ 739,469

NOTE E - FEDERAL AND STATE FINANCIAL ASSISTANCE

Following is a summary of federal and state financial assistance by contracting source:

	September 30, 2013 Federal	State	Total
Federal Transit Administration	$ 5,802,366	$ -	$ 5,802,366
Texas Department of Transportation	2,800,415	1,113,576	3,913,991
TOTAL	$ 8,602,781	$ 1,113,576	$ 9,716,357

	September 30, 2012 Federal	State	Total
Federal Transit Administration	$ 1,566,875	$ -	$ 1,566,875
Texas Department of Transportation	1,745,944	706,892	2,452,836
TOTAL	$ 3,312,819	$ 706,892	$ 4,019,711

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NOTE F - LEASES

Operating Leases

The entity leases a copier from RICOH to provide equipment for the printing, copying, faxing, and scanning needs of the entity during daily operation. The total cost for the copier lease was $11,124 for the fiscal year ended September 30, 2013. The entity leases a postage machine from Pitney Bowes. The total cost for the postage machine lease was $389 for the fiscal year. The entity entered into a two year lease for a building from Zoe Life Outreach, Inc. for the primary operations in Sherman. The total cost was $38,933 for fiscal year 2013. The entity was required, per agreement, to pay a deposit of $23,000 and the first month's rent within 3 days of signing the lease. The entity also pays rent to TNP Sites, LLP for facilities in Sherman at the Midway Mall. The total cost was $18,600 for fiscal year 2013. Per the agreement, the entity was required to pay a deposit of $1,860. The entity also pays rent to the Fannin County Auditor for facilities in Bonham. The total cost was $1,500 for the fiscal year. The entity pays rent to the Collin County Committee of Aging for facilities in McKinney. The total cost was $16,604 for the fiscal year. The aggregate future minimum lease payments for these leases are as follows:

Year ending September 30,	Total
2014	$ 222,026
2015	193,580
2016	15,933
Totals	$ 431,539

NOTE G - ECONOMIC DEPENDENCY

TAPS receives a majority of its revenue through federal and state grants and contracts with the North Central Council of Governments, the Texas Department of Human Services, and the Texas Department of Transportation. In addition, the largest portion of TAPS' receivables are due from these programs (see Note D). TAPS is economically dependent on these revenues as they comprise more than 85% of total funding received.

NOTE I - LITIGATION

TAPS is party to certain litigation arising in the ordinary course of its operations. Management does not foresee any significant potential loss with the ongoing litigation.

NOTE J - SUBSEQUENT EVENTS

TAPS has evaluated all events or transactions that have occurred after September 30, 2013 up through November 14, 2014, which is the date the financial statements were available to be issued. Management noted the following subsequent events requiring disclosure:

- Increased line of credit with Landmark Bank from $150,000 to $300,00 in May 2014 due to increase in budget and demand.
- Motion carried to execute the contract between the Texas Department of Health and Human Services Commission for Medicaid transportation services in Region 4 as outlined in RFO#529-15-0002 in June 2014. Projected total fiscal year 2015 cost of $6,012,225 based on estimated number of clients.
- Procured short term debt in September 2014 for $1,500,000 to be used for operational and capital expenditures in advance of the Medicaid Contract services implementation.

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SINGLE AUDIT

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INDEPENDENT AUDITOR'S 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*

November 14, 2014

To the Directors of
Texoma Area Paratransit System, Inc.

Members of the Board:

We have audited, in accordance with the 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 Texoma Area Paratransit System, Inc. ("TAPS") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TAPS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TAPS' internal control. Accordingly, we do not express an opinion on the effectiveness of TAPS' 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2013-01,2013-02,2013-03,2013-04,2013-05, 2013-6,2013-7,and 2013-09).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TAPS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 an instance of noncompliance or other matters (2013-08) that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

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TAPS' Response to Findings

TAPS' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. TAPS' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

CONWAY COMPANY CPAs, P.C.

Conway Company CPAs, P.C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

November 14, 2014

To Members of the Board of Directors of
Texoma Area Paratransit System, Inc.

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Report on Compliance for Each Major Federal Program

We have audited Texoma Area Paratransit System, Inc.'s ("TAPS") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of TAPS's major federal programs for the year ended September 30, 2013. TAPS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of TAPS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TAPS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Bases for Qualified Opinions on FTA Federal Transit Cluster, Federal Transit Services Cluster , and Federal Rural Transit program

As described in the accompanying schedule of findings and questioned costs, TAPS did not comply with requirements regarding FTA Federal Transit Cluster spending of drawdowns within the prescribed time frame (2013-07) and providing support of local matching funds for certain draw requests (2013-09). Pass through

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funding within the Federal Transit Service Cluster and the Rural Transit Cluster was requested for reimbursement prior to expending the funds for these reimbursement programs (2013-06). Compliance with such requirements is necessary, in our opinion, for TAPS to comply with the requirements applicable to the respective programs.

Qualified Opinions for FTA Federal Transit Cluster, Federal Transit Services Cluster, and Federal Rural Transit Program

In our opinion, except for the noncompliance described in the "Bases for Qualified Opinion" paragraph, TAPS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Federal transit cluster, Federal transit Services Cluster and Federal Rural Transit Program for the year ended September 30, 2013.

Unmodified Opinion on Each of the Other Major State Programs

In our opinion, TAPS has 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 other major state programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items (2013-01,2013-02,2013-04,2013-05,and 2013-08). Our opinion on each major federal program is not modified with respect to these matters.

TAPS's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. TAPS's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of TAPS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered TAPS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TAPS's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of

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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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-06, 2013-07 and 2013-09 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-01, 2013-02, 2013-03, 2013-04,2013-05, and 2013-08 to be significant deficiencies.

TAPS's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. TAPS's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

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TEXOMA AREA PARATRANSIT SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Section I. Summary of Auditors' Results:

Financial Statements

1. Type of auditors' report issued on the financial statements — Unqualified

2. Internal control over financial reporting:

   Material weakness(es) identified? — ____ Yes __X__ No

   Deficiencies identified that are not considered to be material weakness(es)? — __X__ Yes ____ No

3. Noncompliance material to financial statements noted? — __X__ Yes ____ No

Federal and State Awards

4. Internal controls over major program:

   Material weakness(es) identified? — __X__ Yes ____ No

   Deficiencies identified that are not considered to be material weakness(es)? — __X__ Yes ____ No

5. Type of auditors' report compliance for major program — Qualified

6. Did the audit disclose findings that are required to be reported under Sec. 501(a)? — __X__ Yes ____ No

7. Major programs include:

Name of Federal Program	CFDA Number
Federal Transit Administration	20.507, 20.500 (cluster)
Federal Transit Administration	20.509
Federal Transit Administration	20.513, 20.516, 20.521 (cluster)

Name of State Program	Program
Texas Department of Transportation	5307
Texas Department of Transportation	5311

8. Dollar Threshold used to distinguish between type A and type B programs: $300,000

9. Auditee qualified as low-risk auditee: ____ Yes __X__ No

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TEXOMA AREA PARATRANSIT SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Section II. Financial Statement Findings

2013-01	**Management did not supply critical information in a timely fashion.**
Criteria:	Timely reporting is a requirement for continued Federal and State grant compliance.
Condition:	Management did not prepare financial records for the audit in a timely fashion.
Effect:	Federal and state reporting deadlines were not met.
Cause:	Management was not readily available for audit requests.
Recommendation:	Management should coordinate with auditors to provide timely reporting.
Corrective Action:	Management will work closely with audit firm for timely grant compliance.
2013-02	**Client could not provide a report that accurately reflects the compensated absence liability as of year end.**
Criteria:	Client must be able to provide valid backup documentation for compensated absences.
Condition:	Compensated absences cannot be proven accurate without the documentation provided by a system report.
Effect:	Compensated absences had to be recreated by auditors, and a system comparison was not available.
Cause:	Reports were not available from TAPS' general ledger system.
Recommendation:	Compensated absences should be compared regularly to system payroll reports and a reconciliation should be performed consistently and kept on record.
Corrective Action:	TAPS will consistently perform a system comparison to the general ledger and retain records concerning compensated absences.

