Connecting Our Community.

Administrative and Finance Committee

Thursday, February 9, 2017– 8:00 a.m.
Omnitrans Metro Facility
1700 West 5th Street
San Bernardino, CA 92411

The meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or Limited English Proficiency services are needed in order to participate in the public meeting, requests should be made through the Recording Secretary at least three (3) business days prior to the Committee Meeting. The Recording Secretary's telephone number is 909-379-7110 (voice) or 909-384-9351 (TTY), located at 1700 West Fifth Street, San Bernardino, California. If you have comments about items on the agenda or other general concerns and are not able to attend the meeting, please mail them to Omnitrans at 1700 West Fifth Street, San Bernardino, California, Attention Board Secretary. Comments may also be submitted by email to BoardSecretary@omnitrans.org.

A. Call To Order

1. Pledge of Allegiance
2. Roll Call

B. Announcements/Presentations

1. Next Committee Meeting: Thursday, March 9, 2017, 8:00 a.m.
   Omnitrans Metro Facility Board Room

C. Communications From The Public

This is the time and place for the general public to address the Board for items that are not on the agenda. In accordance with rules applicable to meetings of the Administrative & Finance Committee, comments on items not on the agenda and on items on the agenda are to be limited to a total of three (3) minutes per individual.

D. Possible Conflict of Interest Issues

Disclosure – Note agenda items contractors, subcontractors and agents, which may require member abstentions due to conflict of interest and financial interests. Board Member abstentions shall be stated under this item for recordation in the appropriate item. N/A

E. Discussion Items

1. Approve Administrative & Finance Committee Minutes – December 15, 2016 — 2
2. Recommend the Board of Directors Receive and File Construction Progress Report No. 55 through January 31, 2017 – sbX E Street Corridor BRT Project — 6
3. Receive and File Omnitrans' Director of Finance Report - Price of Compressed Natural Gas — 14
4. Recommend the Board of Directors Receive and File Omnitrans' Fiscal Year Ended June 30, 2016 Audit Reports — 17

F. Adjournment

Posted: February 2, 2017

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San Bernardino, CA 92411
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ITEM # E1

ADMINISTRATIVE & FINANCE COMMITTEE
MINUTES, DECEMBER 15, 2016

A. CALL TO ORDER

Chairman Ed Graham called the regular meeting of the Administrative and Finance Committee to order at 8:00 a.m., Thursday, December 15, 2016.

1. Pledge of Allegiance
2. Roll Call

Committee Members Present
Council Member Ed Graham, City of Chino Hills – Committee Chair
Mayor Carey Davis, City of San Bernardino
Mayor Paul Eaton, City of Montclair
Council Member Patricia Gilbreath, City of Redlands
Supervisor Curt Hagman, County of San Bernardino
Council Member Dick Riddell, City of Yucaipa
Council Member John Roberts, City of Fontana
Mayor Pro Tem Sylvia Robles, City of Grand Terrace
Mayor Pro Tem Spagnolo, City of Rancho Cucamonga
Council Member Alan Wapner, City of Ontario

Omnitrans Administrative Staff Present
P. Scott Graham, CEO/General Manager
Diane Caldera, Director of Operations
Jack Dooley, Director of Maintenance
Marge Ewing, Director of Human Resources/Safety & Security
Sam Gibbs, Director of Internal Audit
Jacob Harms, Director of Information Technology
Jennifer Sims, Director of Procurement
Don Walker, Director of Finance
Wendy Williams, Director of Marketing/Planning
Andres Ramirez, IPMO Program Manager
Nathan Churan, Director of Special Transit Services
Maurice Mansion, Treasury Manager
Don Stellar, Maintenance Supervisor
Vicki Dennett, Senior Executive Assistant to the CEO/General Manager

B. ANNOUNCEMENTS/PRESENTATIONS

The next Committee Meeting is scheduled Thursday, January 12, 2017, at 8:00 a.m.

C. COMMUNICATIONS FROM THE PUBLIC

There were no communications from the public.

D. POSSIBLE CONFLICT OF INTEREST ISSUES

There were no conflict of interest issues identified.

E. DISCUSSION ITEMS

1. Approve Administrative & Finance Committee Minutes – November 10, 2016

   M/S (Wapner/Roberts) that approved the Committee Minutes of November 10, 2016. Member Eaton abstained. The motion was approved by Members present.

2. Adopt Proposed 2017 Committee Meeting Schedule

   M/S (Wapner/Gilbreath) that adopted the proposed Administrative & Finance Committee Meeting Schedule for 2017. The proposed schedule is the same as the current 2016 schedule, which is 8:00 a.m., the second Thursday after the Omnitrans Board Meeting.

   January 12, 2017
   February 9, 2017
   March 9, 2017
   April 13, 2017
   May 11, 2017
   June 15, 2017
   No Meeting*
   August 10, 2017
   September 14, 2017
   October 12, 2017
   November 9, 2017
   December 14, 2017

   * As there is no Board Meeting in August, no Committee Meeting will be held in July.

   Motion was unanimous by Members present.

3. Recommend the Board of Directors Receive and File Construction Progress Report No. 53 through November 30, 2016 - sbX E Street Corridor BRT Project

   IPMO Program Manager Andres Ramirez presented this item. He reported that the project budget remained at $191.7 million with $185.3 million expended up-to-date. The projected amount for the project at completion was $188.6 million. He explained that the focus was on the following three areas:

   1) Tenth to Highland work was completed. The punch list was created and the final change order was issued. The contract was expected to be closed out by the end of this year or beginning of next year.

   2) PA system contract was issued and approximately 90% of the submittals have been reviewed. The PA system installation was scheduled to take place in early January.

   3) The Vehicle Maintenance Facility work was currently underway.

   Mr. Ramirez stated that with regards to the Federal Transit Administration (FTA) project close-out, the Board awarded the After Study Survey contract at the December meeting and a kick-off meeting was scheduled for next week. The work would begin in January and ready for final submittal to the FTA in April 2017. Lastly, there is zero lost time with 510,000 man hours completed.

   This report was approved to move forward to the Board of Directors for receipt and file.

4. Receive and File Omnitrans' Director of Finance Report - Price of Compressed Natural Gas

   Director of Finance Don Walker reported that the price of natural gas had increased from $0.73 per gallon in November to $0.79 in December. The $0.06 increase equated to $23,160 in cost over the month prior. He explained that the price of natural gas was expected to increase during the winter months due to much of the gas supply being used for heating. The average price per gallon for the first six months of this fiscal year was $0.75 per gallon, $0.45 in liquefaction and delivery cost, and $0.06 in sales tax.

   He explained that the pipeline fueling infrastructure was currently underway and would result in a savings of $174,000 monthly or $2.1 million annually. Fueling with the pipeline infrastructure was scheduled to begin in February 2017. He indicated that the transition to pipeline gas decreased the operating budget from $4.4 million in FY16 to $2.5 million for FY17. In addition, Omnitrans would be participating low carbon fuel standards credit program which was expected to generate $800,000 of revenue annually. He stated that the item to award the contract would be presented at the January Board meeting for approval.

   Member Robles arrived at 8:05 a.m.

   This item was received and filed.

5. Approve Re-Evaluation of Office Administrator to Office Manager

Director of Human Resources/Safety & Security Marge Ewing presented this report and stated that the staff recommendation was that this committee approve and recommend that Board approve the reevaluation of the Office Administrator position to an Office Manager position. She stated that the Position Information Questionnaire (PIQ) was attached in the report and noted that the responsibilities of this position increased as described in the report.

Member Graham stated that the report did not mention the total cost and asked what the annual amount was. Ms. Ewing explained that the level changed from a level V to a level IV and there was approximately a $10,000 - $12,000 difference depending on the pay range. She explained that the range minimum was $72,700 and the maximum was $98,736. She offered to add the information in the Board memo.

Member Gilbreath asked if anyone currently on staff was being evaluated for this position. Ms. Ewing responded that this was a new position and would be posted and opened up for a competitive process.

Member Hagman arrived at 8:10 a.m. prior to the vote.

M/S (Gilbreath/Davis) that recommended the Board of Directors approve the re-evaluation of Office Administrator from Level V to Level IV with the new title of Office Manager for the Special Transit Services Department, effective January 2, 2017.

F. ADJOURNMENT

The Administrative and Finance Committee meeting adjourned at 8:10 a.m.

The next Administrative and Finance Committee Meeting is scheduled Thursday, January 12, 2017, at 8:00 a.m., with location posted on the Omnitrans website and at Omnitrans' San Bernardino Metro Facility.

Prepared by:

____

Araceli Barajas, Executive Staff Assistant

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ITEM # E2

DATE: February 9, 2017

TO: Committee Chair Ed Graham and
Members of the Administrative & Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Andres Ramirez, Program Manager

SUBJECT: **CONSTRUCTION PROGRESS REPORTS NO. 55 THROUGH JANUARY 31, 2017 - sbX E STREET CORRIDOR BRT PROJECT**

FORM MOTION

Receive and recommend to the Board of Directors for receipt and file Construction Progress Report No. 55 for the sbX E Street Corridor BRT Project through January 31, 2017.

BACKGROUND

This is Construction Progress Report No. 55 for the sbX E Street Corridor Project.

CONCLUSION

Receive and recommend to the Board of Directors for receipt and file Construction Progress Report No.55 for the sbX E Street Corridor BRT Project through January 31, 2017.

PSG:AR

Attachment

sbX E Street Corridor
Bus Rapid Transit (BRT) Project

Construction Progress Report No. 55

January 31, 2017

Prepared By:

Omnitrans
Integrated Project Management Office

Contractor:	SBX Corridor - Griffith/Comet Joint Venture PA System – Ford Audio Visual VMF – USS Cal Builders 10th to Highland – Matich Corporation VMF Modification – Regency Pacific
Contractor Contract No.:	IPMO11-5
Omnitrans Program Manager:	Andres Ramirez

Connecting Our Community.

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I. PROJECT STATUS SUMMARY

A. Project Description

The sbX E Street Corridor BRT Project is an Omnitrans transit improvement project that consists of three components.

E Street Corridor: A 15.7-mile-long Bus Rapid Transit corridor that will connect the northern portion of the City of San Bernardino with the City of Loma Linda. The sbX E Street Corridor Bus Rapid Transit (BRT) Project has evolved as the highest priority corridor identified in the System-Wide Transit Corridor Plan for the San Bernardino Valley.

Bus Purchase: In order to provide service to the E Street Corridor a total of fourteen 60' articulated buses will be purchased.

Vehicle Maintenance Facility Modifications: A 4.4-acre facility maintaining and servicing the Omnitrans' bus fleet, comprised of over 160 buses. Modifications to Omnitrans' facility include the demolition of a bus washing station, removal of abandoned underground fuel tanks and new construction of a bus washing system, a new Genset, a three-lane CNG fueling station, and re-configuring the bus parking area. Modifications to the maintenance building are made in order to accommodate Omnitrans' 60-foot articulated bus fleet.

B. Summary Status Update

E Street Corridor:

10th to Highland:

- Street re-opened on 9/8/16 as planned
- Contract Close Out continues.

PA System:

- Material received.
- Mobilization in January 2017.
- Installation of wire and speakers at Loma Linda Park and Ride started.
- Projected completion June 28, 2017

Vehicle Maintenance Facility:

Contract Closeout

- Final Change Order and Final Acceptance need to be issued

Modification Work

- Electrical, concrete, and low voltage work continues.
- Fuel Island extensions started.
- Card Access additions continue.
- Vacuum System installation in progress.
- Completion projected for April 2017.

Project Closeout with FTA:

Project Closeout

- Funds transfer for FTA reimbursement complete.
- After-study surveys started.

II. PROJECT SCHEDULE

The three major components of the project (E Street Corridor, 60' Articulated Buses, and the Vehicle Maintenance) are complete and have been placed into operation. Additional components to the project (i.e. 10th to Highland, City Acceptance Work, the PA System, and the VMF Completion Work) are currently being worked on and are in different stages of progress. Projected completion dates listed below:

	Scheduled Completion	Projected Completion
E Street Corridor		
City of SB Final Work / World Oil	February 2016	Completed
10th to Highland	September 2016	Completed
PA System	November 2016	June 2017
Vehicle Maintenance Facility		
Modification Work	May 2016	April 2017
Project Closeout with FTA		
After-Study	April 2017	April 2017

III. SAFETY

The project team considers safety to be the utmost priority. As such, the entire project team works towards a "no-lost time" goal on a daily basis. Below is a breakdown of the hours achieved with zero lost time due to injuries:

	Through December 2016
E Street Corridor	
Corridor Construction including final Work	425,441
10th to Highland	19,893
PA System	480
Vehicle Maintenance Facility	64,786
Total	510,570

IV. PROJECT BUDGET AND COST

The project continues to be within budget. We currently have zero open claims on the project. A breakdown of the project costs and projections is detailed in the following tables:

Total Project Budget Summary
Budget as of December 31, 2016

Approved Budget	$191,706,000
Cost to Date	$185,890,761
Estimate to Complete	
Corridor Project	$ 2,085,024
10th to Highland	$ 324,645
Estimate at Completion	$188,300,431