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TEXOMA AREA PARATRANSIT SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Section III. Federal Award Findings and Questioned Costs:

2013-03	**Failure to file annual statements with the Federal Clearinghouse in a timely manner.**
Criteria:	OMB Circular A-133, Section .320 requires that the Auditee submit its data collection form and reporting package within the earlier of 30 days from receiving the auditor's report or nine months after the end of the audit period.
Condition:	Untimely filing prevents all pertinent regulatory agencies from promptly reviewing the financial statement data.
Effect:	No monetary or financial statement effect.
Cause:	Audits have not been timely completed.
Recommendation:	All reports should be filed in a timely basis with the Federal Clearinghouse.
Corrective Action:	Management will ensure that timely reports will be filed with the Federal Clearinghouse.
2013-04	**Client was not able to provide a list of eligible project activities for specific draw requests of grant funds.**
Criteria:	Project activities should be easily traceable through grant requests and other grant backup.
Condition:	Client was unable to provide a list of projects when questioned about specific draw requests on grant funds.
Effect:	Project activities cannot be identified through grant draw request for $116,810 of the draw made on 9/20/13 for contract TX-90-Y025.
Cause:	Procedures and policies regarding grant requests are not being followed.
Recommendation:	Client should be able to identify project activities associated with each grant draw request.
Corrective Action:	TAPS will monitor the grant draw request process and ensure that projects associated with each draw are easily identified.
2013-05	**Client failed to file annual reports required under FTA Grants on a timely basis.**
Criteria:	Per FTA Circular C 5010.1D, 11/01/08 Rev. 8/27/12, Grant Management Requirements, a grantee must submit a Federal Financial Report and, in some cases, a Milestone Progress Report annually by October 30.
Condition:	Reports were not filed with FTA.
Effect:	Client is out of compliance with reporting requirements for FTA Grants.
Cause:	Client did not file required reports with FTA.
Recommendation:	Management should ensure that reporting requirements are met in a timely fashion.
Corrective Action:	Management will ensure that reporting requirements are met in a timely fashion.

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TEXOMA AREA PARATRANSIT SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

2013-06 **Client failed to pay several invoices with entity funds prior to requesting funding from Texas Department of Transportation (TxDOT) reimbursement grants.**

Criteria: Expenditures should be paid with entity funds prior to requesting reimbursement from grantor.

Condition: Invoices were paid after funding was requested from TxDOT.

Effect: Client is out of compliance with requirements for TxDOT Grants. 10 invoices tested, a total of $422,801, were not paid before grantee requested reimbursement from TxDOT.

Grant #	CFDA #	Invoice Amount	Program
301F7124	20.500	$ 225,000	5309
101F7210	20.509	20,769	5311
301F7036	N/A	6,022	5311 - State
301F7205	20.509	15,521	5311
101F7146	20.516	1,304	5316
201F7173	20.513	103,186	5310
301F7165	20.521	51,000	5317
		$ 422,801	

Cause: Procedures and policies regarding grant requests are not being followed.

Recommendation: Management should ensure that invoices are paid with entity funds prior to requesting reimbursement from TxDOT.

Corrective Action: Management will ensure that reimbursement is not requested from TxDOT until invoices have been paid from entity funds.

2013-07 **Client failed to pay several invoices within three days of receiving funding from draws on Federal Transit Administration (FTA) grants.**

Criteria: Funding received from FTA grant draws should be expended within three days of receiving the funds.

Condition: Invoices were paid more than three days after funding was received from FTA grants.

Effect: Client is out of compliance with requirements for FTA Grants. 16 invoices tested, a total of $1,155,722, were paid more than three days after funding was received from FTA Grants.

Grant #	CFDA #	Amt not paid within 3 days
TX-04-0093	20.07	$ 1,062,840
TX-90-X922	20.07	22,856
TX-90-Y005	20.07	3,957
TX-90-X979	20.07	4,120
		$ 1,093,772

Cause: Procedures and policies regarding grant draws are not being followed.

Recommendation: Management should ensure that invoices are paid with FTA grant funds within three days of receiving funding from draws.

Corrective Action: Management will ensure that invoices are paid with FTA grant funds within three days of receiving funding from draws.

DRAFT

TEXOMA AREA PARATRANSIT SYSTEM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2013

2013-08 **Client received duplicate reimbursement from TxDOT for two invoices which resulted in an overpayment.**

Criteria: Grantee should request reimbursement for allowable activities and ensure invoices show as reimbursed in system.

Condition: As part of billing #7 for TXDOT grant 101F7146. Grantee reimbursement request submitted to TxDOT incorrectly included two invoices which had been reimbursed as part of billing #6.

Effect: Client was overpaid for two invoices: Southern Oklahoma for $41,067 and Grayson Pro for $1,405.

Cause: The closeout expenses report used to closeout the grant and prepare billing #7 reimbursement request included two invoices included in the expense transaction detail that was utilized for reimbursement request billing #6.

Recommendation: Management should ensure that the same invoices are not included in two different TxDOT reimbursement requests. The parameters of the reports run in the system should be adjusted to ensure that invoice reimbursements are not duplicated.

Corrective Action: Management will ensure that reimbursement is requested only once for each invoice.

2013-09 **Local match was not met for each separate draw request for FTA grants.**

Criteria: Grantee certifies that it has or will have available the proportionate amount of local share promptly as project costs are incurred or become due. For example, a grant project for preventive maintenance entitles a grantee to draw funds for 80% of the preventive maintenance expenses accrued at the time funds are drawn.

Condition: Grantee drew funds for 100% of the total expenses accrued at the time funds were drawn for various FTA funded grants.

Effect: Documentation could not be provided as evidence that the local share match requirement was met as part of every draw down for FTA funded grants. Match was not met for 11 draws, a total of $524,760.

Grant #	CFDA #	Amt of Match not Met	# of Draws
TX-90-X979	20.507	$ 125,114	5
TX-90-Y005	20.507	56,447	3
TX-90-Y025	20.507	343,199	2
		$ 524,760	

Cause: Management did not keep an accurate list of invoices for each draw of funds for which they did or did not meet their local match share.

Recommendation: Grantee should ensure that they draw only the federal funded portion of each invoice or list of expenses incurred to date at the time the draw is made.

Corrective Action: Management will ensure that only the federal funded portion of expenses is drawn for each draw and that the local match is met with each draw request.

DRAFT

TEXOMA AREA PARATRANSIT SYSTEM, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2013

Finding/Recommendation

2012-01 Management did not supply critical information in a timely fashion.

2012-02 Client has not maintained proper separation between themselves and subcontractor company, Transit Management of Sherman ("TMS")

2012-03 Expenses for subcontractor services were over budget by $420,868. Budgets were not followed, nor were they amended.

2012-04 Client does not record donated assets in a manner consistent with GAAP.

2012-05 Client could not provide a report that accurately reflects the compensated absence liability as of year end.

2012-06 Failure to timely file annual statements with the Federal Clearinghouse.

2012-07 Client was not able to provide a list of eligible project activities for a specific draw request of grant funds.

2012-08 Invoices cannot be traced back to specific reimbursement requests based on invoice spreadsheets maintained by TAPS.

2012-09 A reimbursement request to the Texas Department of Transportation, Program 5310, Contract 201F7173, was calculated incorrectly, resulting in an overpayment.

2012-10 Client failed to file timely annual reports required under FTA Grant TX-04-0093-00.

DRAFT

Current Status

2012-01 Reported as a finding for September 30, 2013.

2012-02 This issue was not noted in September 30, 2013.

2012-03 This issue was not noted in September 30, 2013.

2012-04 This issue was not noted in September 30, 2013.

2012-05 Reported as a finding for September 30, 2013.

2012-06 Reported as a finding for September 30, 2013.

2012-07 Reported as a finding for September 30, 2013.

2012-08 This issue was not noted in September 30, 2013.

2012-09 This issue was not noted in September 30, 2013.

2012-10 Reported as a finding for September 30, 2013.

TEXOMA AREA PARATRANSIT SYSTEM, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
SEPTEMBER 30, 2013

Management Explanation
If Not Implemented

2012-01 Management is replacing a vacant Finance Director Position and will respond to information requests in a more timely fashion.

2012-05 This is a report that can only be generated at a single point in time. Management has implemented a process where this report is generated at the end of each payroll and on September 30th of each year.

2012-06 SFFAC will be filed immediately upon completion of the annual audit. Management anticipates timely filing of SFFAC with timely completion of FY2014 annual audit.

2012-07 Management has implemented procedures which must be followed to document eligible project activities for specific draw requests of grant funds.

2012-10 Management has received clarification from FTA regarding due dates of reports and has implemented a reporting calendar with reminders to ensure reporting deadlines are met.