Budget By Contract Packages 31-Dec-2016								(Contract Award + Approved Changes)		(Approved Current Budget-Committed)	Forecast *Potential Uses of Contingency*		
	PCGA Budget	Approved Current Budget	Authorized for Expenditure	Expended to Date	% of Approved Current Budget	Contracts Awarded	Approved Changes	Committed	Expenditure Authorization Remaining	Remaining Contingency	Pending Commitments/ Potential Changes	Trends/Risks	Estimate At Completion
BRT Construction													
Griffith/Comet JV	90,780,000	84,637,000	87,760,263	81,238,395	96.2%	64,937,853	16,365,742	81,303,595	6,456,668	3,333,405	-	-	81,303,595
Art			68,000	68,000		68,000	-	68,000	-	(68,000)	-	-	68,000
Other Direct Payments			48,401	57,197		57,197	-	57,197	(8,796)	(57,197)	-	-	57,197
Delineators				70,991		89,943	(18,952)	70,991	(70,991)	(70,991)	-	-	70,991
PA System				24,820		563,875	-	563,875	(563,875)	(563,875)	56,388	-	620,263
Miscellaneous Work				-		17,500	-	17,500	(17,500)	(17,500)	75,000	75,000	167,500
BRT Design													
Parsons	19,193,400	17,849,400	18,097,876	19,134,095	107.6%	16,464,092	3,725,637	20,189,729	(2,091,853)	(2,340,329)	(1,334,545)	-	18,855,185
PA System				71,300		83,000	-	83,000	(83,000)	(83,000)	8,300	-	91,300
Miscellaneous Work				-		-	-	-	-	-	-	-	-
VMF Construction													
USS Cal Builders	5,370,000	8,131,000	14,498,152	14,539,965	179.8%	10,579,786	3,955,349	14,535,135	(36,983)	(6,404,135)	100,000	-	14,635,135
Regency Pacific				76,827		697,000	-	697,000	(697,000)	(697,000)	69,700	-	766,700
VMF Design													
STV	1,007,600	1,007,600	1,418,132	1,907,074	191.1%	951,029	1,048,727	1,999,756	(581,624)	(992,156)	-	-	1,999,756
Carlin Environmental			27,800	18,380		10,000	9,800	19,800	8,000	(19,800)	-	-	19,800
Vehicles Design & Manufacturing-N.F.	16,628,000	16,628,000	15,978,093	15,211,154	92.5%	15,483,572	(272,418)	15,211,154	766,939	1,416,846	-	-	15,211,154
Other Vehicle Equipment			318,853	173,484		318,853	(145,369)	173,484	145,369	(173,484)	-	-	173,484
ROW Acquisition Services-SANBAG	6,532,000	10,357,000	11,738,400	11,418,850	110.3%	10,971,135	447,715	11,418,850	319,550	(1,061,850)	-	-	11,418,850
3rd Party Utilities Design & Reloc.		1,003,000	1,157,223	1,106,705	110.3%	1,174,205	-	1,174,205	(16,982)	(171,205)	50,000	-	1,224,205
Project Admin. And Management													
Jacobs	6,638,000	6,632,000	11,852,647	12,969,303	195.6%	3,898,769	9,070,534	12,969,303	(1,116,656)	(6,337,303)	-	-	12,969,303
Other													
IPMO	17,624,000	15,012,450	14,722,701	14,859,900	99.0%	15,006,001	-	15,006,001	(283,300)	6,449	-	-	15,006,001
Insurance	1,113,000	1,112,000	500,000	-	0.0%	500,000	(500,000)	-	500,000	1,112,000	-	-	-
Legal-BB&K, County	2,525,450	1,000,000	1,000,000	374,686	37.5%	1,000,000	(527,136)	472,864	527,136	527,136	-	-	472,864
In Kind Contributions	8,080,550	8,080,550	8,080,550	8,401,239	104.0%	8,401,239	-	8,401,239	(320,689)	(320,689)	-	-	8,401,239
Survey	1,464,000	1,463,000	464,000	-	0.0%	25,000	(25,000)	-	464,000	1,463,000	-	-	-
Start-Up	720,000	720,000	700,000	-	0.0%	264,866	-	264,866	435,134	455,134	10,000	-	274,866
Sub-Total	**177,676,000**	**173,633,000**	**188,431,091**	**181,722,362**	**104.7%**	**151,562,915**	**33,134,628**	**184,697,543**	**3,733,548**	**(11,064,543)**	**(965,157)**	**75,000**	**183,807,386**
Unallocated Contingency	**14,030,000**	**18,073,000**	**4,623,705**					**11,064,543**		**7,008,457**			**7,898,614**
10th to Highland Projected Costs			4,484,121	4,168,399	**93.0%**	4,323,540	160,581	4,484,121	-	(4,484,121)	8,924	-	4,493,045
Remaining Unallocated Contingency													**3,405,569**
Total	**191,706,000**	**191,706,000**	**188,291,506**	**185,890,761**	**97.0%**								**191,706,000**

IPMO/sbX Project Cost Report

Period Ended 31-Dec-2016

Description	Current Budget	Approved Current Budget	Authorized for Expenditure	Expenditures $	Expenditures %	Remaining Budget	Committed	Committed %	Estimate to Complete	Estimate at Completion	Budget Forecast Variance
BRT Construction	$ 84,637,000	$ 84,637,000	$ 87,876,664	$ 81,459,402	96.2%	3,177,598	$ 82,081,158	97.0%	$ 206,388	$ 82,287,545	$ 2,349,455
Vehicle Maintenance Facility (VMF) Construction	$ 8,131,000	$ 8,131,000	$ 14,498,152	$ 14,616,791	179.8%	(6,485,791)	$ 15,232,135	187.3%	$ 169,700	$ 15,401,835	$ (7,270,835)
Vehicles - Design & Manufacturing	$ 16,628,000	$ 16,628,000	$ 16,296,946	$ 15,384,638	92.5%	1,243,362	$ 15,384,638	92.5%	$ -	$ 15,384,638	$ 1,243,362
ROW Acquisition Services	$ 10,357,000	$ 10,357,000	$ 11,738,400	$ 11,418,850	110.3%	(1,061,850)	$ 11,418,850	110.3%	$ -	$ 11,418,850	$ (1,061,850)
3rd Party Utilities Design & Relocation	$ 1,003,000	$ 1,003,000	$ 1,157,223	$ 1,106,705	110.3%	(103,705)	$ 1,174,205	117.1%	$ 50,000	$ 1,224,205	$ (221,205)
BRT Design	$ 17,849,400	$ 17,849,400	$ 18,097,876	$ 19,205,395	107.6%	(1,355,995)	$ 20,272,729	113.6%	$ (1,326,245)	$ 18,946,485	$ (1,097,085)
VMF Design	$ 1,007,600	$ 1,007,600	$ 1,445,932	$ 1,925,454	191.1%	(917,854)	$ 2,019,556	200.4%	$ -	$ 2,019,556	$ (1,011,956)
Other Professional, Technical & Management Services	$ 34,020,000	$ 34,020,000	$ 37,319,898	$ 36,605,127	107.6%	(2,585,127)	$ 37,114,273	109.1%	$ 10,000	$ 37,124,273	$ (3,104,273)
Allocated Contingency (Construction Contract)	$ -	$ -	$ -			-	$ -	0.0%	$ -	$ -	$ -
SUB-TOTAL	**$ 173,633,000**	**$ 173,633,000**	**$ 188,431,091**	**$ 181,722,362**	**104.7%**	**(8,089,362)**	**$ 184,697,543**	**106.4%**	**(890,157)**	**183,807,386**	**(10,174,386)**
Unallocated Contingency	$ 18,073,000	$ 18,073,000	$ 4,623,705	$ -		18,073,000	$ -	0.0%	$ -	$ -	$ 18,073,000
10th to Highland	$ -	$ 4,493,045	$ 4,484,121	$ 4,168,399	92.8%	324,645	$ 4,323,540	96.2%	$ 324,645	$ 4,493,045	$ -
TOTAL	**$ 191,706,000**	**$ 191,706,000**	**$ 188,291,506**	**$ 185,890,761**	**97.0%**	**$ 10,308,284**	**$ 189,021,083**	**98.6%**	**$ (565,512)**	**$ 188,300,431**	**$ 7,898,614**

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ITEM # E3

DATE: February 9, 2017

TO: Committee Chair Ed Graham and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Don Walker, Director of Finance

SUBJECT: **OMNITRANS' DIRECTOR OF FINANCE REPORT ON THE PRICE OF COMPRESSED NATURAL GAS (CNG)**

Receive and file the Director of Finance's update on the price of compressed natural gas as recommended by Committee Chair Ed Graham at the Administrative and Finance Committee meeting on August 13, 2015.

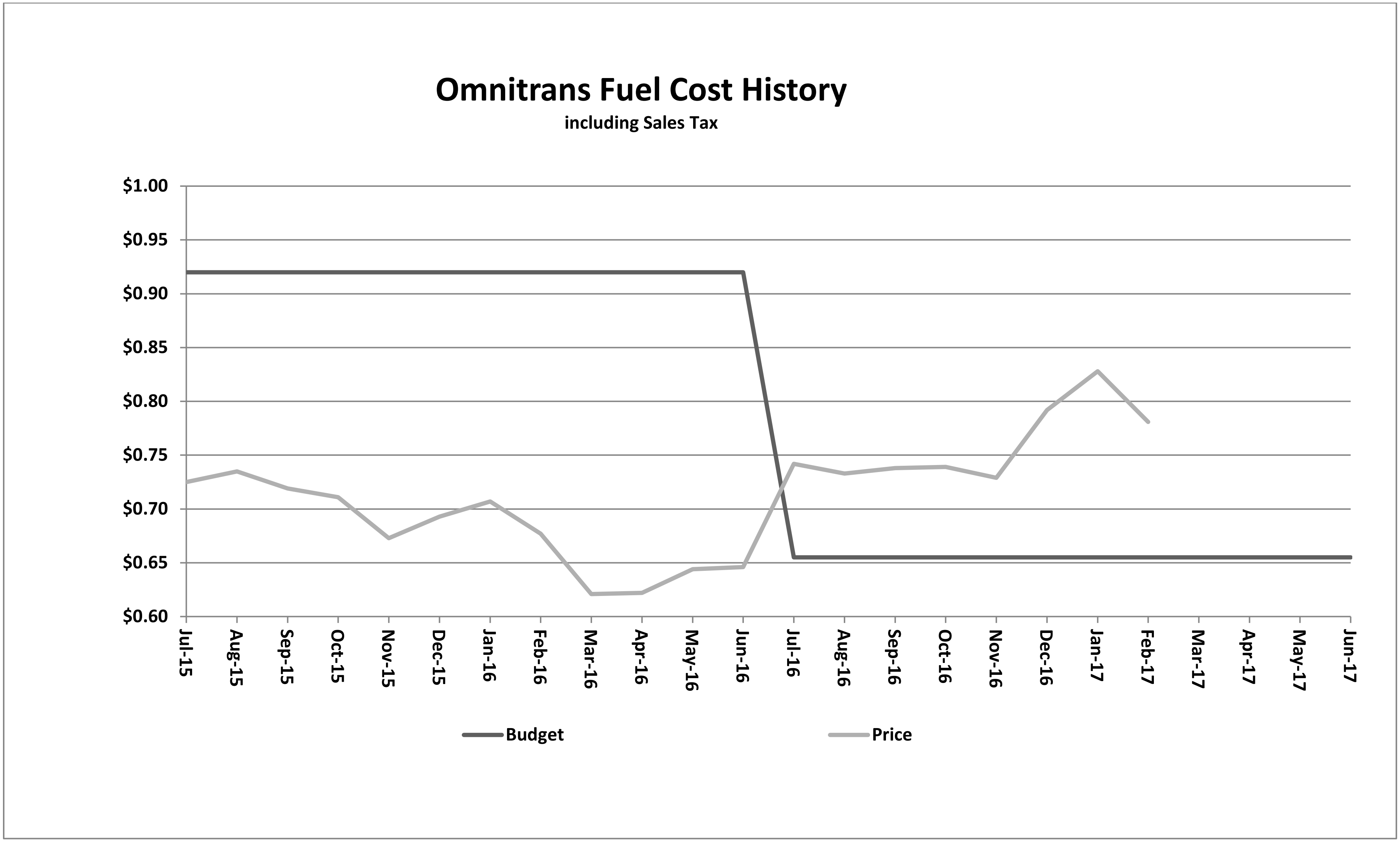
BACKGROUND

The price of natural gas for the eight (8) months of FY2017 (Jul 2016 – Feb 2016) averaged around $0.76 per gallon. This is $0.10 per gallon higher than the budgeted amount of $0.66 per gallon for Fiscal Year 2017. The budgeted price per gallon was reduced $0.26 or 28% lower than the previous fiscal year. The total natural gas fuel budget for FY2017 is $2,487,337 compared to $4,376,301 for the previous fiscal year.

The budget was based on of six (6) months of deliveries of liquefied natural gas (LNG) from our current supplier Applied LNG Technologies, and six (6) months of natural gas supplied by the pipeline gas. Fueling by natural gas was predicted to start in January 2017, however unforeseen delays with permitting, and the weather has pushed the schedule fueling date to March 2017.

The preliminary numbers for January 2017 show natural gas cost of $282,500 against the budgeted amount of $207,278. This is $75,222 or 36% over budget for the month. It was expected that the cost per gallon of natural gas would exceed the budget in the first half of the fiscal year, and once the pipeline fueling infrastructure is operational, the cost will decrease accordingly.

The price per gallon Omnitrans will pay for February's deliveries is $0.78 per gallon. The price per gallon is $0.05 lower than the month of January. The decrease in price is due to the decrease in demand for natural gas for heating as the outside temperature gets milder. We will continue to monitor the price of natural gas on the open market to determine if and when it would be prudent to implement a new hedging program prior to the completion of the pipeline fueling project.


Omnitrans Fuel Cost History
including Sales Tax
$1.00
$0.95
$0.90
$0.85
$0.80
$0.75
$0.70
$0.65
$0.60
Jul-15
Aug-15
Sep-15
Oct-15
Nov-15
Dec-15
Jan-16
Feb-16
Mar-16
Apr-16
May-16
Jun-16
Jul-16
Aug-16
Sep-16
Oct-16
Nov-16
Dec-16
Jan-17
Feb-17
Mar-17
Apr-17
May-17
Jun-17
Budget
Price

PSG:DW

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ITEM # E4

DATE: February 9, 2017

TO: Committee Chair Ed Graham and
Members of the Administrative and Finance Committee

THROUGH: P. Scott Graham, CEO/General Manager

FROM: Donald Walker, Director of Finance

SUBJECT: **OMNITRANS' FISCAL YEAR ENDED JUNE 30, 2016 AUDIT REPORTS**

FORM MOTION

Recommend the Board of Directors receive and file Omnitrans financial audit reports for fiscal year ended June 30, 2016.

BACKGROUND

The financial audit includes the following reports:

- Statement of Auditing Standards Letter (SAS 114), and Management Letter

- Agreed-Upon Procedures Performed With Respect to the National Transit Database (NTD) Report
    1. Independent Accountants' Report on Applying Agreed-Upon Procedures

- Single Audit Report on Federal Awards
    1. Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards, The Transportation Development Act and California Government Code §8879.50
    2. Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

- Independent Auditors" Report on Proposition 1B
    1. Independent Auditors' Report on Proposition 1B Schedule of Unspent Funds and Cash Disbursements

- Comprehensive Annual Financial Report

As a recipient of federal, state, and local funding, Omnitrans is required to have an annual audit conducted by independent auditors in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit also included fifteen tasks contained in San Bernardino Associated Governments (SANBAG) Transportation Development Act 2005 Compliance Guide.

- The SAS 114 letter establishes standards and provides guidance on the auditor's communication with those charged with governance in relation to an audit of financial statements. The standards and guidance applies regardless of an entity's governance structure or size. Particular considerations apply where all of those charged with governance are involved in managing an entity. *Those charged with governance* means the person(s) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For entities with a board of directors, this term encompasses the term *board of directors* or *audit committee* used elsewhere in generally accepted auditing standards.

- The NTD was established by Congress to be the Nation’s primary source for information and statistics on the transit systems of the United States. Recipients or beneficiaries of grants from the Federal Transit Administration (FTA) under the Urbanized Area Formula Program (§5307) or Other than Urbanized Area (Rural) Formula Program (§5311) are required by statute to submit data to the NTD.

- Each year, the Federal Government provides over $400 billion in grants to State, local and tribal governments, colleges, universities and other non-profit organizations (non-Federal entities). The Single Audit Act of 1984 and OMB Circular A-133 provide audit requirements for ensuring that these funds are expended properly.

- The TDA requirement is mandated by California Code of Regulations, Title 21, sections 6661 and 6751. Local Transportation Fund and State Transit Assistance Fund recipients must submit a fiscal audit report to the State Controller’s Office annually and within 180 days after the end of the fiscal year. The audit report shall be conducted in accordance with generally accepted auditing standards and include a compliance certification with the TDA.

- The Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) was created by Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006. Of the $19.9 billion available to Transportation, $3.6 billion dollars was allocated to PTMISEA to be available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement.

- The financial statements for fiscal year ended June 30, 2016 are presented in the Comprehensive Annual Financial Report (CAFR) along with comparative financial information for the year ended June 30, 2015. The audit expresses a professional opinion as to whether the financial statement prepared by management with the Board of Directors' oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Since fiscal year 2005, Omnitrans has received an "unqualified" or "unmodified" opinion on its financial statements.

A Comprehensive Annual Financial Report for FY2016 will be submitted to the Government Finance Officers Association (GFOA) for a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by an Agency and its management. Omnitrans was awarded a Certificate of Achievement for it FY1998, FY1999, FY2000, FY2006, FY2007, FY2008, FY2009, FY2010, FY2011, FY2012, FY2013, FY2014 and FY2015 CAFRs.

CONCLUSION

Recommend the Board of Directors receive and file Omnitrans financial reports for fiscal year ended June 30, 2016.

PSG:DW

Attachments: Statement of Auditing Standards Letter (SAS 114), and Management Letter
Agreed-Upon Procedures Performed With Respect to the National Transit Database (NTD) Report
Single Audit Report on Federal Awards
Independent Auditors" Report on Proposition 1B
Comprehensive Annual Financial Report

OMNITRANS

STATEMENT OF AUDITING

STANDARDS LETTER (SAS 114)

Board of Directors
Omnitrans
San Bernardino, California

We have audited the financial statements of Omnitrans for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated April 29, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Omnitrans are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, Omnitrans adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. We noted no transactions entered into by Omnitrans during the year for which there is a lack of authoritative guidance or consensus.

As described in Note 7, management has changed the confidence level used in measuring its incurred but not reported (IBNR) and claims liabilities for the current year. The change in the confidence level resulted in a decrease in the claims liabilities from the prior year of $1,665,000. For the last three fiscal years, Omnitrans utilized a confidence level of 80% and reduced the confidence level in the current year to 50%. Had a similar confidence level to the prior year been used, the decrease in the claims liability would have been $489,000.

All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management’s estimate of the fair value of investments is based on information provided by the Local Agency Investment Fund.
- Management’s estimate of the risk management liability for incurred but not reported (IBNR) claims is based on an actuarial valuation and the “expected” confidence level. For the current fiscal year, Omnitrans changed the confidence level for the recognition of IBNR claims from 80% to 50%.
- Management’s estimate of the depreciation of capital assets is based upon the estimated useful lives of the related capital assets.
- Management’s estimate of amounts related to the net pension liability, related deferred inflows of resources and deferred outflows of resources, and disclosures are based on actuarial valuations of the net pension liability for Omnitrans’ defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS).

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We evaluated the key factors and assumptions used to develop the estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure of Omnitrans' defined benefit pension plan, net pension liability and related deferred inflows of resources and deferred outflows of resources in Note 8 to the financial statements. The valuation of the net pension liability and related deferred outflows/inflows of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed in Note 8, a 1% increase or decrease in the discount rate has a material effect on Omnitrans' net pension liability.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The misstatements noted below were corrected by management:

- $5,752,859 of negative unearned revenues was reclassified as receivables and $5,677,480 of deferred inflows of resources and deferred outflows of resources for differences between projected and actual earnings on pension plan investments were netted.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 10, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

We were not engaged to report on the introductory section or the statistical section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 10, 2017

OMNITRANS

MANAGEMENT LETTER

FOR THE YEAR ENDED JUNE 30, 2016

Board of Directors
Omnitrans
San Bernardino, California

We have audited the basic financial statements of Omnitrans, as of and for the year ended June 30, 2016, and have issued our report thereon dated January 10, 2017. In planning and performing our audit of the basic financial statements of Omnitrans, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These observations and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows:

CURRENT YEAR MANAGEMENT LETTER COMMENTS

RISK ASSESSMENT– SUBRECIPIENT MONITORING

OBSERVATION:

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) was effective for grant agreements entered into after December 26, 2014. The Uniform Guidance amended various provisions with respect to the monitoring of federal awards including subrecipient monitoring. As described in 2 CFR Section 200.331(b), all pass-through entities must evaluate ***each*** subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

- Subrecipient’s prior experience with the same or similar subawards
- Results of previous audits including whether the subrecipient receives a single audit in accordance with the Uniform Guidance
- New personnel or system changes
- Extent of Federal awarding agency monitoring

While it was noted that Omnitrans maintains certain procedures for the monitoring of subrecipients of federal awards, Omnitrans did not maintain formal documentation of the risk assessment described in 2 CFR Section 200.331(b).

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RECOMMENDATION:

We recommend that Omnitrans develop a risk assessment tool/matrix to document its evaluation of each subrecipient's risk of noncompliance with Federal statutes, regulations, and terms and conditions. As part of its risk assessment, Omnitrans should review its policies and procedures for subrecipient monitoring for other aspects of the Uniform Guidance including the provisions that are required in subaward agreements, as specified in CFR 200.331(a). Establishing documentation for the risk assessment and related performance monitoring activities, and reviewing its existing subaward agreement requirements will enhance its internal control structure over federal award programs.

MANAGEMENT'S RESPONSE:

Going forward Staff will establish procedures that incorporate documentation for the risk assessment performed on Sub-recipients utilizing a Risk Assessment Matrix as recommended.

PROCUREMENT CARD POLICIES

OBSERVATION:

During our testing of purchases, we noted one instance, where a Procurement Card (P-Card) purchase exceeded the policy limit of $2,500; the goods purchased were for $3,627.

Omnitrans Policy 3000 states, "Any order that exceeds the $2,500 Single Transaction Limit. (A transaction may consist of one or many items. Regardless of the unit price, if an order totals more than $2,500.00, it must go through the normal procurement process. Splitting a large order or purchase into multiple transactions, each less than $2,500.00, is not authorized."

RECOMMENDATION:

We recommend that Omnitrans review its P-Card procedures to ensure consistency with its P-Card policies.

MANAGEMENT'S RESPONSE:

Staff is in the process of reviewing Procurement Procedure 3000 – P-Cards to ensure consistency with the P-Card policies. As stated earlier, in cases of emergencies, employee and public safety, exceptions will be made. These exceptions will be noted in the policy and procedures.

****

Our audit procedures are designed primarily to enable us to form our opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of Omnitrans gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

Board of Directors
Omnitrans
January 10, 2017

This report is intended solely for the information and use of Omnitrans's management and others within the organization and should not be used by anyone other than these specified parties.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 10, 2017

OMNITRANS

Agreed-Upon Procedures Performed
With Respect to the National Transit Database Report

For the Period
July 1, 2015 through June 30, 2016

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors
Omnitrans
San Bernardino, California

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics Form FFA-10 (FFA-10) for the Omnitrans annual National Transit Database (NTD) report:

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.

2. A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.

3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.

4. A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.

5. The data collection methods are those suggested by FTA or meet FTA requirements.

6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.

7. Data are consistent with prior reporting periods and other facts known about Omnitrans' operations.

We have applied the procedures described in Attachment 1 of this report, which were agreed to by Omnitrans and the FTA and specified in the declarations section of the *2016 Policy Manual*, solely to assist you in evaluating whether Omnitrans complied with the standards described above and that the information included in the NTD report FFA-l0 form for the year ended June 30, 2016, is presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System*; *Final Rule*, as specified in 49 CFR part 630, *Federal Register*, January 15, 1993 and as presented in the *2016 Policy Manual*. Omnitrans' management is responsible for Omnitrans' compliance with those standards and the accuracy of the FFA-10 form.

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This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings described in Attachment 1 of this report, which are referenced in order to correspond to the *2016 Policy Manual* procedures, were applied separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), passenger miles (PM), fixed guideway directional route miles (FG DRM), High Intensity Bus Lanes directional route miles (HIB DRM), and operating expenses of Omnitrans for the year ended June 30, 2016, and for each of the following modes: (1) Motor Bus - directly operated (MBDO), (2) Motor Bus - purchased transportation (MBPT) and (3) Demand Response - purchased transportation (DRPT).

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on compliance with the procedures noted in Exhibit 65 of the *2016 Policy Manual* or on the FFA-10. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 31, 2016

Excerpt from the FTA *2016 Policy Manual* Exhibit 65 - Federal Funding Allocation Data Review Suggested Procedures:

FTA has specified and agreed to a set of procedures for the independent auditor to perform to satisfy the requirements of the Federal Funding Allocation data review. Several of the procedures below require the auditor to select a random sample of documents or data. The procedures do not specify the selected number (i.e., the percentage of the total documents/data). The auditor should use professional judgment to determine the percentage that will enable the auditor to make the required assurances.

The source documents and other records (such as data summaries) may be in the form of digital data files. The auditor should ensure that these files are securely stored and that a contingency plan is in place to ensure that the transit agency retains source documents for a minimum of three years.

a. The procedures to be applied to each applicable mode and type of service (TOS) (directly-operated (DO) and purchased transportation (PT)) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the *2016 Policy Manual*. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

   Results – We obtained and read a copy of written procedures related to the system for reporting and maintaining data and found them in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2016 Policy Manual.

b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:

   - The extent to which the transit agency followed the procedures on a continuous basis, and
   - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the *2016 Policy Manual*.

   Results - We inquired regarding Omnitrans' procedures for the MBDO, MBPT and DRPT services noting that the asserted procedures were consistently applied. In addition, based on our inquiry with the Planning and Scheduling Manager and the Operations Services Supervisor, management asserted that the procedures resulted in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2016 Policy Manual.

c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.

   Results - We inquired with the Planning and Scheduling Manager and the Operations Services Supervisor, regarding Omnitrans' retention policy for NTD data, Total Modal Operating Expenses data, Actual Vehicle Revenue Mile and Passenger Miles Traveled. Per inquiry, the current practice is to retain paper and electronic data for at least three years.

d. Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

Results - We inspected the following source documents for each type of service, selected three months out of the year and determined that the documents existed for each of these periods:

Type of Service	*Source Document*	*Months Tested*
MBDO	• *MBDO Statistics Reports (queried from TransTrack Manager System database)* • *Passenger Mile Survey Summary from Automated Passenger Count system GFI database* • *Ridership by Trip Reports* • *Trapeze FX Summaries by Route* • *Route Plans*	• *August 2015, December 2015 and March 2016.* • *Three years of data were noted to be archived on Omnitrans' network.*
MBPT	• *MBPT Statistics Reports (queried from TransTrack Manager System database)* • *Ridership by Trip Reports* • *Trapeze FX Summaries by Route* • *Route Plans* • *Passenger Mile Survey Summary* • *Survey Trip Sheets*	• *August 2015, December 2015 and March 2016.* • *Three years of data were noted to be archived on Omnitrans' network.*
DRPT	• *DRPT Statistics Reports (queried from TransTrack Manager System database)* • *Daily Totals from the Trapeze Pass system* • *Trip Distance Productivity Reports from the Trapeze Pass system* • *Driver Manifests generated from the Trapeze Pass system* • *Passenger Mile Survey Summary* • *Survey Trip Sheets*	• *August 2015, December 2015 and March 2016.* • *Three years of data were noted to be archived on Omnitrans' network.*

e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

Results - We inquired regarding the system of internal controls noting that each respective mode/type of service is being reviewed by personnel independent of the preparation process. On a regular basis data from the TransTrack System for the MBDO, MBPT and DRPT modes of service are being reviewed for completeness and reasonableness by the Planning and Scheduling Manager for the MBDO and MBPT modes and the Operations Services Supervisor for the DRPT mode.

f. Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' reviews.

Results – For the MBDO and MBPT modes data is collected by automated systems. The collected data is reviewed and approved by a supervisor who documents monthly results and signs off on performance reports. For the DRPT mode, we randomly selected three test days, examined ten Driver Manifests for each of those days, and noted that drivers and supervisors signed the manifests.

g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

Results - We obtained the worksheets utilized by Omnitrans to transcribe statistics to the Federal Funding Allocation Statistics form and compared the data to summaries without exception. We tested the arithmetical accuracy of the summarizations without exception.

h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the *2016 Policy Manual*.

Results – Sampling was conducted for the MBDO, MBPT and DRPT mode. We inspected the sampling methodologies and noted that the sampling methodology used met the requirements of the 2016 Policy Manual.

i. Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:

- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
- The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
- Service purchased from a seller is included in the transit agency's NTD report.
- For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2014) and determine that statistical sampling was conducted and meets the 95 percent confidence and ±10 percent precision requirements.
- Determine how the transit agency estimated annual PMT for the current report year.

Results – Omnitrans sampled all three modes in the current year and did not utilize the three year sampling option allowed for purchased transportation modes.

j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was random. Determine that the transit agency followed the stated sampling procedure.

Results – For the MBDO, MBPT and DRPT modes, we obtained a copy of Omnitrans' methodology used in the statistical sampling to estimate average PM and determined that the methodology used by Omnitrans resulted in a random selection of runs and that the stated sampling procedure was followed without exception.

k. Select a random sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulations periods that were tested. Test the arithmetical accuracy of the summary.

Results - For MBDO we randomly selected 40 surveyed routes throughout the year. We verified the mathematical accuracy of the Trip Report Details and that the data was properly input to the accumulation worksheet designed to calculate the average PM without exception.

For MBPT we randomly selected 40 surveyed routes throughout the year. We verified the mathematical accuracy of the Trip Report Details and that the data was properly input to the accumulation worksheet designed to calculate the average PM without exception.

For DRPT we randomly selected 40 surveyed routes throughout the year. We verified the mathematical accuracy of the Trip Report Details and that the data was properly input to the accumulation worksheet designed to calculate the average PM without exception.

l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.

Results - The procedure identified above is not applicable. Per inquiry with Omnitrans' management, Omnitrans did not provide charter or school bus services.

m. For actual vehicle revenue mile (VRM) data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.

  Results – For the MBDO and MBPT modes, Omnitrans tracks actual VRM in real time using the Trapeze Intelligent Transportation System from which data is uploaded monthly to the TransTrack Manager System. The results are reviewed by management against total scheduled VRM and any discrepancies are investigated. The tracking is performed on fixed routes only which will not include deadhead miles. We selected August 2015, December 2015 and March 2016, recalculated the MBDO VRMs and compared them to amounts used in the total VRM without exception. The MBPT contractor completes all scheduled routes and there are no missed trips.

- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.

  Results - This procedure is not applicable because VRMs were measured using real time Trapeze Intelligent Transportation System tracking.

- If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

  Results - For the DRPT mode, Revenue Miles are calculated based on the odometer readings from the first pickup to the last drop off. Deadhead miles are excluded from the Revenue Miles calculations. We selected 40 trips to test and noted that the deadhead miles are not included in the Revenue Miles calculations without exception.

n. For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.

   Results - The procedure identified above is not applicable as Omnitrans does not provide rail service.

o. If fixed guideway or High Intensity Busway directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet FTA definition of fixed guideway (FG) or High Intensity Busway (HIB) in that the service is:

   - Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR); or
   - Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of- way (ROW); and

     i. Access is restricted;

     ii. Legitimate need for restricted access is demonstrated by peak period level of service or worse on a parallel adjacent highway;

     iii. Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation; and

     iv. High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. The transit agency has provided the NTD a copy of the State's certification to the U.S. Secretary of Transportation stating that it has established a program for monitoring, assessing, and reporting on the operation of the HOV facility with HO/T lanes.