DRAFT

Texoma Area Paratransit System, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2013

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	USC Number	Grantor Contract Number	Funds Expended
Federal Awards Expended				
Federal Transit Cluster				
Federal Transit Administration				
Urbanized Area Formula Program	20.507	5307	TX-90-X922-00	$ 22,856
Urbanized Area Formula Program	20.507	5307	TX-90-X979-00	602,736
Urbanized Area Formula Program	20.507	5307	TX-90-Y005-01	879,198
Urbanized Area Formula Program	20.507	5307	TX-90-Y025	440,000
Urbanized Area Formula Program	20.507	5309	TX-04-0093	3,857,576
Federal Transit Administration Passed through Texas Department of Transportation				
Capital Assistance Program	20.500	5309	101F7167	103,540
Capital Assistance Program	20.500	5309	301F7124	225,000
Total Federal Transit Cluster				6,130,906 *
Federal Transit Administration Passed through Texas Department of Transportation				
Transit Services Programs Cluster				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	5310	101F7267	43,458
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	5310	201F7173	225,889
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	5310	426F7138	5,469
Job Access - Reverse Commute	20.516	5316	101F7116	64,413
Job Access - Reverse Commute	20.516	5316	101F7146	544,459
Job Access - Reverse Commute	20.516	5316	301F7159	128,653
Job Access - Reverse Commute	20.516	5316	301F7286	22,695
New Freedom Program	20.521	5317	101F7093	35,376
New Freedom Program	20.521	5317	301F7165	51,000
Total Transit Services Programs Cluster				1,121,412 *
Formula Grants for Other than Urbanized Areas	20.509	5311	101F7210	184,682
Formula Grants for Other than Urbanized Areas	20.509	5311	201F7233	155,984
Formula Grants for Other than Urbanized Areas	20.509	5311	301F7205	976,986
Formula Grants for Other than Urbanized Areas	20.509	5311	13-0006	484
Formula Grants for Other than Urbanized Areas	20.509	5311	13-P006	484
Federal Rural Public Transportation	20.509	5311	426F7162	31,844
				1,350,463 *
Total Federal Awards Expended				8,602,781

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(continued)

* Major Programs

See accompanying notes to Schedule.

Texoma Area Paratransit System, Inc.
Schedule of Expenditures of Federal and State Awards
Year Ended September 30, 2013

Grantor Pass-Through Grantor Program Title	Federal CFDA Number	USC Number	Grantor Contract Number	Funds Expended	
State Awards Expended					
Texas Department of Transportation					
State Urban Transportation Grant		5307	301F7061	154,824	
State Urban Transportation Grant		5307	309F7294	36,969	
State Urban Transportation Grant		5307	426F7064	41,359	
State Urban Transportation Grant		5307	426F7065	136,195	
State Rural Transportation Grant		5311	426F7035	144,663	
State Rural Transportation Grant		5311	301F7036	599,566	
Total State Awards Expended				1,113,576	*
Total Federal and State Awards Expended				**$ 9,716,357**	

DRAFT

* Major Programs

See accompanying notes to Schedule.

TEXOMA AREA PARATRANSIT SYSTEM, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
SEPTEMBER 30, 2013

A. General

The accompanying Schedule of Expenditures of Federal and State Awards presents the activity of all federal and state financial assistance programs of Texoma Area Paratransit System, Inc. ("TAPS"). TAPS' reporting is defined in Note A to the basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget ("OMB") Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

C. Clusters

Federal and state awards expended under the same program were clustered together in accordance with OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

DRAFT

TO: Brad Underwood, CEO

FROM: Teresa Foster
CFO
TeresaFoster@tapsbus.com
(903) 868-9178 direct

RE: Audit Findings FYE 09/30/2013

DATE: January 15, 2015

cc: Tim Patton, COO

The purpose of this memo is to address the findings in the audit for the fiscal year ended 09/30/2013, why TAPS believes the auditors have given us each finding, what result each could have on future funding, and what I am implementing to prevent them from being findings in the future.

2013-01 **Management did not supply critical information in a timely fashion.**

Cause: TAPS has always worked with a very lean staff, and our CPA firm also is very small. We were not always able to immediately provide information to them, particularly if research was required. This particular audit was completed after Molina's termination in a very compressed time period, and at times I was unavailable due to being out of the office on business and sometimes my responses were delayed due to other pressing deadlines such as Board reports, Triennial Review, TxDOT/FTA reporting, etc.

Impact: No impact to future funding.

Action: It is my understanding from conversations with Michael Conway that this is also a finding simply due to the fact that the audit itself was delayed, which is a finding meeting the criteria for this issue. Due to the fact that we have not yet started our FY14 audit, I suspect that this will also be a finding our next audit. This audit has been delayed because we have not yet filled the Finance Director position and, therefore, do not have adequate staffing to meet the demands of an audit.

2013-02 **Client could not provide a report that accurately reflects the compensated absence liability as of year end.**

Cause: This is a report that TAPS' accounting software cannot produce after the fact, and can only be generated as a

snapshot as of the current date. The report can be manually calculated at any time; however staff were not given time to produce the report based on the timing of the request and the closing of the audit report.

Impact: No impact to future funding.

Action: The leave liability report is now generated and printed at the end of each payroll processing and maintained in a file. This should not be a repeat finding.

2013-03 Failure to file annual statements with the Federal Clearinghouse in a timely manner.

Cause: TAPS was unable to file the annual statements with the Federal Clearinghouse until the audit was complete.

Impact: No impact to future funding.

Action: Annual statements were entered by TAPS into the Clearinghouse immediately upon completion of the audit and have been certified by Conway and Company CPA. Due to the fact that we have not yet started our FY14 audit, I suspect that this will also be a finding our next audit.

2013-04 Client was not able to provide a list of eligible project activities for specific draw requests of grant funds.

Cause: The Finance Director, Molina Cheek, was drawing FTA funds and not going back and reconciling them to monthly billings on the draw spreadsheets as she had been trained and instructed to do.

Impact: There is a potential with this type of finding that FTA could make a grantee repay the funds. However, TAPS legitimately expended the funds and I was able during the Triennial Review process to show the reviewer documented expenses against each draw and this was not a finding on the Triennial Review. I do not feel that there will be any re-payment required by FTA.

Action: Molina Cheek was terminated when this and other similar displays of poor performance and decision-making were revealed by the Triennial Review, a TxDOT quarterly line-item review and the audit, which all were occurring at approximately the same time. Because the next audit also

covers a time period during which she was controlling billings, it is likely to be a repeat finding. All draws of FTA funds completed since her termination have been adequately documented.

2013-05 **Client failed to file annual reports under FTA Grants on a timely basis.**

Cause: This was a lack of understanding on the part of the CFO that even if a grant was newly awarded it still must have an annual report filed in January with all other grants. This was correctly explained to me during the Triennial Review by the reviewer who stated this is a common confusion for new grantees. I had also left old grants open because they had not been through the review process, yet. He also explained this was not necessary and they should receive final reports and be closed as soon as they are fully expended.

Impact: No impact to future funding.

Action: During the Triennial Review, the FTA reviewer expressed an opinion that since TAPS operates in the Large Urbanized area with a population of over 200,000 we should now report quarterly on all of our grants. Quarterly reports were filed timely for all grants by October 31st and have been started to be complete by the January 31st deadline. Reminders have been placed on my calendar with sufficient lead time to prepare and complete the reports in a timely manner. All complete and fully expended grants have had closeout packets completed and submitted at the same time I did the October 31st quarterly reports.

2013-06 **Client failed to pay several invoices with entity funds prior to requesting funding from Texas Department of Transportation (TxDOT) reimbursement grants.**

Cause: Molina was unable to give a valid explanation for this. Had she properly managed the billing process and followed procedures in place by ensuring A/P staff cut checks for all invoices at the time she submitted the billing, this would not have been a finding. Likely there were cash flow issues occurring at this time that Molina failed to disclose to upper management and this was the end result.

Impact: I have spoken with our TxDOT PTC, Greg Davis, about this. It was also a finding in a TxDOT Quarterly Line Item Review for the period covering late summer 2014. We are subject to a higher level of review and must submit invoices with billings when we submit them to TxDOT. It has not threatened future funding awards.

Action: I have retrained finance staff on TxDOT policy regarding the requirement that funds be requested only as reimbursement of funds that have already been expended. As an additional step, prior to processing the TxDOT billing, when I obtain the copies of the invoices to send I work with A/P staff to ensure that checks have been processed for all invoices that are being included in the billing. TAPS passed its most recent TxDOT Quarterly Line Item review for the period subsequent to Molina's termination with no findings. However, because the next audit will include reimbursements which were performed by Molina, it is likely to be a repeat finding.

2013-07 **Client failed to pay several invoices within three days of receiving funding from draws on Federal Administration (FTA) grants.**

Cause: Molina drew capital funds and used them for operating expenses, rather than for the capital (bus) invoices. She later drew operating funds and paid the bus invoices. This is related to the fact that the FY11 & 12 CCART carryforward funds have still not been awarded and TAPS was having to shift funds to cover expenses.

Impact: During the Triennial Review both the reviewer and FTA staff indicated that there were NO findings that were serious enough to threaten TAPS' future funding, including this one. TAPS will have to work with FTA to determine if we will be required to pay interest on these funds. The funds were not held in an account, and interest was not earned on them. FTA was aware this strategy was being used as the only funding available to TAPS in Collin County was a capital grant because FTA had not been able to follow through on its assurance that it would have operating funding transferred to TAPS within 90 days of taking over service.

Action: I have retrained finance staff on FTA policy regarding the requirement that invoices be paid within three days of receiving cash. As an additional step, when processing an FTA

draw, I have worked with A/P staff to ensure that checks have been processed for all invoices that are being included in the billing. However, because the next audit will include draws which were made by Molina, it is likely to be a repeat finding.

2013-08 **Client received duplicate reimbursement from TxDOT for two invoices which resulted in overpayment.**

Cause: The procedure for completing billings involves setting the proper date range in the MIP accounting system for pulling reports. In this instance, Molina filtered for a date range that overlapped a range that had already been billed by one day when she was conducting the closeout on a grant. The TxDOT PTC who reviews the billings, including detailed invoice listings, also did not catch the duplicate billings.

Impact: This will not impact to future funding. I will be working with TxDOT in this situation. We were overmatched on this grant, and I will be requesting to substitute other expenditures in lieu of repaying the overpayment.

Action: A procedure is in place for completing billings which outlines use of date ranges to filter invoices. A standardized report has been created and saved in the MIP accounting system for this purpose.

2013-09 **Local match was not met for each separate draw request for FTA grants.**

Cause: This was due to a lack of understanding of how FTA required match to be documented. TxDOT permits TAPS to document match for a program cumulatively throughout the state fiscal year, and it was our understanding that FTA's programs were similarly matched across time. We documented this match process in a fiscal-year-based match spreadsheet. During the Triennial Review I was able to sufficiently document to the reviewer that TAPS was sufficiently matching its programs, and this was not a finding in the Triennial Review. Because of how it was reflected on the match spreadsheet (matched to the timing of the expenditure vs the timing of the cash draw), however, the auditors would not remove the finding.

Impact: No impact to future funding.

Action: TAPS has always had sufficient match for its funding, it has just been a matter of how the match was entered on the match spreadsheet. Beginning with the spreadsheet for FY15, care is now being taken to ensure that match is entered in a way that reflects not only when it was earned and the grant it will match but, in the case of FTA, specifically to which draw it applies. However, because the next audit will include draws which were made by Molina, it is likely to be a repeat finding.

We are working diligently to replace the Finance Director's position with an individual who has the knowledge, skills and abilities to handle the challenges that come with managing the budgetary and cash flow complexities of a large "small" urban and rural transit district and Medicaid MTO. This has to be a person who can think creatively, has a natural curiosity, and is passionate about accuracy and integrity. With this person in place, properly trained, following procedures and communicating with upper management, the FY15 audit should not have findings.

10. **Receive Presentation and Take Action to enter into a fee for service agreement with My Possibilities of Plano for fixed shuttle service**
Brad Underwood, CEO

Texoma Area Paratransit System, Inc.
3400 Texoma Pkwy; Sherman, TX. 75090
903-893-4601 | 800-256-0911 | Fax 903-893-4766

To: TAPS Board of Directors

From: Brad Underwood, CEO

Subject: Item #10 Receive Presentation and Take Action to enter into a fee for service agreement with My Possibilities of Plano for fixed shuttle service

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Board:
The My Possibilities route is designed to connect adults with disabilities in McKinney and its surrounding communities with My Possibilities, a continued education program for those with special needs. TAPS developed this route through a collaborative effort with My Possibilities and the North Central Texas Council of Governments (NCTCOG). Together, My Possibilities, NCTCOG, and TAPS were able to purchase a vehicle to be used exclusively to provide a service dedicated to this exemplary program.

The route, as designed, will travel from the Wal-Mart at the intersection of Custer Road and US 380 in McKinney to the My Possibilities facility in Plano, with multiple pick-up locations along the way. Transportation will be provided during the morning and evening hours on weekdays. For patrons of My Possibilities who cannot reach the designated pick-up locations on this route, it is the hope of TAPS that our other fixed routes and/or commuter shuttles will assist in providing transportation to the facility.

Recommendation:

To approve final recommendations.

AGREEMENT
BETWEEN
MY POSSIBILITIES
AND
TEXOMA AREA PARATRANSIT SYSTEM, INCORPORATED
FOR
COMMUTER SHUTTLE TRANSIT SERVICES

My Possibilities, a non-profit corporation, and Texoma Area Paratransit System, Incorporated ("TAPS"), a rural transit district and political subdivision of the State of Texas, hereby enter into this Interlocal Agreement as of the Effective Date for the provision of commuter shuttle transit services. My Possibilities and TAPS may be referred to jointly herein as the "Parties," and individually as a "Party."

RECITALS

WHEREAS, My Possibilities is non-profit organization organized pursuant to section 501(c)(3) of the Internal Revenue Code, as amended, and located within Collin County, Texas; and

WHEREAS, on or about April 1, 2014, My Possibilities received approval by the Regional Transportation Council ("RTC"), the regional transportation policy board of the North Central Texas Council of Governments ("NCTCOG"), to receive federal grant funding under the Job Access/Reverse Commute Program, found at 49 U.S.C. § 5316 ("JA/RC"), for the implementation of a JA/RC Project; and

WHEREAS, TAPS is a rural transit district established pursuant to the authority of Chapter 458 of the Texas Transportation Code, as amended, that provides transit services, including commuter shuttle transit services, within the State of Texas in the counties of Clay, Collin, Cooke, Fannin, Grayson, Montague, and Wise; and

WHEREAS, My Possibilities seeks to implement a JA/RC Project to provide commuter shuttle transit services to and from its offices located at 1631 Dorchester Drive, Plano, Collin County, Texas 75075; and

WHEREAS, My Possibilities has requested commuter shuttle transit services from TAPS, and TAPS agrees to provide the requested commuter shuttle transit services pursuant to this Agreement, to support the JA/RC Project; and

WHEREAS, the Parties acknowledge and find that it will increase the efficiency and effectiveness of their respective entities by entering this Agreement, and will be in their best interests and the interest of the public to cooperate in the provision of commuter shuttle transit services as set forth in this Agreement.

NOW, THEREFORE, the Parties hereby make and enter into this Agreement for and in mutual consideration of the covenants and agreements set forth herein.

Article 1.
Purpose and Consideration

1.1 Purpose: My Possibilities and TAPS enter into this Agreement for the purpose of providing services in which the parties are mutually interested.

1.2 Consideration: My Possibilities and TAPS agree there is good and valuable consideration for entering into this Agreement, the receipt and sufficiency of which is acknowledged.

Article 2.
Term and Termination

2.1 Term: This Agreement shall be for a period of twelve (12) months beginning on October 27, 2014 ~~, 2014~~ (the "Effective Date") and terminating on October 26, 2015 (the "Termination Date"), unless terminated earlier by either My Possibilities or TAPS in accordance with the terms of this Agreement ("Term").

2.2 Termination: ~~This Agreement may be terminated prior to the Termination Date as follows:~~

a. This Agreement may be terminated prior to the Termination Date as follows:

(1) The Parties may terminate this Agreement by a written agreement signed by both Parties setting forth the agreed termination date;

(2) Either Party may terminate this Agreement with or without cause by providing written notice to the other Party not less than sixty (60) days prior to the desired termination date; or

(3) Either Party may terminate this Agreement on the thirty-first (31st) day after providing written notice to the other Party that the other Party is in breach of its obligations under this Agreement, which notice shall describe the alleged breach with reasonable particularity, and the Party receiving the notice has failed to cure the alleged breach.

b. Section 2.2(a) does not alter Section 2.3 or Section 2.5.

c. TAPS may seek payment for any services that it may provide prior to the effective date of a termination under Section 2.2(a).

2.3 Regulatory Change: If there is a material change in state or federal regulation(s) that affects or impairs either Party's ability to perform this Agreement, the Parties may renegotiate the terms of this Agreement so the affected Party can comply with the material change. The affected Party shall provide the other Party with written notice of the applicable material regulatory change within five (5) days after the affected Party determines the change will affect or impair its ability to perform this Agreement. Should a Party choose not to renegotiate, or should the material regulatory change make it impossible for the affected Party to perform this Agreement, that Party may terminate this

Agreement by providing fourteen (14) days' written notice to the other Party. Termination shall be effective on the fourteenth (14th) day after the day on which the notice is provided. TAPS may seek payment for any services that it may provide prior to the effective date of a termination under this Section 2.3.