   Results – We interviewed the Planning and Scheduling Manager and noted that the MBDO service operates over exclusive access rights-of way (ROW) that appears consistent with the FTA's definition of fixed guideways.

p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that the he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

Results – We determined that the mileage was computed in accordance with the FTA definitions of FG DRM. Per inquiry with the Planning and Scheduling Manager we determined that there were no changes during the year that resulted in an increase or decrease in DRMs. We recomputed the average monthly DRM for all reported segments and reconciled the total to the FG DRM without exception.

q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:

- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
- If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

Results – Per inquiry of the Planning and Scheduling Manger, there were no temporary interruptions in transit service during the report year.

r. Measure FG/HIB DRM from maps or by retracing route.

Results - We recalculated the length of all fixed guideway directional routes for the MBDO mode of service using publicly available maps without exception.

s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.

Results - We interviewed the management of Omnitrans and noted that no other public transit agencies operate service over the same DRMs as Omnitrans.

t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2016 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2016 report year, the Agency Revenue Service Date must occur within the transit agency's 2016 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

Results – This procedure is not applicable because Omnitrans did not add any new segments during the 2016 report year.

u. Compare operating expenses with audited financial data after reconciling items are removed.

Results - Operating expenses were compared to the trial balances subject to audit without exception.

v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.

Results - We identified the purchased transportation fare revenues reported on the B-30 and reconciled the amounts to the general ledger without exception.

w. If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding data for the PT service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement for the PT data.

Results – The data for purchased transportation are included in the reporting by Omnitrans and therefore no IAS for the purchased transportation services is included.

x. If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.

Results - We inspected the MBPT and DRPT service contracts and determined that they contained the items noted above without exception. We inquired with the Planning and Scheduling Manager and the Operations Services Supervisor, regarding Omnitrans' retention policy for executed contracts for purchased transportation programs. Per inquiry, the current practice is to retain contracts for at least three years.

y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non- UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

Results - Omnitrans provides services in more than one UZA but does not provide services to non urbanized areas. For the MBDO and MBPT modes allocations to urbanized areas are based on trip pattern analysis. The number of yearly trips per pattern is multiplied by the number of miles determined for each UZA. Eight allocations were tested for the MBDO and MBPT services without exception.

For the DRPT mode, vehicles are dispatched from two depots, one in each UZA. VRMs are tracked by depot and used to calculate the percentages for the UZA split of other data. The allocation was tested without exception by recalculation of total VRMs by depot.

z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

Results – The following fluctuations over 10% were noted on the F-30 and S-10 Forms:

- *A 11.5% decrease in Passenger Miles for DRPT*

No fluctuations of over 10% were noted in the MBDO or MBPT modes.

The 11.5% decrease in Passenger Miles for DRPT is due to the combination of a drop in ridership and the first full year without the Omnilink service included in the data.

aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by FTA.

Results – We have documented the procedures followed based on the FTA 2016 Policy Manual Exhibit 65 - Federal Funding Allocation Data Review - Suggested Procedures, and noted the documents reviewed and tests performed in our workpapers. Additional procedures were not performed.

OMNITRANS

SINGLE AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2016

OMNITRANS

SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*, THE TRANSPORTATION DEVELOPMENT ACT AND CALIFORNIA GOVERNMENT CODE §8879.50

Board of Directors
Omnitrans
San Bernardino, California

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 Omnitrans as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements, and have issued our report thereon dated January 10, 2017. Our report included an emphasis of matter paragraph regarding Omnitrans' adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application,* effective July 1, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Omnitrans' 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 Omnitrans' internal control. Accordingly, we do not express an opinion on the effectiveness of Omnitrans' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2016-001, that we consider to be significant deficiencies.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Omnitrans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Title 21 of the California Code of Regulations and California Government Code §8879.50 et seq., and the allocation instructions of San Bernardino Associated Governments, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Section 6667 of Title 21 of the California Code of Regulations, or the California Government Code §8879.50 et seq.

Omnitrans' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 10, 2017

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Omnitrans
San Bernardino, California

Report on Compliance for Each Major Federal Program

We have audited Omnitrans' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Omnitrans' major federal programs for the year ended June 30, 2016. Omnitrans' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Omnitrans' 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 the audit requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Omnitrans' 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 Omnitrans' compliance.

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Opinion on Each Major Federal Program

In our opinion, Omnitrans complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of Omnitrans as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements. We have issued our opinion thereon dated January 10, 2017, which contained an unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph regarding Omnitrans' adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 10, 2017

OMNITRANS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor Program Title	Federal Domestic Assistance Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation:				
Direct Assistance:				
Federal Transit Cluster:				
Federal Transit - Capital Investment Grants	20.500	CA-03-0816-00	$ (34,107)	$ -
Federal Transit - Capital Investment Grants	20.500	CA-04-0228-00	111,444	111,444
Federal Transit - Capital Investment Grants	20.500	CA-04-0035-01	173,044	-
Federal Transit - Capital Investment Grants	20.500	CA-04-0152-00	81	81
Federal Transit - Capital Investment Grants	20.500	CA-04-0191-00	105,366	105,366
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-96-X058-00	11,374	11,374
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-95-X124-00	30,032	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y164-00	254,511	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y333-00	1,849	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y396-00	1,754	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y495-00	53,731	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y602-00	33,421	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y681-00	7,581	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y775-00	245,890	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y850-00	1,688,925	1,084,959
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-95-X257-00	10,310,122	9,348,614
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y939-00	1,273,115	80,151
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z009-00	1,496,695	324,269
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z112-00	2,876,383	301,942
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z231-00	80,569	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z280-00	895,399	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-95-X314-00	5,152,215	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	1681-206-1	8,335,070	-
Subtotal - Federal Transit Cluster			33,104,464	11,368,200
Public Transportation Research - FY 14-15 Section 5314	20.514	CA-26-7301-00	96,407	-
Transit Services Programs Cluster:				
Job Access and Reverse Commute Program - FY06-08 Section 5316 Capital	20.516	CA-37-X090-00	147,461	147,461
Job Access and Reverse Commute Program - FY09-10 Section 5316 Capital	20.516	CA-37-X146-00	70,031	70,031
Job Access and Reverse Commute Program - FY11-12 Section 5316 Capital	20.516	CA-37-X174-00	296,547	296,547
New Freedom Program FY06-08 - 5317 (Amend)	20.521	CA-57-X017-00	22,594	22,594
New Freedom Program FY09-10 - 5317	20.521	CA-57-X062-00	303,682	303,682
New Freedom Program FY11-12 - 5317	20.521	CA-57-X089-00	30,606	30,606
Subtotal - Transit Services Programs Cluster			870,921	870,921
Alternative Analysis - Holt Boulevard	20.522	CA-39-0008-00	30,741	-
Total - U.S. Department of Transportation			34,102,533	12,239,121
U.S. Department of Health and Human Services				
Passed-through County of Riverside, California				
County-Based Medi-Cal Administrative Activities	93.778	16-30	611,954	-
Total U.S. Department of Health and Human Services			611,954	-
Total Expenditures of Federal Awards			$ 34,714,487	$ 12,239,121

See accompanying note to Schedule of Expenditures of Federal Awards.

OMNITRANS

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Scope of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule" includes the federal award activity of Omnitrans under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Omnitrans, it is not intended to and does not present the financial position, changes in net position, or cash flows of Omnitrans.

The negative amounts reported in the SEFA for the Federal Transit Cluster (CFDA No. 20.500) under Grant Number CA-03-0816-00 represent amounts previously claimed for reimbursement and reported as expenditures in the SEFA of a prior year, but reclassified in the current year.

(B) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the accrual basis of accounting. Under the accrual basis of accounting, expenditures are recognized when Omnitrans becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported included any property or equipment acquisitions incurred under the federal program.

(C) Subrecipients

During the fiscal year ended June 30, 2016, Omnitrans provided $12,239,121 in federal awards to subrecipients from funding provided by the U.S. Department of Transportation.

(D) Indirect Cost

Omnitrans elected not to use the 10% de minimis indirect cost rate.

OMNITRANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS	
Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	No
Identification of major federal programs:	

CFDA Number(s)	Name of Federal Program or Cluster
20.500, 20.507	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,041,435
Auditee qualified as low-risk auditee?	Yes

II. FINANCIAL STATEMENT FINDINGS

Finding 2016-001

FINANCIAL REPORTING

Criteria:

The entity should maintain internal controls to ensure that transactions are consistently and properly recorded.

Condition:

Accrued Grant Receivables

TDA receipts are initially recognized as unearned revenues when received. As Omnitrans incurs expenses, revenues are recognized during the period. At yearend, the unearned revenue account for TDA receipts was a negative balance of $5,752,000. The negative balance represented amounts owed and should have been reclassified to a receivable.

Context:

The item was noted during our yearend testing of the TDA unearned revenue balance.

Effect:

An adjustment of $5,752,000 was proposed and corrected by management for the reclassification of negative unearned revenues to a receivable.

Cause:

The negative unearned revenue was attributed to Omnitrans not having procedures in place to reconcile the TDA receipt activity as of year-end to the proper financial statement presentation.

Recommendation:

Omnitrans should review its yearend closing procedures to ensure that negative balances are properly reclassified.

View of Responsible Official and Planned Corrective Actions:

Omnitrans will include in its yearend closing procedures guidance to ensure proper reclassification of account balances when necessary as recommended.

OMNITRANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

OMNITRANS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2016

None noted

OMNITRANS
San Bernardino, California

INDEPENDENT AUDITORS' REPORT ON PROPOSITION 1B

Year Ended June 30, 2016

OMNITRANS

PROPOSITION 1B

JUNE 30, 2016

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON PROPOSITION 1B SCHEDULE OF UNSPENT FUNDS AND CASH DISBURSEMENTS

Board of Directors
Omnitrans
San Bernardino, California

We have audited the financial statements of Omnitrans as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements and have issued our report thereon dated January 10, 2017, which contained an unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph regarding Omnitrans' adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Those financial statements are the responsibility of Omnitrans' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Omnitrans' basic financial statements. The accompanying Proposition 1B Schedule of Unspent Funds and Cash Disbursements is presented for purposes of additional analysis, to satisfy the requirements of Section 6667 of Title 21 of the California Code of Regulations, the California Government Code §8879.50, and the California State Senate Bill 88 (2007), et seq. and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United Stated of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 10, 2017

10681 Foothill Blvd., Suite 300 Rancho Cucamonga, CA 91730 Tel: 909.466.4410 www.vtdcpa.com Fax: 909.466.4431

OMNITRANS
PROPOSITION 1B

SCHEDULE OF UNSPENT FUNDS AND CASH DISBURSEMENTS
YEAR ENDED JUNE 30, 2016

	PTMISEA (1)	CTSG (2)	Total
Unspent Prop 1B funds as of June 30, 2015	$ 30,488,169	$ 155,434	$ 30,643,603
Prop 1B funds received during the year ended June 30, 2016	-	257,132	257,132
Interest revenue earned on unspent Prop 1B funds during fiscal year ended June 30, 2016	96,417	31	96,448
Change in fair market value of investments during the year ended June 30, 2016	62,323	-	62,323
Prop 1B disbursements during the year ended June 30, 2016	(5,878,814)	(41,739)	(5,920,553)
Unspent Prop 1B funds as of June 30, 2016	$ 24,768,095	$ 370,858	$ 25,138,953

(1) Public Transportation, Modernization, Improvement, and Service Enhancement Account

(2) California Transit Security Grant, including CalEMA program from prior year

CONNECTING OUR COMMUNITY

OMNITRANS, San Bernardino, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

OmniTrans

Through the successful efforts of all employees, OmniTrans has continued to provide a high quality, affordable and reliable transit service to the San Bernardino Valley. These efforts have resulted in increases in Express Bus Service, increases in sbX ridership, and continued praises by our riders on the operation of the San Bernardino Transit Center! Committed to maximizing our value to the community with every transit dollar available, Omnitrans has pursued, and achieved, a key strategic initiative in our 2016 Management Plan by reducing operational costs through the conversion to a Compressed Natural Gas (CNG) pipeline delivery system and continuing to convert our ACCESS fleet from unleaded fuel to CNG.

A significant shift in our transit services has also taken place as OmniTrans has partnered with the San Bernardino County Transportation Authority (SBCTA) in the planning and delivery of the "Arrow" light rail system. Revenue operations are scheduled for 2020. OmniTrans is actively in the planning stages with SBCTA and the Federal Railroad Administration in order to meet the established timeline. This enhancement to our Agency is a testimony to the professionalism of each employee's dedication to duty and commitment to excellence. I am proud to serve beside you in this exciting time of change as we bring OminTrans into a new era in "connecting our community".

P. Scott Graham
CEO/General Manager

OmniTrans

San Bernardino, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2016

(With Independent Auditor's Report Thereon)

Connecting Our Community

Prepared by the Finance Department

DONALD WALKER

Director of Finance

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VOICE
Sponsored By
Team
DYSFUNCTIONAL


BUSTER
Old Blue
5876
Omnitrans

CONNECTING OUR COMMUNITY

CONNECTING OUR COMMUNITY

January 10, 2017

To the Members of the OmniTrans Board of Directors, CEO/General Manager and Citizens of the County of San Bernardino:

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published in fulfillment of that requirement for the fiscal year ended June 30, 2016.

This report provides an independently audited account of the financial condition of the Agency. The financial statements, supplemental schedules, and statistical information are the representations of OmniTrans' management. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Consequently, management assumes full responsibility for their accuracy, completeness and fairness.

Vavrinek, Trine, Day & Co., LLP, a firm of licensed certified public accountants, audited OmniTrans financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2016, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that OmniTrans' financial statements for the fiscal year ended June 30, 2016 are fairly represented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

continued on next page

OmniTrans • 1700 West Fifth Street • San Bernardino, CA 92411
Phone: 909-379-7100 • Web site: www.OmniTrans.org • Fax 909-889-5779

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

The independent audit of the financial statements of OmniTrans was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report on the fair presentation of the financial statements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in a separate Single Audit report.

As stewards of the taxpayer's money, OmniTrans continues to achieve its primary objective of safeguarding the funds entrusted to us. Our primary focus is the planning, securing and controlling of OmniTrans' financial resources.

OmniTrans takes great pride in the fact that previously issued CAFRs have been awarded a prestigious award by The Government Finance Officers Association (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting. OmniTrans has received the GFOA "Certificate of Achievement for Excellence in Finance Reporting" a total of thirteen (13) times. These prior awards and the one that we are currently seeking this year evidence the significant improvements regarding the strengthening of internal controls and our compliance with stringent GFOA standards for professional financial reporting. OmniTrans' system of internal control is supported by written policies and procedures and is continually reviewed, evaluated and modified to meet current needs.

Local Economy

The economic growth the Inland Empire has regained in the past year may add some support in dealing with the long-term challenges for the region, which include too few college graduates to attract new businesses and too many workers commuting to other cities. The economic forecast for the region has narrowed somewhat from overly optimistic to more reality-based projections. For example, most economists agree employment has rebounded but output has not, partially due to the fact that the jobs gained were different from the jobs lost and often paid less. What the IE does have in its favor is land, and most of it is available at a relatively low price. According to John Husing, leading economist for the region, economic growth in San Bernardino County and the Inland Empire is driven by five industry sectors (1) 1ogistics, (2) construction, (3) health care, (4) manufacturing, and (5) professional, management, and scientific work.

Long-term Financial Planning

OmniTrans continues to plan for the future in its short-term and the long-term planning. The short-term planning rarely looks further ahead than the 12 months in the fiscal year. It seeks to ensure that the Agency has enough cash to pay its bills. In the long-term planning, the planning horizon is typically 2 – 5 years. The long-term financial planning focuses on the Agency's long-term goals and the funding that must be secured prior to project implementation.

Major Initiatives

Each year the federal government funds numerous public transit initiatives through an array of programs. Although the need for federal money to fund these initiatives has continued to grow, the federal budget increasingly has been strained by other competing funding priorities. On the federal level, the Federal Transit Administration (FTA) sponsors an array of initiatives and programs to support research, coordination, and development of public transportation. Some of the FTA initiatives and programs that are of particular interest to OmniTrans include:

- Moving Ahead for Progress in the 21st Century Act (MAP-21) - MAP-21 consolidates certain transit programs to improve their efficiency and provides significant funding increases specifically for improving the state of good repair of the nation's transit systems. The law grants FTA authority to strengthen the safety of public transportation systems throughout the United States. It also streamlines the New Start process to expedite project delivery and provides for core capacity project eligibility.

- State of Good Repair (SGR) - State of Good Repair includes sharing ideas on recapitalization and maintenance issues, asset management practices, and innovative financing strategies. It also includes issues related to measuring the condition of transit capital assets, prioritizing local transit re-investment decisions and preventive maintenance practices. Finally, research and the identification of the tools needed to address this problem are vital. The FTA will lead the nation's effort to address the State of Good Repair by collaborating with industry to bring the nation's transit infrastructure into the 21st Century.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to OmniTrans for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state or local government financial report. This was OmniTrans thirteenth time receiving this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR.

OmniTrans received another AdWheel Award in 2016 from the American Public Transportation Association (APTA). These prestigious annual awards acknowledge the creative excellence of member public transportation systems and business members in advertising, communications, and marketing. The agency garnered a first place award in the Print Media, Illustrated Vehicle category for the Veteran Fare bus wrap ad created to promote the new discount fare category.

Omnitrans was proud to open its new San Bernardino Transit Center to the public in September 2015. The San Bernardino Transit Center is a major transportation hub in downtown San Bernardino, which provides connections for riders between the sbX Green Line bus rapid transit service, 11 other Omnitrans routes, three other regional bus services, and future commuter rail. The $25 million LEED Gold Transit Center is a state-of-the-art facility with a transit building including a pass sales /

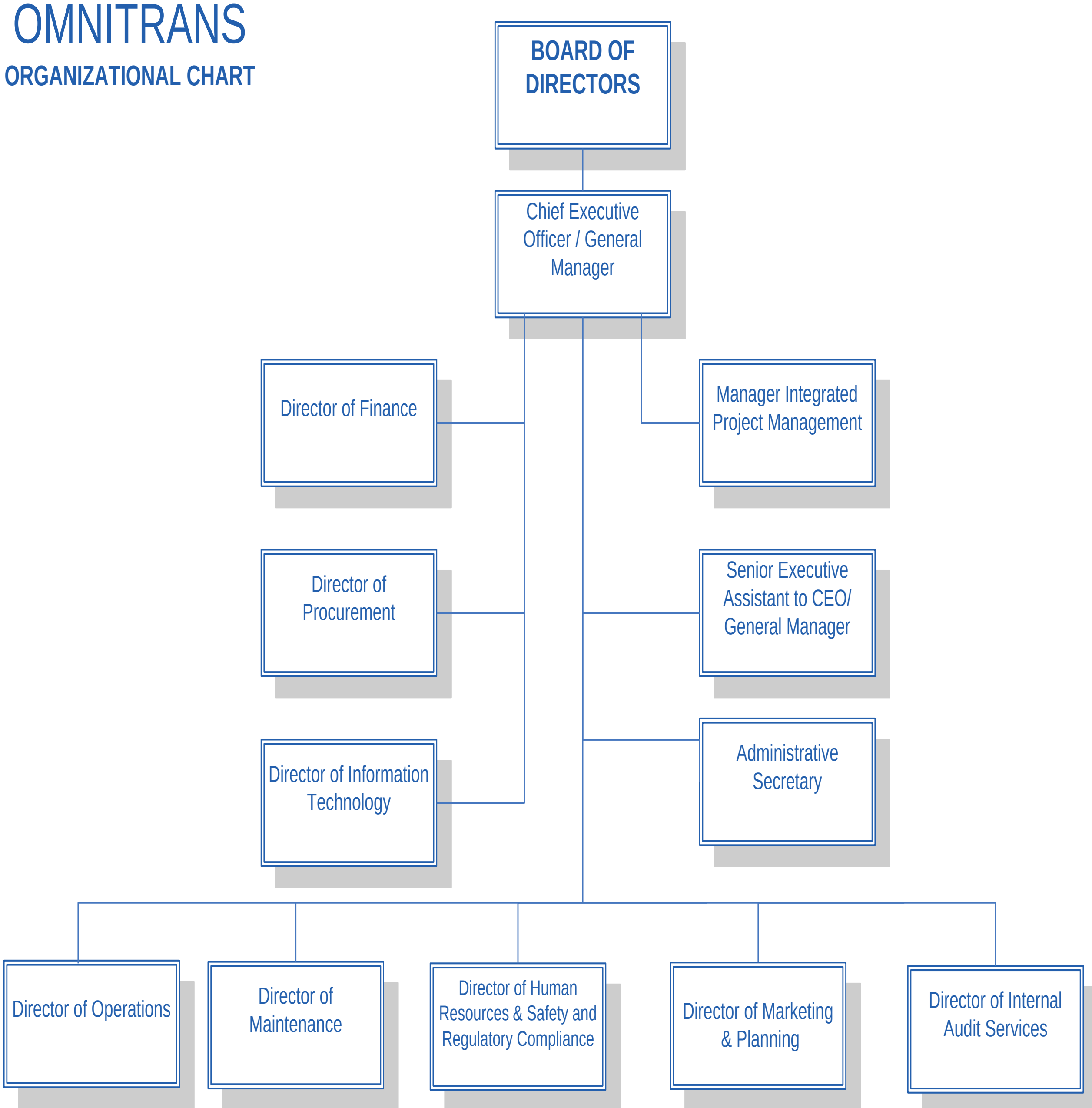
information desk, public lobby and restrooms, staff break area, 24/7 security, real-time bus arrival electronic information signs, and energy-saving features such as rooftop solar panels. The Inland Empire Biking Alliance opened a bicycle cooperative called the Hubitat at the Transit Center in May 2016, which is open three days a week and provides low-cost bike repair assistance for multi-modal travelers.

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the Finance Department staff, with special thanks to Mae Sung, Accounting Manager and Maurice Mansion, Treasury Manager. We wish also to express our appreciation to P. Scott Graham, our CEO/General Manager, and Wendy Williams, Director of Marketing & Planning, and the Marketing & Planning staff for their assistance and support of this report. We would also like to express our appreciation to the Board of Directors and members of the Administrative and Finance Committee.

Respectfully submitted,

Donald Walker
Director of Finance, OMNITRANS

OMNITRANS
ORGANIZATIONAL CHART



OMNITRANS SENIOR LEADERSHIP TEAM

P. Scott Graham
CEO/General Manager

Donald Walker
Director of Finance

Marjorie Ewing
Director of Human Resources & Safety and Regulatory Compliance

Jacob Harms
Director of Information Technology

Andres Ramirez
Manager of Integrated Project Management Office

Samuel J. Gibbs
Director of Internal Audit Services

Jack Dooley
Director of Maintenance

Wendy S. Williams
Director of Marketing & Planning

Diane Caldera
Director of Operations

Jennifer Sims
Director of Procurement

OMNITRANS BOARD OF DIRECTORS

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Sam Spagnolo
Rancho Cucamonga

Vice Chair
Ron Daily
Loma Linda

Supervisor
Curt Hagman
County

Supervisor
Josie Gonzales
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Fontana

Sylvia Robles
Grand Terrace

Penny Lilburn
Highland

Paul Eaton
Montclair

Alan Waper
Ontario

Pat Gilbreath
Redlands

Deborah Robertson
Rialto

Cary Davis
San Bernardino

Ray Musser
Upland

Dick Riddell
Yucaipa

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Omnitrans

California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Jeffrey R. Emer

Executive Director/CEO

PROFILE OF OMNITRANS

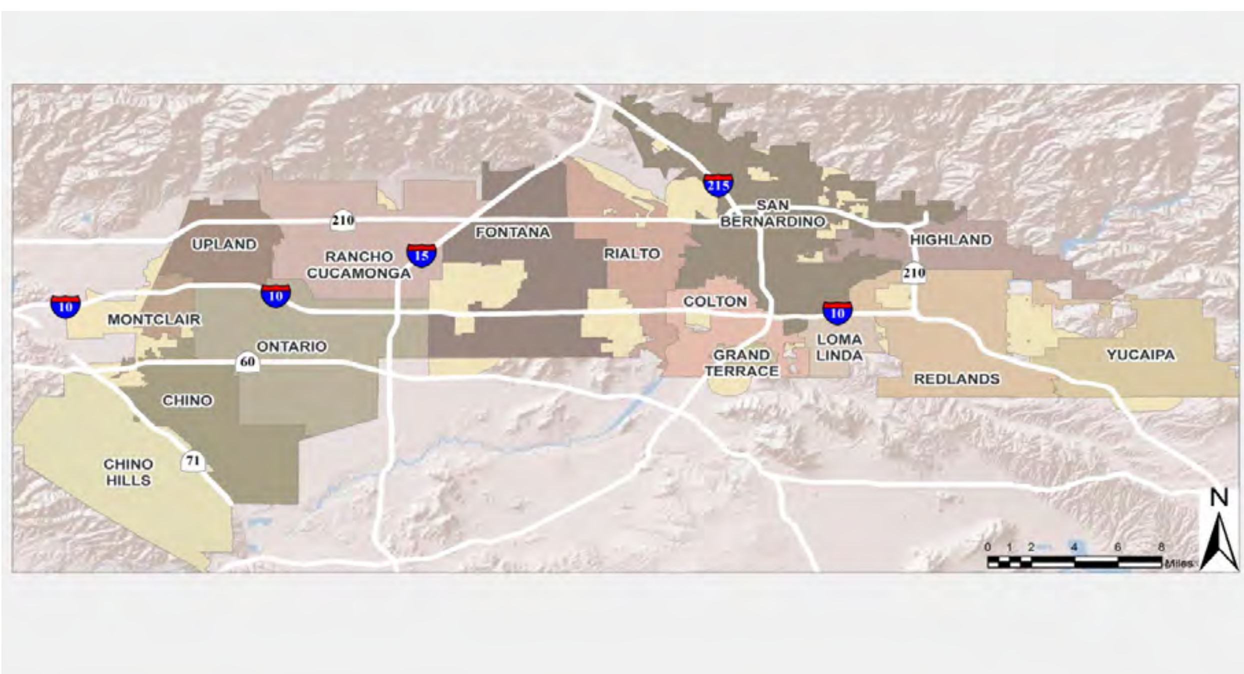
OmniTrans was founded in 1976 under a Joint Powers Agreement to provide transportation service to the San Bernardino Valley. OmniTrans is the major public transportation provider in the San Bernardino Valley, with a service area of approximately 456 square miles, serving fifteen municipalities, and many unincorporated areas of San Bernardino County. OmniTrans also travels beyond the service area to Pomona and Riverside, to provide links to neighboring transit agencies. The service area is bordered by the Los Angeles County line to the west, the San Gabriel and San Bernardino Mountains to the north, Yucaipa in the east and the Riverside County line to the south. The map below shows the OmniTrans service area. Employees work out of two locations: East Valley (San Bernardino) and West Valley (Montclair).

The board of directors, made up of elected officials from each of the member jurisdictions, governs the Agency. The member jurisdictions include the following:

City of Chino	City of Highland	City of Redlands
City of Chino Hills	City of Loma Linda	City of Rialto
City of Colton	City of Montclair	City of San Bernardino
City of Fontana	City of Ontario	City of Upland
City of Grand Terrace	City of Rancho Cucamonga	City of Yucaipa
	County of San Bernardino	

Each city has one member and the County of San Bernardino has five members on the Board, who represent their respective County Districts. The Board is responsible for all policy, regulatory, and budgetary decisions of the Agency.

Service Area Map



Four Board committees oversee specific functional areas of the Agency with the provision to create ad-hoc committees as needed. These subcommittees are:

1. Executive Committee
2. Administrative and Finance Committee
3. Plans and Programs Committee
4. Operations and Safety Committee

As of June 30, 2016, OmniTrans had a staff of 657 employees to provide its services. The CEO/General Manager is responsible for the day-to-day management of the Agency and acts as the liaison to the Board of Directors and each of the committees. Reporting to the CEO/General Manager are the following departments:

1. Administration
2. Human Resources
3. Maintenance
5. Marketing & Planning
6. Operations
7. Safety and Security
8. Integrated Project Management Office
9. Finance
10. Information Technology
11. Procurement
12. Special Transit Services

As cited in its Joint Powers Agreement (JPA), OmniTrans was created as a single umbrella agency to serve the bus transit needs of the San Bernardino Valley. Provisions were made in the JPA to: 1) Establish a uniform fare policy within the service area, 2) To coordinate a region wide bus transit marketing program, and 3) To consolidate bus transit operating and administrative functions in order to achieve increased economies of scale.

To meet the bus transportation service demands efficiently and effectively, OmniTrans uses a multimodal approach to the provisions of service. The Family of Services that OmniTrans currently offers are summarized below:

sbX Bus Rapid Transit

- The sbX Green line is a Bus Rapid Transit Line that serves the E Street Corridor in the cities of San Bernardino and Loma Linda.
- The sbX Green Line operates on weekdays from 6:00 AM with the last trip departing at 8:00 PM. It offers 10 minute peak service 6:00 AM to 9:00 AM and 3:00 PM to 6:00 PM. Off-peak service frequency is 15 minutes.
- The sbX Green Line is 15.7 miles long, with 5.4 miles of dedicated bus-only lanes. sbX has 16 named station locations and 23 platforms that offer enhanced amenities including level boarding, NexTrip arrival signs, ticket vending machines and custom shelters and benches.

Freeway Express Service

- OmniTrans operates two freeway express routes designed to allow for fast and efficient movement of passengers throughout our service area providing key connections to neighboring transit agencies.
- Route 215 is a cross-county service provided by OmniTrans that connects Downtown San Bernardino at the San Bernardino Transit Center to Downtown Riverside at the Riverside Transit Agency's Downtown Terminal. This route travels Interstate 215 and operates on 20/30-minute frequencies weekday and a 30-minute frequency on weekends.
- Route 290 is a cross San Bernardino Valley Freeway Express Route that travels along Interstate 10 connecting key destinations including Downtown San Bernardino at the San Bernardino Transit Center, Arrowhead Regional Medical Center, Ontario Mills and Montclair at the Montclair Transit Center, where connections to Foothill Transit's service to eastern Los Angeles County are available. The route primarily operates peak commute periods, but added some mid-day trips during Fiscal Year 2015-16.