2.4 Rescinding Termination: A Party that provides written notice of termination pursuant to Section 2.2(a)(2), Section 2.2(a)(3), or Section 2.3 may rescind same by providing written notice to the other Party on or prior to the effective date of the termination, in which event this Agreement shall remain in full force and effect as if the notice of termination had never been given. A written agreement of termination pursuant to Section 2.2(a)(1) may be rescinded by written agreement signed by both Parties prior to the effective date of the termination, in which event this Agreement shall remain in full force and effect.

2.5 Suspension and Reinstatement: To the extent applicable, My Possibilities and TAPS acknowledge that TAPS is a governmental entity of the State of Texas and that, upon the inability of TAPS to obtain or appropriate finances to meet its obligations under this Agreement, TAPS shall have the right to suspend the Transit Services as of the effective date of such lack of fiscal funding. TAPS shall give written notice to My Possibilities as to any such failure of funding at the earliest possible time, but in any case not later than five (5) days after TAPS becomes knowledgeable of the lack of funding. Upon receipt of fiscal funding that TAPS determines is sufficient to meet its obligations under this Agreement, TAPS shall reinstate the Transit Services and provide written notice to My Possibilities at least five (5) days before reinstatement. In no event shall My Possibilities be liable for payment to TAPS during any period of suspension under this Section 2.5.

2.6 Force Majeure: Neither My Possibilities nor TAPS shall be deemed in violation of this Agreement if either is prevented from performing any of the obligations hereunder by reason of, for, or through strikes, act of terror, stoppage of labor, riot, fire, flood, storm, invasion, insurrection, accident, order of court, judge or civil authority, an act of God, or any cause reasonably beyond the Party's control and not attributable to its neglect. In the event of such an occurrence, the time for performance of such obligations or duty shall be suspended until such time that such inability to perform, for which the Party is not responsible, or circumstance beyond its control, shall be removed. The Party claiming the suspension shall give written notice of such impediment or delay in performance to the other Party within two (2) days of the knowledge of such occurrence. Each Party shall make all reasonable efforts to mitigate the effects of any suspension.

2.7 Renewal: This terms of this Agreement may be renewed for an additional twelve (12) months after the Termination Date. The Parties may effect this renewal in a writing signed by the Parties. If renewed, the renewal period shall begin on October 27, 2015 and terminate on October 26, 2016 ("Renewal Term").

Article 3.
Responsibilities and Payment

3.1 TAPS Responsibilities: TAPS shall provide services related to the administration and operation of commuter shuttle transit services (the "Transit Services") as follows.

a. Approved Route, Dates and Times of Service: TAPS shall provide the Transit Services over the route that the Parties have approved (the "Approved Route") described in Exhibit A, attached hereto and incorporated by reference herein (the "Operation Plan"). The Transit Services shall be conducted substantially in conformance with the stop times, stop locations, and days of service set forth in the Operation Plan. The Parties may from time to time agree in writing to amend or revise the Operation Plan, as needed to address ridership patterns and levels.

b. Administrative and Operational Services: TAPS shall provide all administrative and operational services for the Transit Services, including employment and management of necessary and sufficient personnel, registration of riders, and preventive maintenance of the vehicles.

c. Americans with Disabilities Act: TAPS acknowledges and understands that it is responsible for compliance with, and agrees to comply with, the requirements of the Americans with Disabilities Act, as amended, in providing the Transit Services.

d. Compliance: TAPS agrees that it will comply with and follow those guidelines that apply to My Possibilities in My Possibilities' agreement with NCTCOG, if any, wherein My Possibilities was approved to receive federal grant funding for the implementation of the JA/RC Project.

e. Monthly Status Report: Not later than the tenth (10th) day of each calendar month, TAPS shall provide a status report to My Possibilities, in a format acceptable for reporting JA/RC Grant requirements to NCTCOG, stating Transit Services activities which occurred in the previous calendar month (the "Monthly Status Report"). Each Monthly Status Report shall set forth for each route approved as part of the Operation Plan at least the following information, as well as any other information required by NCTCOG for JA/RC Grant compliance:

(a) the estimated or actual number of rides provided (measured by one-way trips);

(b) total revenue vehicle hours;

(c) the number of buses used during each day of operation;

(d) route lengths; and

(e) a description of delays or problems in providing Transit Services during the period covered by the Monthly Status Report (including, but not limited to, the date and approximate time of the delay or problem, the approximate length of delay, a description of the cause for the delay or problem (if known), and the applied resolution(s)); and

(f) Any JA/RC Project milestones and applicable performance measures related to the actual or estimated number of jobs being accessed.

f. Closeout Report: No later than sixty (60) days after any termination of this Agreement, TAPS shall provide to My Possibilities a closeout report documenting the final actual cost of providing the Transit Services for the JA/RC Project, including final data for JA/RC Project activities and the performance measures more fully described in the Section 3.1(h).

3.2 My Possibilities Responsibilities: My Possibilities agrees to reasonably cooperate with TAPS so that TAPS may effectuate and fulfill the terms of this Agreement. My Possibilities' responsibilities in this regard shall include:

a. Payment for Services: My Possibilities agrees to pay TAPS for the Transit Services a sum not to exceed Forty-Eight Thousand Forty-Eight and 00/100 Dollars ($48,048.00). Total payment for services shall be for reasonable and customary expenses related to providing the Transit Services including, but not necessarily limited to, associated administrative and operational services.

b. Vehicles: My Possibilities shall acquire and provide two shuttle buses so that TAPS may provide the Transit Services in accordance with the Operation Plan. The acquisition and provision of these buses will be in cooperation or partnership with NCTCOG.

c. Fares: My Possibilities shall handle the collection of fares for the Transit Services provided pursuant to the JA/RC Project. Transit Service fares shall be determined by My Possibilities, with the input of TAPS. Transit Service revenues generated by the collection of Transit Service fares shall be owned by and paid over to My Possibilities.

3.3 Compliance: My Possibilities and TAPS acknowledge that the Transit Services will be funded by federal grant money under the Job Access/Reverse Commute Program, 49 U.S.C. § 5316. My Possibilities and TAPS further agree to comply with any terms and conditions of the Job Access/Reverse Commute Program to the extent such terms and conditions apply to the Parties' responsibilities under this Agreement.

3.4 Terms of Payment for Services:

a. TAPS: Not later than ten (10) days after the end of each calendar month of the term of this Agreement, TAPS will submit to My Possibilities an invoice for an amount not to exceed $4,004.00 ((1/12) of the total amount of the Agreement). Each invoice shall identify the period for which the payment is being requested and the services performed during that period. TAPS shall provide with each invoice a status report in accordance with Section 3.1(e). At My Possibilities' written request, TAPS shall provide My Possibilities with all supporting documentation in connection with one

or more specific invoices or status reports, or any other aspect of the Transit Services.

b. My Possibilities: My Possibilities shall pay TAPS on the thirtieth (30th) day of each month, unless supporting documentation has been requested by My Possibilities, in which case My Possibilities shall pay the invoice as soon after receiving the supporting documentation as is reasonable; or unless a dispute arises as to any charge(s) contained in the invoice, in which case My Possibilities shall pay the undisputed amount of the invoice on the thirtieth (30th) day of each month and shall pay the remaining amount, if any, of the invoice after resolution of the dispute as soon after resolution as is reasonable. My Possibilities shall otherwise ensure that TAPS receives payment as set forth herein; otherwise, TAPS may suspend service of the route until it receives payment of an overdue sum.

Article 4.
Miscellaneous

4.1 Notice: All notices, authorizations and requests in connection with this Agreement shall be deemed provided on the day they are (i) deposited in the mail, sufficient postage prepaid, certified or registered, return receipt requested; (ii) delivered by courier; or (iii) sent by facsimile as indicated by a fax confirmation sheet; and sent to the address or facsimile number of each party's agent as follows:

If to My Possibilities:

My Possibilities
Attn: Executive Director
1631 Dorchester Dr.
Plano, Texas 75075
(___) _____ (facsimile)

With a copy to:

Michael Kelly
Basden & Ivie, PC
17300 Dallas Parkway, Ste. 3160
Dallas, Texas 75248
(972) 248-9405 (facsimile)

If to TAPS:

Texoma Area Paratransit System, Inc.
Attention: Executive Director
3400 Texoma Parkway
Sherman, Texas 75090
(903) 893-4766 (facsimile)

With copy to:

Darrell G-M Noga
Cantey Hanger, LLP
1999 Bryan Street, Suite 3300
Dallas, Texas 75201
(214) 978-4150 (facsimile)

4.2 Recordkeeping and Right to Inspect Records: My Possibilities and TAPS shall have mutual access to, and the right to examine, all books, documents, papers, and other records of the other Party involving transactions relating to this Agreement. My Possibilities and TAPS shall have access during normal working hours to all necessary facilities and shall be provided adequate and appropriate work space in order to conduct audits in compliance with the provisions of this Section 4.2. My Possibilities and TAPS shall give the other Party advanced notice of at least forty-eight (48) business hours of intended audits.