Local Fixed Route Service

- In accordance with the Operational Standards for the provision of service, OmniTrans operates 26 traditional local fixed routes and five OmniGo local circulator routes as of June 30, 2016.
- Routes operate at 15 to 70 minute intervals.
- All routes operate Monday through Friday with service beginning at 3:33 AM and ending at 11:31 PM. On Saturdays there are 24 routes and four OmniGo circulators in operation with service beginning at 4:47 AM and ending at 10:45 PM. On Sundays there are 22 routes and four OmniGo circulators in service which begin at 5:18 AM and end at 8:42 PM.
- Coordinated local fixed-route service with Orange County Transit Authority, Foothill Transit, Riverside Transit Agency, and Mountain Transit, Pass Transit and Victor Valley Transit Authrotiy; operated under Cooperative and/or Joint Service Agreements between OmniTrans and neighboring transit operators.

OmniGo Circulator Service

- OmniGo is a small bus fixed route community circulator service that operates in the cities of Chino Hills, Grand Terrace, and Yucaipa.
- OmniGo connects points of interest within each city and provides connectivity to OmniTrans fixed route bus service.
- All OmniGo services are contracted out by OmniTrans and operated by a private contractor.
- OmniGo fares are the same as those for other OmniTrans fixed route bus services.

FY16 Fixed-Route Service Frequency by Route

Route Count	Route	Route Name	Service Days/Frequency		
			Weekday	Saturday	Sunday
1	1	ARMC - San Bernardino - Del Rosa	15	30	30
2	2	Cal State - E Street - Loma Linda	60	20	20
3	3	Baseline - Highland - San Bernardino CCW	15	20	20
4	4	Baseline - Highland - San Bernardino CW	15	20	20
5	5	South Waterman - Del Rosa - Cal State	30	60	60
6	7	N. San Bernardino - Sierra Way - San Bernardino	30/60	60	60
7	8	San Bernardino - Mentone – Crafton Hills	30/60	60	60
8	10	Fontana - Baseline - San Bernardino	30/60	60	60
9	11	San Bernardino - Muscoy - Cal State	30/60	60	60
10	14	Fontana - Foothill - San Bernardino	15	15	15
11	15	Fontana - San Bndo/Highland - Redlands	30	60	60
12	19	Fontana –Colton-Redlands--Yucaipa	30	60	60
13	20	Fontana Metrolink - Via Hemlock - Kaiser	60	60	60
14	22	North Rialto - Riverside Ave - ARMC	30	60	60
15	29	Bloomington - Valley Blvd - Kaiser	60	60	*
16/17	308/309	OmniGo: Yucaipa	30/60	30	60
18	310	OmniGo: Yucaipa	30/60	*	*
19	325	OmniGo: Grand Terrace	70	70	70
20	215	San Bernardino – Riverside	20/30	30/60	30/60
21	290	San Bernardino-ARMC-Ontario Mills-Montclair Transit Center	30/60/120	*	*
22	61	Fontana-Ontario Mills-Pomona	15	15	15
23	66	Fontana-Foothill Blvd.-Montclair	15/30	30	30
24	67	Chaffey-Baseline-Fontana	60	*	*
25	80	Ontario International Airport-Vineyard-Chaffey College	60	60	60
26	81	Chino-Haven-Chaffey College	30/60	60	*
27	82	Rancho Cucamonga-Fontana-Sierra Lakes	260	65	65
28	83	Upland-Euclid-Chino	60	60	60
29	84	Upland-Mountain Ave-Chino	60	60	60
30	85	Chino-Montclair-Chaffey College	30	60	60

31	86	S. Ontario-Campus-San Antonio Hospital	60	*	*
32	88	Chino Hills-Ramona Ave-Montclair	60	60	60
33	365	OmniGo: Chino Hills	60	60	60
34	sbX	Green Line	10/15	*	*

** No Saturday or Sunday Service (as applicable)*

Metrolink Regional Commuter Rail Feeder Service

- Metrolink service is provided between OmniTrans service area, Los Angeles, Riverside, Orange, Ventura and San Diego Counties by Southern California Regional Rail Authority.
- OmniTrans provides feeder bus service to eight Metrolink Stations located in San Bernardino, Rialto, Fontana, Rancho Cucamonga, Upland, Montclair, East Ontario and Pomona.
- Metrolink ticket/pass is good for a free ride going to or leaving from any Metrolink Station that an OmniTrans bus serves. Tickets must be valid for the date on which you're riding the bus.

Access

- In accordance with the Americans with Disabilities Act (ADA), OmniTrans provides wheelchair lift equipped vans for origin-to-destination transportation services.
- Reservations for service must be made one day in advance of your travel needs, with the option to call up to seven days in advance.
- Access operates during the same days and hours as fixed route buses within a ¾ mile range of routes.
- Who can ride Access? – Those persons with an OmniTrans (or other transit agency) ADA certification ID card. Persons with an OmniTrans Disability card. Personal Care Attendants providing personal care to an ADA certified rider. Companions (Adult accompanying person with a disability) and/or Children of a qualified Adult ADA certified rider. (Maximum of two children 46" tall and under may ride free. Children under age 6 and/or under 60 pounds must travel in a rider supplied child restraint device).

FINANCIAL SECTION

CONNECTING OUR COMMUNITY

FINANCIAL SECTION

CONNECTING OUR COMMUNITY

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Omnitrans
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of Omnitrans as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Omnitrans as of June 30, 2016, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the financial statements, Omnitrans implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the schedule of changes in the net pension liability and related ratios on page 38, and the schedule of contributions on page 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Omnitrans' basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

We have previously audited Omnitrans' 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 28, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2017, on our consideration of Omnitrans' 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Omnitrans' internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
January 10, 2017

As management of OmniTrans (the Agency), we offer the readers of the Agency's financial statements this narrative overview and analysis of the financial activities for the Agency for the fiscal year ended June 30, 2016.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter and financial statements, which are included in this report.

Financial Highlights

- At the end of fiscal year 2016, the Statement of Net Position presents total assets of $276.0 million. An increase of $17.7 million above the close of the previous fiscal year-end. The majority of this increase is attributed to the accrual of Urbanized Area Formula Grant – 5307 revenue and the replacement of revenue service vehicles that had reached their useful life.

- Intergovernmental receivables at June 30, 2016 increased $8.8 million or 51.8 percent compared to last fiscal year-end. At fiscal year-end OmniTrans' Urbanized Area Formula Grant – 5307 for FY2016 was still in the approval process and not available for drawdown.

- Capital assets increased $7.7 million or 3.9 percent compared to the previous fiscal year-end. The increase is attributed to replacement of revenue service vehicles that had reached their useful life.

- Accounts payable at fiscal year end June 30, 2016 increased $4.8 million or 58.2 percent above the previous fiscal year-end. The increase is attributed to accrual of goods and services received on or before June 30, 2016. These accruals consisted mainly of trades payable from operations, capital purchases, and purchased transportation

- Operating revenues decreased $1.1 million or 6.8 percent compared to the previous fiscal year-end. Operating expenses, excluding depreciation, at fiscal year-end June 30, 2016 decreased $0.7 million or 1.0 percent compared to last fiscal year end.

- Non-operating revenues, which include federal and local operating grants, interest income, CNG fuel credit, and other non-operating revenues offset by pass-through and donation to other agencies, loss on disposals, and interest expense increased by $75.1 million or 437.1 percent. Fiscal year end June 30, 2016 had $0.0 million in donation to other agency compared to $72.1 million in the prior fiscal year.

- Capital assistance decreased $2.8 million or 7.4 percent from $37.2 million at fiscal year end June 30, 2015 to $34.4 million at fiscal year end June 30, 2016.

Overview of the Financial Statements

This annual financial report consists of two parts, Management's Discussion and Analysis, and the financial statements, including notes to the financial statements, and required supplementary information. The Agency financial statements offer key, high-level financial information about the Agency's activities.

The Agency is a government funded entity that follows enterprise fund accounting and presents its financial statement on the accrual basis of accounting. The enterprise fund concept is similar to how private business enterprises are financed and operated.

The statements of net position include information on all of the Agency's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference reported as net position. Changes in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The statement of revenues, expenses and change in net position present information regarding how the Agency net position changed during the fiscal years ended June 30, 2016 and 2015. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, and amounts are measurable, regardless of the timing of related cash flows.

Financial Statements Analysis

The following tables summarize revenues, expenses and changes in net position comparing fiscal year 2016 with fiscal year 2015. For additional information regarding the Agencies financial activities for fiscal year ended June 30, 2016, readers are encourage to read this section in conjunction with the accompanying Notes to the Basic Financial Statements.

Revenues and Expenses

Revenues

OmniTrans total revenues for fiscal year ending June 30, 2016 show a $9.5 million or 8.7% increase compared to last fiscal year-end. Revenue from fares, pass and ticket sales less discount to pass sale vendors was $1.2 million below the previous fiscal year-end. Total advertising and other transportation revenues were $731.5 thousand compared to $586.8 thousand for the previous fiscal year-end.

Federal and local operating grants for OmniTrans increased from $55.1 million in fiscal year 2015 to $68.2 million in fiscal year 2016. This represents a $13.1 million or 23.8 percent increase in federal and local operating grants revenue. OmniTrans receives federal, state, and local funding which are utilized for both operating and capital expenditures.

Financing the construction, operation and maintenance of public transportation systems involves many different types of funding sources, including federal and non-federal grants, and other revenue sources. The source of federal and local operating grants and capital assistance OmniTrans receive include the following:

- Measure I - the ½ cent sales tax collected throughout San Bernardino County for transportation improvements.
- Local Transportation Fund (LTF) - Transportation Development Act (TDA) earmark ¼ percent of the state sales tax for transit.
- Urbanized Area Formula Program (5307) - transit capital and operating assistance in urbanized areas and for transportation-related planning.
- Congestion Mitigation and Air Quality Improvement (CMAQ) - established to support surface transportation projects and other related efforts that contribute air quality improvements and provide congestion relief.
- Job Access and Reverse Commute (JARC) – established to improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and non-urbanized areas to suburban employment opportunities.
- New Freedom - a formula grant program aims to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force available to people with disabilities beyond the requirements of the Americans with Disabilities Act of 1990 (ADA).
- State Transit Assistance Fund (STAF) - derived from sales tax on gasoline and diesel fuel, this funding is an allocation to local transit agencies to fund a portion of the operations and capital costs associated with local mass transportation programs.
- Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) - created by Proposition 1B, is funding available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation or replacement.

Interest income for the Agency consists of quarterly return on investment with the Local Agency Investment Fund (LAIF). The LAIF program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office at no additional cost. Total interest income for fiscal year ended June 30, 2016 was $172.1 thousand or 295.8 percent above previous fiscal year-end.

Revenue from the Compressed Natural Gas (CNG) fuel tax credit for fiscal year ended June 30, 2016 increased $84.1 thousand or 6.3 percent compared to last fiscal year-end. The credit initially went into effect October 1, 2006 and expired December 31, 2009. Congress extended this credit three times.

The first extension extended the credit for 2011, and made it retroactive for fuel sales or use during 2010. The second extension occurred January 3, 2013, and extended the availability of the 50-cent credit through the end of 2013 and made it retroactive for 2012. The third extension extended the credit for 2014.

The Senate Committee on Finance approved semi-annual extensions of several business tax credits and deductions in July 2015. The extensions included the extension of the Alternative Fuel Tax Credit for calendar year 2015 and 2016.

Other non-operating revenues consists mainly of quarterly reimbursement to the Agency from the Amalgamated Transit Union (ATU) Local 1704 for wages and benefits paid by the Agency to ATU Officers/Stewards during normal work hours to process grievances. Total other non-operating revenues decreased $22.2 thousand or 70.4 percent below last fiscal year-end.

OMNITRANS' Revenues

		2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Passenger fares	$	13,809,102	15,015,499	(1,206,397)	(8.0)
Advertising revenue		673,669	532,322	141,347	26.6
Other Transportation Revenue		57,832	54,440	3,392	6.2
Federal and local operating grants		68,179,717	55,090,857	13,088,860	23.8
Capital assistance		34,402,150	37,167,461	(2,765,311)	(7.4)
Interest Income		172,124	43,486	128,638	295.8
CNG fuel tax credit		1,408,668	1,324,615	84,053	6.3
Other non-operating revenues/(expenses)		9,328	31,549	(22,221)	(70.4)
Total Revenue	$	118,712,590	109,260,229	9,452,361	8.7

Expenses

Total expenses for fiscal year-end 2016 decreased $60.0 million or 38.1 percent compared to the previous fiscal year-end. Increases in wages, salaries, and benefits, general and administrative expenses, Capital purchases pass-through to other agencies, depreciation, and miscellaneous expenses was offset by decreases in purchased transportation services, materials and supplies, professional and technical services, advertising and printing, loss on disposal of capital assets and donation to other agency. Expenses from fiscal year 2015 include $72.1 million in donation to other agency of capitalized assets.

Wages, salaries and benefits increased $1.1 million or 2.7 percent over the previous fiscal year-end. This increase is mainly attributed to the agreement between OmniTrans and the Amalgamated Transit Union Local 1704 effective through March 31, 2016. The agreement included a 2.75% in Year 3.

Material and supplies decreased $1.9 million or 20.7 percent under last fiscal year-end. The decrease is attributed to the lower than average price of compressed natural gas (CNG) and unleaded gasoline used to fuel service and support vehicles.

OmniTrans, as a direct grantee of FTA funding, is responsible for complying with specific FTA requirements. San Bernardino Associated Governments (SANBAG) conducts the solicitation, evaluation and selection process for FTA funds. However OmniTrans does participate in the evaluation process as well, and is solely responsible for project management oversight for sub-recipients. The pass-through to other agencies represents federal and local reimbursements to sub-recipients for cost incurred on approved projects. Pass-through payments to other agencies increased $10.2 million or 788.4 percent compared to the previous fiscal year-end.

OMNITRANS' Expenses

		2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Wages, salaries, and benefits	$	42,770,831	41,697,176	1,073,655	2.7
Purchased transportation services		9,041,314	9,261,048	(219,734)	(2.4)
General and administrative expenses		6,921,994	6,344,136	577,858	9.1
Materials and supplies		7,288,414	9,191,072	(1,902,658)	(20.7)
Capital purchases		932,312	503,602	428,710	85.1
Professional and technical services		2,392,693	3,066,686	(673,993)	(22.0)
Advertising and printing		918,087	939,460	(21,373)	(2.3)
Pass-through to other agencies		11,531,009	1,297,931	10,233,078	788.4
Loss on disposal of capital assets		310,480	323,574	(13,094)	(4.0)
Depreciation		15,222,998	12,742,411	2,480,587	19.5
Miscellaneous		405,197	362,530	42,667	10.8
Donation to Other Agency		0	72,050,046	(72,050,050)	100.0
Total Expenses	$	97,735,329	157,779,672	(60,047,700)	(38.1)

Net Position

The Agency's total net position for fiscal year ending June 30, 2016 increased $21.0 million or 11.0 percent above fiscal year ended June 30, 2015. Total assets for the fiscal year increased $17.7 million or 6.8 percent. This is due primarily to the increase in receivables and the replacement of revenue service vehicles that reached its useful life.

Total liabilities increased $590.7 thousand or 0.9 percent compared to the previous fiscal year-end. Current liabilities increased $1.1 million or 2.4 percent due to accrual of goods and services received on or before June 30, 2016. This was offset by a reduction in long-term liabilities of $509.7 thousand or 3.1 percent.

Deferred inflows of resources related to pension as required by GASB 68 decreased $3.4 million or 38.1 percent below the previous fiscal year. For fiscal year ended June 30, 2016 deferred inflows of resources was $5.5 million. The $5.5 million is the sum of deferred inflows of resources based on changes of assumptions, differences between expected and actual experience, and the net difference between projected and actual earnings on the pension plan investments. In addition, deferred outflows of resources include contribution made subsequent to the measurement date.

OMNITRANS' Statement of Net Position

		2016	2015	Increase (Decrease)	Percent Increase (Decrease)
Assets:					
Current and other assets	$	71,745,770	61,750,576	9,995,194	16.2
Net Capital Assets		204,298,178	196,610,392	7,687,786	3.9
Total Assets		276,043,948	258,360,968	17,682,980	6.8
Deferred outflow of resources:					
Deferred amount on pensions		5,539,084	5,057,296	481,788	100.0
Total Deferred outflow of resources		5,539,084	5,057,296	481,788	100.0
Liabilities:					
Current Liabilities		47,856,106	46,755,675	1,100,431	2.4
Long-term Liabilities		16,013,397	16,523,112	(509,715)	(3.1)
Total Liabilities		63,869,503	63,278,787	590,716	0.9
Deferred inflow of resources:					
Deferred amount on pension (Note 8)		5,518,924	8,921,206	(3,402,282)	(38.1)
Total Deferred inflow of resources		5,518,924	8,921,206	(3,402,282)	(38.1)
Net Position:					
Invested in capital assets		204,298,178	196,481,291	7,816,887	4.0
Unrestricted (Note 13)		7,896,427	(5,263,020)	13,159,447	(250.0)
Total Net Position	$	212,194,605	191,218,271	20,976,334	11.0

Changes in Net Position

The following Statement of Revenues, Expenses, and Changes in Net Position table illustrate and compare the various categories of assets, liabilities and net position for the two fiscal years.

OMNITRANS' Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Passenger fares	$ 13,809,102	15,015,499	(1,206,397)	(8.0)
Advertising revenues	673,669	532,322	141,347	26.6
Other transportation revenues	57,832	54,440	3,392	6.2
Total revenues	14,540,603	15,602,261	(1,061,658)	(6.8)
Expenses:				
Depreciation and amortization	15,222,998	12,742,411	2,480,587	19.5
Other operating expenses	70,670,842	71,365,710	(694,868)	(1.0)
Total expenses	85,893,840	84,108,121	1,785,719	2.1
Nonoperating Revenue/(Expenses)				
Fed. & local operating grants (Note 3)	68,179,717	55,090,857	13,088,860	23.8
Interest income	172,124	43,486	128,638	295.8
Interest expense	(927)	(2,426)	1,499	(61.8)
Pass-through to other agencies (Note 10)	(11,531,009)	(1,297,931)	(10,233,078)	788.4
CNG fuel tax credit	1,408,668	1,324,615	84,053	6.3
Donation to other agency	0	(72,050,046)	72,050,046	0.0
Other nonoperating revenues (expenses)	(301,152)	(292,025)	(9,127)	3.1
Total nonoperating revenues	57,927,421	(17,183,470)	75,110,891	(437.1)
Income before capital contribution	(13,425,816)	(85,689,330)	72,263,514	(84.3)
Capital contributions				
Capital assistance	34,402,150	37,167,461	(2,765,311)	(7.4)
Total capital contributions	34,402,150	37,167,461	(2,765,311)	(7.4)
Change in net position	20,976,334	(48,521,869)	69,498,203	(143.2)
Net position, beginning of year	191,218,271	254,691,559	(63,473,288)	(24.9)
Prior Period Adjustment		(14,951,419)	14,951,419	0.0
Net position, beginning of year, as restated	191,218,271	239,740,140		
Net position, end of year	$ 212,194,605	191,218,271	20,976,334	11.0

Capital Assets and Debt Administration

Capital Assets

At June 30, 2016, the Agency had a total of $204.3 million invested in capital assets. This total represents an overall increase of $7.7 million or 3.9% above the prior fiscal year-end total of $196.6 million. The majority of the increase in capitalized assets was associated with the purchase of revenue service vehicles that reached its useful life. This increase was offset by the increase in depreciation in these categories.

OMNITRANS' Capital Assets (net of accumulated depreciation)

	Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Percent Increase (Decrease)
Buildings and improvements	$ 150,143,093	108,559,520	41,583,573	38.3
Operations equipment	122,094,304	114,988,700	7,105,604	6.2
Furniture and office equipment	38,705,664	37,358,411	1,347,253	3.6
Construction in progress	12,092,370	44,725,273	(32,632,903)	(73.0)
Land	10,522,709	10,522,709	0	0.0
Accumulated depreciation	(129,259,962)	(119,544,221)	(9,715,741)	8.1
Total capital assets	$ 204,298,178	196,610,392	7,687,786	3.9

Additional information regarding the Agency's capital assets can be found in Note 5 in the Notes to the Basic Financial Statements.

Debt Administration

At June 30, 2016, the Agency had $21.5 million in long-term liabilities compared to $22.0 million at June 30, 2015. The June 30, 2015 balance decreased $453.5 thousand to include a decrease in claims payable by $1.7 million or 21.1 percent offset by an increase in the Net pension liability of $1.3 million or 12.3 percent. Additional information regarding the Agency's long-term liabilities can be found in Note 4 to the Basic Financial Statements.

OMNITRANS' Long-Term Liabilities

	$ Fiscal Year 2016	Fiscal Year 2015	Increase (Decrease)	Percent Increase (Decrease)
Claims payable	6,218,525	7,884,314	(1,665,789)	(21.1)
Capital leases	0	129,101	(129,101)	(100.0)
Compensated absences	3,705,393	3,634,716	70,677	1.9
Net pension liability	11,607,160	10,336,490	1,270,670	12.3
Total long-term liabilities	$ 21,531,078	21,984,621	(453,543)	(2.1)

Next Year's Budget

OmniTrans prepares an operating and capital budget annually that is approved by the Board of Directors prior to the beginning of its fiscal year. The operating budget for fiscal year ending June 30, 2017 increased proportionately due to the launch of the SBTC for service to our customers. The challenge going forward is containing cost, and providing safe, dependable, and quality public transit service at current levels.

The capital budget consists of a multi-year program that includes the fixed route, access service, and support vehicle replacement. Funding for these major projects have been identified, approved by the Board of Directors, and committed to those projects.

Contacting the Agency's Financial Management

This financial report is designed to provide our customers, stakeholders, and creditors with an overview of the Agency's financial operations and condition. If you have a question about this report or need additional information, you may contact the Agency's Finance Director at 1700 W. 5th Street, San Bernardino, California 92411-2401.

OMNITRANS

STATEMENT OF NET POSITION
JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	2016	2015
ASSETS:		
CURRENT ASSETS:		
Cash and investments (Note 2)	$ 43,002,683	$ 42,154,334
Receivables:		
Accounts, net of allowances	205,862	135,029
Interest	-	9,034
Intergovernmental	25,765,790	16,971,427
Inventory	2,250,255	2,006,703
Prepaid items	521,180	474,049
TOTAL CURRENT ASSETS	71,745,770	61,750,576
NONCURRENT ASSETS:		
Capital assets, not depreciated (Note 5)	22,615,079	55,247,982
Capital assets, depreciated, net (Note 5)	181,683,099	141,362,410
TOTAL NONCURRENT ASSETS	204,298,178	196,610,392
TOTAL ASSETS	276,043,948	258,360,968
DEFERRED OUTFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	5,539,084	5,057,296
TOTAL DEFERRED OUTFLOW OF RESOURCES	5,539,084	5,057,296
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	13,061,404	8,256,718
Accrued salaries and benefits	2,532,348	2,161,099
Interest payable	-	464
Unearned revenue	26,744,673	30,875,885
Compensated absences payable - current portion (Note 4)	2,460,759	2,409,511
Capital leases payable - current portion (Note 4)	-	129,101
Claims payable - current portion (Note 4)	3,056,922	2,922,897
TOTAL CURRENT LIABILITIES	47,856,106	46,755,675
NONCURRENT LIABILITIES:		
Compensated absences payable (Note 4)	1,244,634	1,225,205
Claims payable (Note 4)	3,161,603	4,961,417
Net Pension Liability (Note 8)	11,607,160	10,336,490
TOTAL NONCURRENT LIABILITIES	16,013,397	16,523,112
TOTAL LIABILITIES	63,869,503	63,278,787
DEFERRED INFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	5,518,924	8,921,206
TOTAL DEFERRED INFLOW OF RESOURCES	5,518,924	8,921,206
NET POSITION:		
Net investment in capital assets	204,298,178	196,481,291
Unrestricted	7,896,427	(5,263,020)
TOTAL NET POSITION	$ 212,194,605	$ 191,218,271

See accompanying notes to basic financial statements.

OMNITRANS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	2016	2015
OPERATING REVENUES:		
Passenger fares	$ 13,809,102	$ 15,015,499
Advertising revenue	673,669	532,322
Other transportation revenue	57,832	54,440
TOTAL OPERATING REVENUES	14,540,603	15,602,261
OPERATING EXPENSES:		
Salaries and benefits	42,770,831	41,697,176
Purchased transportation services	9,041,314	9,261,048
General and administrative	6,921,994	6,344,136
Materials and supplies	7,288,414	9,191,072
Capital purchases	932,312	503,602
Professional and technical services	2,392,693	3,066,686
Advertising and printing	918,087	939,460
Depreciation	15,222,998	12,742,411
Miscellaneous	405,197	362,530
TOTAL OPERATING EXPENSES	85,893,840	84,108,121
OPERATING INCOME/(LOSS)	(71,353,237)	(68,505,860)
NONOPERATING REVENUES/(EXPENSES):		
Federal and local operating grants	68,179,717	55,090,857
Interest income	172,124	43,486
Interest expense	(927)	(2,426)
Pass-through to other agencies (Note 10)	(11,531,009)	(1,297,931)
Loss on disposal of capital assets	(310,480)	(323,574)
CNG fuel credit	1,408,668	1,324,615
Donation to other agency	-	(72,050,046)
Other nonoperating revenues	9,328	31,549
TOTAL NONOPERATING REVENUES/(EXPENSES)	57,927,421	(17,183,470)
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(13,425,816)	(85,689,330)
CAPITAL CONTRIBUTIONS:		
Capital assistance	34,402,150	37,167,461
CHANGE IN NET POSITION	20,976,334	(48,521,869)
NET POSITION, BEGINNING OF YEAR	191,218,271	254,691,559
Prior Period Adjustment	-	(14,951,419)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	191,218,271	239,740,140
NET POSITION, END OF YEAR	$ 212,194,605	$ 191,218,271

See accompanying notes to basic financial statements.

OMNITRANS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 14,469,770	$ 15,730,472
Nonoperating miscellaneous receipts	1,417,996	1,243,289
Cash payments to suppliers for goods and services	(23,075,528)	(36,024,320)
Cash payments to employees for services	(46,608,094)	(43,804,197)
Net cash used for operating activities	(53,795,856)	(62,854,756)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal, state, and local operating grants	68,179,717	55,090,857
Pass-through payments to other agencies	(11,531,009)	(1,297,931)
Net cash provided by non-capital financing activities	56,648,708	53,792,926
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(23,221,264)	(36,184,741)
Principal paid on capital leases	(129,101)	(139,168)
Interest paid on capital leases	(1,391)	(2,596)
Capital grants received	21,166,095	32,887,367
Net cash used for capital and related financing activities	(2,185,661)	(3,439,138)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	3,190,000	55,321,513
Purchase of investments	(4,430,606)	(33,457,023)
Interest received	181,158	48,396
Net cash provided by/(used for) investing activities	(1,059,448)	21,912,886
Net increase (decrease) in cash and cash equivalents	(392,257)	9,411,918
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,605,806	14,193,888
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 23,213,549	$ 23,605,806
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON STATEMENT OF NET POSITION:		
Reported on statement of net position:		
Cash and investments	$ 43,002,683	$ 42,154,334
Less investments not meeting the definition of cash and cash equivalents	(19,789,134)	(18,548,528)
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 23,213,549	$ 23,605,806

(Continued)

See accompanying notes to basic financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	2016	2015
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	$ (71,353,237)	$ (68,505,860)
Adjustments to net cash used by operating activities:		
Pension expense	(2,613,400)	(751,019)
Depreciation	15,222,998	12,742,411
Nonoperating miscellaneous income	1,417,996	1,356,164
Realized (gain) loss on sale of capital assets	310,480	323,574
(Increase) decrease in accounts receivable	(70,833)	128,211
(Increase) decrease in inventory	(243,552)	(219,504)
(Increase) decrease in prepaid items	(47,131)	(59,438)
Increase (decrease) in accounts payable	4,804,686	(6,400,418)
Increase (decrease) in salaries and benefits payable	371,249	58,181
Increase (decrease) in compensated absences payable	70,677	81,660
Increase (decrease) in claims payable	(1,665,789)	(1,608,718)
NET CASH USED FOR OPERATING ACTIVITIES	$ (53,795,856)	$ (62,854,756)

See accompanying notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Omnitrans was organized on March 8, 1976, by a joint powers agreement between the County of San Bernardino, California and the following cities: Chino; Colton; Fontana; Loma Linda; Montclair; Ontario; Redlands; Rialto; San Bernardino; and Upland under Section 6506 of the California Government Code for the purpose of providing transit services under a single agency. The following cities were added thereafter: Rancho Cucamonga and Grand Terrace in 1979; Highland in 1988; Yucaipa in 1990; and Chino Hills in 1992.

Omnitrans provides a variety of transit services to the public of San Bernardino County. These services include bus operations, purchased transportation services with independent contractors and demand response transportation services. Omnitrans also functions as a "pass-through" administrative agency for various federal, state and local grants.

Basis of Accounting

Omnitrans is accounted for as an enterprise fund (proprietary fund type). Proprietary fund financial statements are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Classification of Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal operations. The principal operating revenues of Omnitrans consist of bus transit services. Non-operating revenues consist of federal, state and local operating grants, and investment income. Operating expenses for enterprise funds include the cost of sales, administrative expenses and depreciation on capital assets. Expenses not meeting this definition are reported as non-operating expenses. Non-operating expenses primarily consist of payments to pass-through agencies and interest expense.

Capital contributions consist of grants that are legally restricted for capital expenses by federal, state or local law that established those charges.

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

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

Investments and Fair Value Measurement

Investments are reported in the accompanying Statement of Net Position at fair value. Changes in fair value that occur during the fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

As of July 1, 2015, Omnitrans implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. Omnitrans categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Allowance for Doubtful Accounts

Omnitrans provides an allowance for doubtful accounts for all accounts deemed uncollectible. As of June 30, 2016, all accounts were deemed collectible resulting in an allowance for doubtful accounts of $0.

Inventories

Inventories consist of operations vehicles' parts and fuel in storage held for consumption. The parts and fuel in storage are stated at the lower of cost (average cost method) or market. The value of parts and fuel held in storage as of June 30, 2016 was $2,250,255.