4.3 Entire Agreement: This Agreement contains all representations, understandings, contracts and agreements between the Parties regarding the subject matter of this Agreement. This Agreement supersedes all oral or written previous and contemporaneous agreements, writings, understandings, representations, or contracts between the Parties regarding the subject matter of this Agreement. This Agreement in no way modifies or supersedes any document executed by the Parties prior to this Agreement which does not regard the subject matter of this Agreement.

4.4 Parties Bound: This Agreement shall be binding upon, and inure to the benefit of, the Parties to this Agreement and their respective successors and assigns.

4.5 Relationship: It is understood and agreed that the relationship between the Parties described in this Agreement is contractual in nature between independent Parties and does not constitute, and shall not be construed, as creating a partnership or joint venture relationship between or among the Parties. By entering into this Agreement, the Parties do not create any obligations, express or implied, other than those set forth herein, and this Agreement shall not create any rights in any individual or entity that is not a signatory hereto. TAPS shall maintain sole control, supervision and direction over its operations and the Transit Services provided under this Agreement. With regard to said operations and Transit Services, My Possibilities shall have no control, supervision or direction of the means, methods, sequences, procedures, and techniques utilized by TAPS.

4.6 No Waiver of Immunity: The Parties acknowledge that neither Party is an agent, servant, or employee of the other Party, and each Party agrees it is responsible for its own individual negligent acts or omissions or other tortious conduct, as well as such acts and deeds of its contractors, agents, representatives, and employees, during the performance of this Agreement without TAPS waiving any governmental immunity available to it under Texas law and other applicable law, and without TAPS waiving any available defenses under Texas law and other applicable law. Further, in the execution of this Agreement, TAPS does not waive, and TAPS shall not be deemed to have waived, any other immunity or defense that would otherwise be available to TAPS as a local governmental entity and political subdivision of the State of Texas.

4.7 Amendment: The Parties may revise, amend or modify this Agreement only by written agreement signed by both Parties.

4.8 Severability: The provisions in this Agreement are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Agreement is for any reason held by a court of competent jurisdiction to be contrary to law or contrary to any rule or regulation having the force and effect of the law, the remaining portions of the Agreement shall be enforced as if the invalid provision had never been included.

4.9 Governing Law: The laws of the State of Texas shall govern the interpretation, validity, performance, and enforcement of this Agreement, without regard to conflict of law principles.

4.10 Place of Performance and Venue: This Agreement is performable in the State of Texas in the counties of Collin and Grayson. Any legal action between the Parties based on this Agreement shall be brought in Collin County, Texas.

4.11 Special and Consequential Damages: In no event, whether as a result of breach of contract, warranty, tort (including negligence or infringement), strict liability or otherwise, shall either Party be liable to the other Party for any special, consequential, incidental, indirect or exemplary damages including, but not limited to, loss of profits or revenues, cost of capital, cost of substitute goods, facilities, services or downtime costs.

4.12 Remedies: No right or remedy granted herein or reserved to the Parties is exclusive of any other right or remedy herein by law or equity provided or permitted, but each shall be cumulative of every other right or remedy given hereunder. No covenant or condition of this Agreement may be waived without written consent of the Parties. Forbearance or indulgence by either Party shall not constitute a waiver of any covenant or condition to be performed pursuant to this Agreement.

4.13 No Third Party Beneficiary: For purposes of this Agreement, including its intended operation and effect: (1) the Agreement only affects matters or disputes between the Parties, and is in no way intended by the Parties to benefit or otherwise affect any third person or entity, notwithstanding that such third person or entity may be in contractual relationship with My Possibilities or TAPS or both; and (2) the terms of this Agreement are not intended to release, either by contract or operation of law, any third person or entity from obligations owed by them to either My Possibilities or TAPS.

4.14 Counterparts: This Agreement may be signed in counterparts, and each executed copy shall be deemed a counterpart original, with full force and effect and enforceable against the Parties executing same.

4.15 Authority to Enter Agreement: Each Party represents and warrants to the other that it has the full power and authority to enter into and fulfill the obligations of this Agreement. The respective signatories to this Agreement, by affixing their signatures hereto, warrant and represent that they have the authority to bind their respective parties as duly authorized representatives thereof.

[Signatures on Following Page]

SIGNED AND AGREED this 12th day of December, 2014.

MY POSSIBILITIES

By: _____
Michael Thomas, Executive Director

ATTEST

Elizabeth Romo
Elizabeth Romo, Development Director

APPROVED AS TO FORM

_____
Michael Kelly, Attorney, Basden & Ivie, PC

SIGNED AND AGREED this ___ day of _____, 2014.

TEXOMA AREA PARATRANSIT SYSTEM, INCORPORATED

By: _____
Brad Underwood, Executive Director and CEO

Executed on behalf of Texoma Area Paratransit System, Inc. pursuant to Board Resolution No. ____

My Possibilities Route

Overview

The My Possibilities Route will have four stops, terminating at the My Possibilities location in Plano. The route will be approximately 35-40 minutes in length one way, depending on weather and traffic conditions. All of the pick-up locations will allow for the safe boarding and disembarking of the bus.

Pricing

Yearly cost of service: $48,048

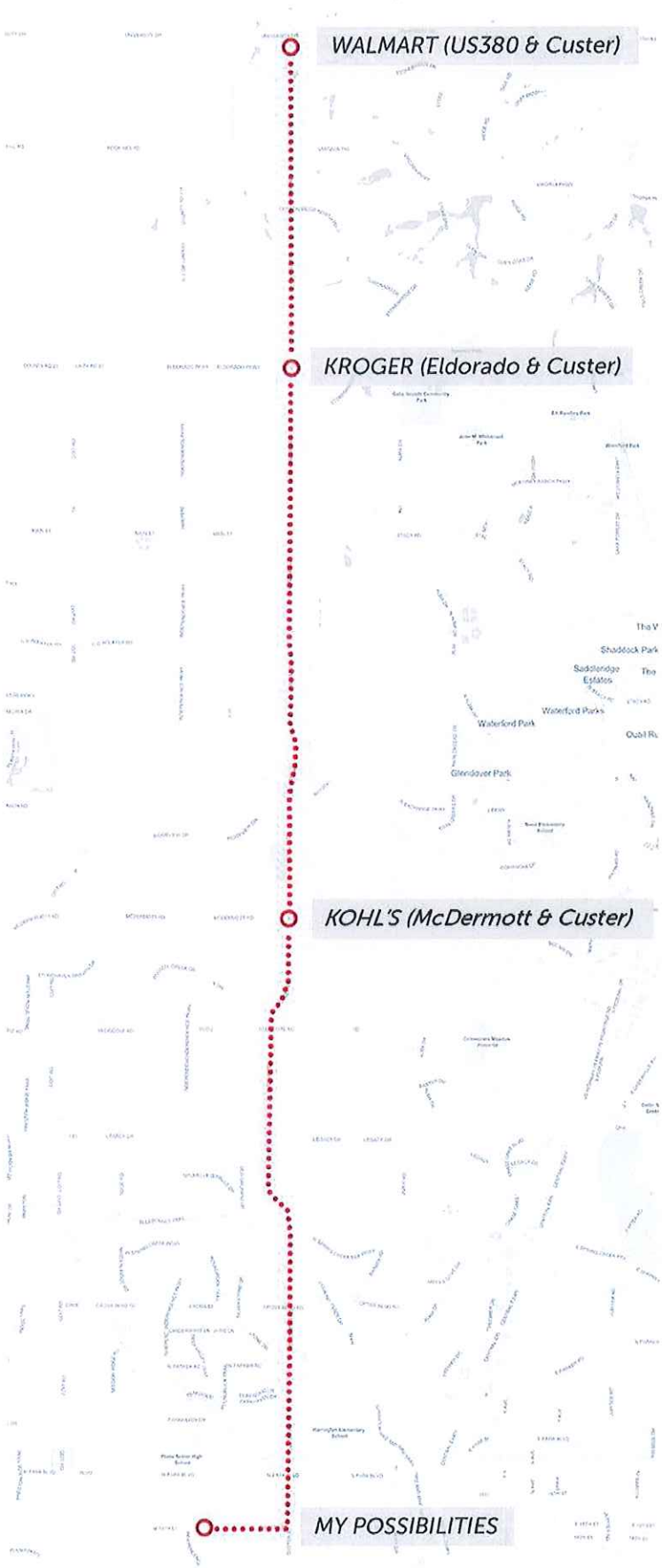
Included in this cost:

- *Operating Expenses*
- *Preventative Maintenance Expenses*
- *Administrative Expenses*

Route Schedule

AM Route	
Location	Pick-up Time
Walmart	8:20
Kroger	8:25
Kohl's	8:40
My Possibilities	Arrive at 8:55-9:00

PM Route	
Location	Drop-off Time
My Possibilities	Depart at 5:10
Jupp Street	5:25
Kroger	5:35
Walmart	5:45



GO taps Everyone Rides. PUBLIC TRANSIT | GO taps Service with Respect ACCESS

11. Receive Presentation on 2014 and 2015 Federal Funding Allocations, Timing, and Possible Implications of delay
Brad Underwood, CEO

12. **Receive Presentation and Take Action to amend TAPS Confidentiality Policy**
Brad Underwood, CEO

Texoma Area Paratransit System, Inc.
3400 Texoma Pkwy; Sherman, TX. 75090
903-893-4601 | 800-256-0911 | Fax 903-893-4766

To: TAPS Board of Directors

From: Leah Campbell

Subject: Item #12 Receive Presentation and Take Action to amend TAPS Confidentiality Policy

Board:
As we grow it is more important now than ever to ensure our business practices, tools, and proprietary information is handled with the utmost care and confidentiality. We currently have employees sign an Agreement but it is limited to their time as an employee and does not go beyond active employment. This new policy will better inform the employees of what is confidential, what steps they need to take to protect this information, and how it should be handled even after employment is not continued.

Recommendation:

To approve final recommendations.

Texoma Area Paratransit System (TAPS)
Confidentiality Policy

Purpose

Texoma Area Paratransit System (TAPS) believes Confidential Information generally consists of non-public information about a person or an entity that, if disclosed, could reasonably be expected to place either the person or the entity at risk of criminal or civil liability, or damage the person or entity's financial standing, employability, privacy or reputation. TAPS is bound by law or contract to protect some types of confidential information, and in other instances, TAPS requires protection of confidential information beyond legal or contractual requirement as an additional safeguard.

Confidential information includes, but is not limited to:

- Payroll records, salary and non-public benefits information;
- Social Security numbers, driver's license numbers, state identification card numbers, passport numbers;
- Credit and debit card information, and financial account information;
- Personnel records, included but not limited to information regarding an employee's work history, credentials, salary and salary grade, benefits, length of service, performance, and discipline;
- Individual criminal background check information;
- Computer system passwords and security codes;
- Unpublished grant proposals and unpublished research data;
- Unpublished manuscripts and correspondence;
- Budgetary, departmental, or TAPS planning information;
- Non-public financial, procurement, health/safety, audit, insurance and claims information;
- Internal investigation information, pre-litigations, and non-public litigation and administrative agency charge, audit and inquiry information;
- Proprietary or intellectual property in which TAPS assets ownership that is created by TAPS in connection with their work;
- All TAPS attorney-client communications and TAPS attorney work product;
- All TAPS Customer/Client information, including personally identifiable medical information, and all information designated as "Protected Health Information" under the Health Insurance Portability and Accountability Act (HIPAA), or otherwise protected by law;
- All information, materials, data and records designated confidential by a TAPS Department, by law or by contract, including information obtained by TAPS from third parties under non-disclosure agreements or any other contract that designates third party information as confidential.

Policy and Procedure

The protection of confidential information and trade secrets is essential both for TAPS and its employees' future security. In the course of an employees work, they may have access to confidential information regarding the agency, its marketing strategies, pricing strategies, equipment, its vendors, it affiliates, suppliers, clients and perhaps even fellow employees. To protect such information, employees may not disclose any confidential information or trade secrets at work except as necessary to perform your duties. Employees must not, under any circumstances, reveal this information outside the agency or post-employment without prior Management approval. Such information can be used only to perform your agency job duties.

All employees and independent contractors employed by TAPS are required to sign and maintain the most current version of TAPS' current confidentiality agreement as a condition of their continued employment. This Agreement defines the employees' obligations in greater detail. Any questions about the employees' responsibilities in this area should be directed to Human Resources. Any violations of this policy while on the job or after, can result in disciplinary action up to and including termination and prosecution.

All employees with job duties that require them to handle confidential information are required to safeguard such information and only use it or disclose it as expressly authorized or specifically required in the course of performing their specific job duties. Misuse of confidential information can be intentional (acts and/or omissions), or a product of negligence or inadvertence. Misuse includes, but is not limited to:

- Accessing information not directly germane or relevant to the employee's specifically assigned tasks;
- Disclosing, discussing and/or providing confidential information to any individual not authorized to view or access that data, including but not limited to third parties, personal family or friends, vendors and other TAPS employees.
- Reckless, careless, negligent or improper handling, storage or disposal of confidential data, including electronically stored and/or transmitted data, printed documents and reports containing confidential information;
- Deleting or altering information without authorization;
- Generating and/or disseminating false or misleading information, and;
- Using information viewed or retrieved for the systems for personal or any other unauthorized or unlawful use.

Employees who have been assigned personal access codes to work with systems that generate, store or manage confidential information bear the responsibility for preserving the complete confidentiality of such codes to ensure against unauthorized use by any other person. Employees who negligently or intentionally share their system passwords or accounts with anyone else for any reason will be held responsible for any resulting misuse of the system by others.

Employees who have reason to believe or suspect that someone else is using their personal access codes must immediately notify their Supervisor.

Employees who have access to confidential information are expected to know and understand associated security requirements, and to take measure to protect the information, regardless of the data storage medium being used, e.g., printed media (forms, work papers, reports, books), computers, data/voice networks, physical storage environments (offices, filing cabinets, drawers), and magnetic and optical storage media (hard drives, diskettes, tapes, CDs, flash drives). Computer display screens should be positioned so that only authorized users can view confidential information, and confidential information should be discarded in a way that will preserve confidentiality (e.g., in a shred box, not in a trash can or recycling bin).

In many instances, employees will be required or expected to attend training relevant to the information/materials being handled. Treatment of Confidential Information is discussed during the Onboarding process and all new employees are required to read and sign an "Acknowledgement of Treatment of Confidential Information" form, which is maintained in each personnel file. Employees who are hired into positions that require adherences to government-mandated compliance (e.g., HIPAA, Medicare Compliance, Medicaid Compliance, grant and contract administration, pathogens or select agents) will be subject t to strict procedures for handling such materials, must attend all training sessions and comply with compliance-specific policies and applicable laws.

Employees must notify TAPS of any violation of these guidelines. Employees may report their concerns immediately to their supervisor, Human Resources, Safety & Security or TAPS Administration.

Employee misuse of confidential information and/or the systems in which the information is stored is a serious breach of job responsibilities and will result in discipline up to and including termination of employment and prosecution.

"EXAMPLE"

Acknowledgement of Treatment of Confidential Information

I understand that confidential information is to be held in the strictest confidence and I will act in accordance with applicable federal and state laws, regulations and Agency policy regarding the safekeeping and disclosure of confidential information both while on the job and not. I understand that I am not to use such information to the detriment of the Agency and/or other vested parties.

I understand that it is my responsibility to consult with the appropriate Director and obtain approval to disclose confidential information made available to me and to ensure that any and all disclosures I make are made to people or entities authorized to receive such information.

I understanding that I shall either return to the appropriate office or destroy any confidential information in my possession when I no longer require such information for authorized purposes.

I understand that computer system password(s) I receive or devise to access computer systems, which may be made available to me for my use by the Comptroller's office, are confidential. I will not disclosure to any unauthorized person any password(s) which I am given or devise and I will not write such password(s) or post them where they may be viewed by unauthorized people. I understand that I am responsible for any computer transaction performed as a result of access authorized by use of my password(s). I understand that use of a password not issued specifically to me or to a group of which I am a member, is expressly prohibited.

I understand that criminal and/or civil penalties may apply if I obtain unauthorized access to, or make an unauthorized disclosure of, certain types of confidential information (e.g., IRS Federal Taxpayer Information, Protected Health Information, and Sensitive Personal Information). Such penalties may include, but are not limited to following:

- A misdemeanor, punishable by up to 1 year in jail and/or up to a $1,000 fine (Texas Tax Code Section 171.361)
- A misdemeanor, punishable by up to 180 days in jail and/or a fine of up to $2,000 (Texas Code Section 22.27(c))
- A felony, punishable by up to 5 years in prison and/or a fine of up to $5,000 (26 U.S.C. Section 7213 (a))

WHEREFORE, I acknowledge that I have read and understand this Agreement and voluntarily accept the duties and obligation set forth herein.

Employee Printed Name: _____

Employee Signature: _____

Date: _____

Signature of HR Personnel: _____

13. Receive Presentation and Take Action to amend TAPS Background Check Policy
Brad Underwood, CEO

Texoma Area Paratransit System, Inc.
3400 Texoma Pkwy; Sherman, TX. 75090
903-893-4601 | 800-256-0911 | Fax 903-893-4766

To: TAPS Board of Directors

From: Leah Campbell

Subject: Item #13 Receive Presentation and Take Action to amend TAPS Background Check policy

Board:
Our current policy is not clear on what is and isn't acceptable; especially in relation to violent, fraudulent, and sexual crimes. This policy will not only bring consistency to our practice in a formal way, but will also better inform the employee on what to expect at the time of hire and during their tenure. In addition, we have requirements by law, and by HHSC, that we need documented so that we are sure our staff is following those guidelines. Examples include our annual BG audit (requirement from HHSC and just good practice), signed acknowledgements from applicants prior to running the checks, copies of background in the event that an employee is terminated or not selected as a result of the findings, etc.

Recommendation:

To approve final recommendations.

Texoma Area Paratransit System (TAPS)
Background Check Policy

Purpose

Texoma Area Paratransit System (TAPS) believes that hiring qualified individuals contributes to our overall strategic success. Background checks serve as an important part of the selection process. The information we collect helps TAPS promote a safe work environment for our current and future employees. Background checks also help us obtain information necessary to determine an applicant's overall employability and to ensure the protection of TAPS' physical property, proprietary including fair employment practices and equal employment opportunity, when conducting background checks.

Policy and Procedure

Overview
At TAPS, background checks will be conducted on all job applicants for all job positions. TAPS will use a third-party agency to conduct the background checks to verify the accuracy of the information provided by the applicant during the selection process. Information collected by the agency includes Social Security, Multi-County Criminal, Federal Criminal History, Motor Vehicle Reports, and possibly Prior Employment Verification and Professional References. TAPS will ensure that all background checks are conducted in compliance with all applicable federal and state statutes, such as the Fair Credit Reporting Act and the Americans with Disabilities Act. The information that can be collected from previous employers and other sources will be limited to that which is job-related and pertains to the quality and quantity of work performed by the applicant and to the applicant's attendance record and other lawful, work-related inquiries. The Human Resource Department along with appropriate management personnel will be primarily responsible for the background check process. The U.S. Equal Employment Opportunity Commission (EEOC) on Wednesday, April 25, 2012 approved guidance on employer use of criminal background checks. The EEOC guidance does not prohibit employers from considering criminal information during the hiring process. However, TAPS takes the required steps to prevent discrimination under Title VII of the Civil Rights Act of 1964.

Background checks will include:

- Social Security validates the applicant's social security number, date of birth and former addresses
- Prior Employment Verification confirms applicant's employment with the provided companies, including dates of employment, position held, and additional information available pertaining to performance, reason for departure, and eligibility for rehire. This part of the background check will be conducted by our Human Resources staff by calling the references and previous employers that

the applicant has consented for TAPS to contact via the application process. Multi-County Criminal will be run on counties based on past residence for a period up to 10 years.

- Federal Criminal History checks district courts for any crimes committed in violation of federal law in district of current residence.
- Professional References: If applicable calls will be placed to individuals listed as references by an applicant.
- Motor Vehicle provides a report on an individual's driving history in the state requested. This search will be run when driving is an essential requirement of the position.

Procedure

After a verbal employment offer is made, the chosen candidate must complete the pre-employment authorization for background check form and return it to the Human Resources Department. Human Resources will notify the hiring manager upon receipt of the signed release. The chosen candidate is then provided a conditional offer and not to begin work prior to the hiring manager receiving approval from Human Resources.

Human Resources will order the background check upon receipt of the signed release form, and an employment screening service will conduct the check. A designated Human Resources representative will review the results.

The Human Resources representative will notify the hiring manager regarding the results of the check. In instances where negative, questionable, or incomplete information is obtained, the appropriate management, which may include the Director of Safety and Security, and the Director of Human Resources will assess the potential risks and liabilities related to the job's requirements and determine whether the individual should be hired.

Factors that may be considered when conducting an individualized assessment include:

- Additional facts or circumstances surrounding the offense.
- Age at the time of the offense or the time or release.
- Evidence that the individual performed the same type of work post-conviction with no known incidents of criminal conduct.
- Employment history before and after the offense.
- Rehabilitation efforts.
- Employment or character references along with any other information regarding fitness for the particular position.

Should a decision be made not to hire an external candidate or not to transfer or promote a current employee, based on the results of their background check, TAPS will provide the following to the candidate:

- The name, address, and phone number of the consumer reporting company that supplied the report.
- A statement the company that supplied the report did not make the decision to take the unfavorable action and can't give specific reasons for it.
- A notice of the candidate's right to dispute the accuracy or completeness of any information the consumer reporting company furnished.

Applicant Consent

TAPS will not submit backgrounds on applicant who have not given consent. TAPS' Human Resources will ensure that all applicants are provided a consent form to complete prior to extending an offer of conditional employment. The consent forms will indicate to the applicant that TAPS will be investigating the applicant's background for purposes of initial and continual employment. As a new candidate for employment, background will be conducted before employment is offered for purposes of evaluating whether the applicant is qualified for the position of which they are applying. If hired, they can expect a background check to be conducted on an annual basis to determine continued employment.

Criminal History Disqualifying Factors

TAPS will consider criminal history information during the hiring process. To ensure a safe work environment for current and future employees, the following factors will be considered for those applicants with a criminal history in determining whether to hire the external applicant, or to transfer or promote the internal applicant:

- The nature of the crime and its relationship to the position.
    - Crimes including but not limited to:
        - Violence
        - Fraudulence
        - Crimes that are sexual in nature
- The time since the conviction.
- The number (if more than one) of convictions.
- Whether hiring, transferring or promoting the applicant would pose an unreasonable risk to the business, its employees or its customers and vendors.

In accord with applicable law, the applicant will be given an opportunity to review the criminal background check results. If an applicant is found to have falsified any information regarding conviction history, the applicant will not be considered for employment. If an employee seeking a transfer or promotion to a position requiring a criminal history record check is found to have falsified any information regarding conviction history, the employee may be immediately discharged.

Record-Keeping

TAPS assures applicants that all information obtained from the background check process will only be used as part of the employment process and will be kept strictly confidential. TAPS Human Resources will maintain a file that will include the position applied for, name, and date of the background check. TAPS complies with all federal and state laws regarding the collection, storing and disposal of applicant information, such as the Fair and Accurate Credit Transactions Act (FACTA).

14. Recess into Executive Session in compliance with Texas Government Code Section 551.074; Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, and Finance Director:

(1) to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or

(2) to hear a complaint or charge against an officer or employee

15. Consent Items: The following items on the consent agenda are considered to be routine by TAPS and will be enacted with one motion. There will not be separate discussion of these items unless a board member so requests, in which event they will be removed from the general order of business and considered in normal sequence.

A) Receive Financial Report and Accept For Months of October, November, and December 2014
Teresa Foster, CFO

B) Receive Ridership Report and Accept For Months of October, November and December 2014
Tim Patton, COO

Financial Report for October, November, and December 2014 to be provided

	TAPS Ridership			
	OCT	NOV	DEC	TOTAL
CLAY	3,314	3,364	3,414	10,092
COLLIN	12648	12838	13030	38,516
COOKE	1,940	1,970	1,999	5,909
FANNIN	2,219	2,252	2,286	6,757
GRAYSON	13,998	14,208	14,421	42,627
MONTAGUE	1,719	1,745	1,771	5,235
WISE	2,188	2,221	2,254	6,663
Total	**38,026**	**38,598**	**39,175**	**115,799**
RURAL	15,934	16,174	16,415	48,523
URBAN	22,092	22,424	22,760	67,276
Total	**38,026**	**38,598**	**39,175**	**115,799**

16. Adjourn