Capital Assets

Capital assets are valued at cost or estimated historical cost if actual cost is not available. Donated assets are valued at their acquisition value. Omnitrans capitalizes all assets with a historical cost of at least $2,000 and a useful life of at least one year. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of capital assets used by Omnitrans is charged as an expense against its operations. Depreciation is computed utilizing the straight-line method over the following estimated useful lives:

Category	Number of Years
Buildings and improvements	5 to 30
Operations equipment	3 to 12
Furniture and office equipment	3 to 20

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Omnitrans reports deferred amounts on pension contributions subsequent to the measurement date as outflows of resources in the period that the amounts become available.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Omnitrans reports deferred amounts on pensions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

It is Omnitrans' policy to permit employees to accumulate earned but unused vacation and sick leave benefits up to certain limits. Management, non-exempt, and coach operator employees begin to accrue vested sick leave hours after six months of service. Upon voluntary resignation, retirement or death and after six months of service, management and non-exempt employees or their estate are paid for any unused sick leave up to a maximum of 50 percent of the available sick leave hours not to exceed 1,200 hours (e.g. 50 percent of 1,200 hours would be paid at 600 hours). Represented employees begin to accrue vested sick leave hours after reaching a certain amount of service time based upon their respective work classification. Teamsters accrue sick leave after 1,040 hours of actual hours worked and Amalgamated Transit Union (ATU) members are after their first year of continuous full-time employment, based upon their respective work classification. Upon voluntary resignation, retirement, or death, and after a certain amount of years of service (ATU members after 8 years of service and Teamsters after 10 years of service), represented employees or their estate are paid for any unused sick leave up to a maximum of 50 percent of available sick leave hours not to exceed 1,200 hours (e.g. 50 percent of 1,200 hours would be paid at 600 hours).

Full-time non-represented employees begin to accrue vacation hours after 6 months of service. Employee vacation credits may be accrued and accumulated up to a maximum of two (2) years total accumulated vacation credits. Eligible employees with an annual accrual of three (3) or more weeks of vacation per year, after taking 80 hours vacation, shall be permitted to request two (2) weeks pay in lieu of time off. Represented employees will accrue vacation benefits in accordance with the provisions of their respective Memorandum of Understanding (MOU).

Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned. Total compensated absences payable was $3,705,393 at June 30, 2016.

Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Omnitrans' prior year financial statements, from which this selected financial data was derived.

Federal, State and Local Grants

Federal, state and local governments have made various grants available to Omnitrans for operating assistance and acquisition of capital assets. Grants for operating assistance, the acquisition of equipment or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of Omnitrans complying with appropriate grant requirements. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable and the related expenses are incurred. Revenues earned under capital grants are recorded as capital contributions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pass-Through Activities

Revenues associated with grants, where Omnitrans serves as the administrating agent, are recorded as either non-operating revenues or capital contributions based on the approved use of the grant. The related expense is recorded as "pass-through to other agencies" in the Statement of Revenues, Expenses, and Changes in Net Position as the expenses do not support the operations of Omnitrans nor provide an asset.

Pension

For the purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Omnitrans' California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net investment in capital assets consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets.

Unrestricted net position is the net amount of the assets, deferred outflow of resources, deferred inflow of resources, and liabilities that are not included in the determination of net investment in capital assets listed above.

Use of Estimates/Reclassifications

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the financial statements and results for the reporting period. Actual results could differ from those estimates. Certain amounts in the prior year have been reclassified to conform to the current year presentation.

New Accounting Pronouncements

Effective in this Fiscal Year

GASB Statement No. 72 – In March, 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*, which generally requires state and local governments to measure investments at fair value. GASB's goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. The implementation of this standard's effect is disclosed in Note 2 – Cash and Investments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Effective in this Fiscal Year (Continued)

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. This Statement is effective for periods beginning after June 15, 2015, or the 2015-2016 fiscal year. Omnitrans has determined that the requirements of this statement effective in the current year do not have a material impact on the financial statements.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. This standard was implemented without material impact on Omnitrans' financial statements.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015 - except for certain provisions related to portfolio quality and the provision related to the monthly shadow price calculation, which are effective for reporting periods beginning after December 15, 2015. This standard did not have a material impact on Omnitrans' financial statements.

Effective in Future Fiscal Years

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. Omnitrans has not determined the effect on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for periods beginning after June 15, 2017. Omnitrans has not determined the effect on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

Effective in Future Fiscal Years (Continued)

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Statement is effective for periods beginning after December 15, 2015. Omnitrans has not determined the effect on the financial statements.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The Statement amends the scope and applicability of Statement No. 68 to exclude certain pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension. The Statement is effective for fiscal years beginning after December 15, 2015. Omnitrans has not determined the effect on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The Statement improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for fiscal years beginning after June 15, 2016. Omnitrans has not determined the effect on the financial statements.

GASB Statement No. 81 – In January 2016, GASB issued Statement No. 81, *Irrevocable Split- Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. Omnitrans has not determined the effect on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No 68 and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Omnitrans has not determined the effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2016 consist of the following:

Cash on hand	$	9,200
Deposits with financial institutions		23,204,349
Investments		19,789,134
	$	43,002,683

Fair Value Measurements

Omnitrans categorizes the fair value at its investments based on the framework and hierarchy established by Government Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurements and Application*. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under GASB 72 are described as follows:

<u>Level 1</u> — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

<u>Level 2</u> — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

<u>Level 3</u> — Unobservable inputs that are based on the best available information under the circumstances.

The following is a description of the valuation methods and assumptions used by Omnitrans to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Omnitrans' management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The determination of what constitutes observable requires judgment by Omnitrans' management. Omnitrans' management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs of its fair value measurement and does not necessarily correspond to Omnitrans' management's perceived risk of that investment.

Deposits and withdrawals in the California Local Agency Investment Fund (LAIF) are made on the basis of $1 and not fair value. Accordingly, Omnitrans' proportionate share of investments in the LAIF at June 30, 2016 of $14,483,635 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Omnitrans has the following recurring fair value measurements as of June 30, 2016:

Investment by Fair Value Level	Balance at June 30, 2016	Fair Value Measurements on a Recurring Basis Using: Quoted Prices (Unadjusted) in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable Certificates of Deposit	$ 3,285,965	$ -	$ 3,285,965	$ -
U.S. Government Sponsored			-	-
Enterprise Securities: FNMA	2,019,534		2,019,534	-
Total Cash and Investments by Fair Value Level	$ 5,305,499	$ -	$ 5,305,499	$ -
LAIF	14,483,635			
Total Cash and Investments	$ 19,789,134			

Investments Authorized by the California Government Code or Omnitrans' Investment Policy

The table below identifies the investment types that are authorized by the California Government Code (or Omnitrans' investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or Omnitrans' investment policy, where more restrictive) that address interest rate risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
Federal Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Medium - Term Notes	5 years	30%	None
Local Agency Investment Fund	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None
California Local Agency Securities System (CLASS)	N/A	None	None

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The investment policy of Omnitrans provides safety and liquidity guidelines for managing interest rate risk.

Information about the sensitivity of the fair values of Omnitrans' investments to market interest rate fluctuations is provided by the following table that shows the distribution of Omnitrans' investments by maturity:

	Remaining Investment Maturities			
Investment Type	12 Months Or Less	1 to 3 Years	3 to 5 Years	Fair Value
Local Agency Investment Fund	$ 14,483,635	-	-	$ 14,483,635
Negotiable Certificates of Deposit	250,997	$ 2,522,510	$ 512,458	3,285,965
U.S. Government Sponsored				
Enterprise Securities:				
FNMA			2,019,534	2,019,534
Total Cash Investments	$ 14,734,632	$ 2,522,510	$ 2,531,992	$ 19,789,134

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a nationally recognized statistical rating organization. The table below represents the minimum rating required by the California Government Code (where applicable), or Omnitrans' investment policy, and the actual rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	AA+	Unrated
Local Agency Investment Fund	$ 14,483,635	(1)		$ 14,483,635
Negotiable Certificates of Deposit	3,285,965	(1)		3,285,965
U.S. Government Sponsored				
Enterprise Securities:				
FNMA	2,019,534	(1)	$ 2,019,534	
Total	$ 19,789,134		$ 2,019,534	$ 17,769,600

(1) Not Applicable

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of Omnitrans' investment in a single issue. The investment policy of Omnitrans contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2016, there were no investments with any single issuer that represented 5% or more of Omnitrans' total investments.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, Omnitrans will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and Omnitrans' investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Omnitrans' deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2016, Omnitrans had deposits of $25,921,920 held in excess of federal depository insurance corporation (FDIC) limits covered by collateralization described above.

Investment in LAIF

Omnitrans is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429.1 through 16429.4 under the oversight of the Treasurer of the State of California. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The fair value of Omnitrans' investment in this pool is reported in the accompanying financial statements at amounts based upon Omnitrans' pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS

Omnitrans receives operating and capital assistance from various federal, state and local sources.

Federal Assistance

Under the provision of the Federal Transit Administration (FTA), funds are available to Omnitrans for preventive maintenance, security, and various capital costs.

Transportation Development Act Assistance

Pursuant to provisions of the 1971 Transportation Development Act (TDA), as amended, the California State Legislature enacted the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STAF) to provide operating and capital assistance for public transportation. These funds are received from the County of San Bernardino based on annual claims filed by Omnitrans and approved by the San Bernardino Associated Governments (SANBAG), the regional transportation planning entity.

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

To be eligible for TDA funds, Omnitrans must maintain a ratio of passenger fares to operating costs of not less than 20.00% for general public transit service and 10.00% for specialized service for the elderly and handicapped. After considering certain cost exemption provisions of the TDA, Omnitrans' ratios for the fiscal year ended June 30, 2016 were 22.30% for general public transit service, and 18.77% for specialized service for the elderly and handicapped.

In accordance with 6634 of the TDA, an operator may not receive TDA funds in an amount that exceeds its actual operating costs. For the fiscal year ended June 30, 2016, Omnitrans recognized revenue for TDA funds in the amount of $53,689,420.

Measure I

Omnitrans receives Measure I funds for paratransit operating costs. Measure I funds are derived from a locally imposed 0.5% retail sales and use tax on all taxable sales within the County of San Bernardino. The allocation and administration of Measure I is performed by SANBAG.

Proposition 1B

The Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of $19.9 billion was deposited into the PTMISEA fund, $3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement. During the fiscal year ended June 30, 2016, Proposition 1B cash receipts and cash disbursements were as follows:

Unspent Proposition 1B funds as of June 30, 2015	$ 30,643,603
Proposition 1B funds received during the fiscal year ended June 30, 2016	257,132
Proposition 1B expenses incurred during the fiscal year ended June 30, 2016	(5,920,552)
Interest revenue earned on unspent Proposition 1B funds during the fiscal year ended June 30, 2016	96,448
Change in fair market value of investments held during the year ended June 30, 2016	62,322
	$ 25,138,953

The amount of unspent Proposition 1B funds noted above is included in unearned revenue on the Statement of Net Position as of June 30, 2016.

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

Operating assistance is summarized as follows for the year ended June 30:

Federal Assistance	$ 10,933,319
LTF	47,077,141
STAF	3,957,303
Measure I	5,600,000
County-Based Medi-Cal Administrative Activities	611,954
	$ 68,179,717

Capital contributions for the year ended June 30 were as follows:

Federal Assistance	$ 24,769,213
LTF	1,229,546
STAF	3,765,025
Measure I	849,211
CalTrans	3,789,155
	$ 34,402,150

NOTE 4 – LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2016 are as follows:

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Amount Due Beyond One Year
Compensated absences	$ 3,634,716	$ 2,441,835	$ (2,371,158)	$ 3,705,393	$ 2,460,759	$ 1,244,634
Capital leases	129,101	-	(129,101)	-	-	-
Claims payable	7,884,314	53,206	(1,718,995)	6,218,525	3,056,922	3,161,603
Net pension liability	10,336,490	6,383,822	(5,113,152)	11,607,160	-	11,607,160
Total Long-Term Liabilities	$ 21,984,621	$ 8,878,863	$ (9,332,406)	$ 21,531,078	$ 5,517,681	$ 16,013,397

NOTE 5 – CAPITAL ASSETS

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
CAPITAL ASSETS, NOT DEPRECIATED:				
Land	$ 10,522,709	-	-	$ 10,522,709
Construction in progress	44,725,273	$ 23,254,604	$ (55,887,507)	12,092,370
Total assets, not depreciated	55,247,982	23,254,604	(55,887,507)	22,615,079
CAPITAL ASSETS, DEPRECIATED:				
Buildings and improvements	108,559,520	41,583,573	-	150,143,093
Operations equipment	114,988,700	13,110,597	(6,004,993)	122,094,304
Furniture and office equipment	37,358,411	1,347,253	-	38,705,664
Total capital assets, depreciated	260,906,631	56,041,423	(6,004,993)	310,943,061
LESS ACCUMULATED DEPRECIATED FOR:				
Buildings and improvements	(27,981,260)	(5,319,588)	-	(33,300,848)
Operations equipment	(58,557,370)	(7,858,300)	5,507,254	(60,908,416)
Furniture and office equipment	(33,005,591)	(2,045,107)	-	(35,050,698)
Total accumulated depreciation	(119,544,221)	(15,222,995)	5,507,254	(129,259,962)
Total capital assets, depreciation, net	141,362,410	40,818,428	(497,739)	181,683,099
Capital assets, net	$ 196,610,392	$ 64,073,032	$ (56,385,246)	$ 204,298,178

Depreciation expense for the year ended June 30, 2016 was $15,222,995

NOTE 6 – OPERATING LEASES

Omnitrans leases facilities and tires under noncancelable operating leases. Total costs for such leases were $742,747 during the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Total
2017	$ 528,475
2018	174,724
2019	167,029
2020	110,449
Total	$ 980,677

NOTE 7 – RISK MANAGEMENT

Omnitrans is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors or omissions; and natural disasters for which they carry commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been Incurred But Not Reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The outstanding claims at June 30, 2016 were estimated to be $6,218,525 and were based on an IBNR study performed in fiscal year 2015-2016. Changes in the fund claims liability amount for the last two fiscal years are as follows:

Year Ending June 30,	Beginning of Year Liability	Provisions of Claims	Claim Payments	End of Year Liability
2015	$ 9,493,032	$ 387,969	$ (1,996,687)	$ 7,884,314
2016	7,884,314	53,206	(1,718,995)	6,218,525

For the current fiscal year, Omnitrans changed the IBNR confidence level from 80% to 50%, this resulted in a liability decrease from the prior year of $1,665,000, of which $1,176,000 is attributed to the change in confidence level.

Omnitrans is a member of the Association of California Public Transit Operators Joint Powers Insurance Authority (Authority). The Authority is a risk-pooling self-insurance authority, created under provisions of California law in 1987. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2016, Omnitrans' participation in the self-insurance programs of the Authority is as follows:

- Liability: Including General, Automobile, Public Officials Errors & Omissions, and Employment Practices. Omnitrans is self-insured up to $10,000,000 per occurrence and has purchased re-insurance and excess insurance coverage.
- Vehicle Physical Damage Program: Including Collision and Comprehensive. Omnitrans is self-insured up to $ 100,000 per each occurrence less deductible and has purchased reinsurance and excess insurance coverage.

Separate financial statements of the Authority can be obtained at 1415 L Street, Suite 200, Sacramento, California 95814.

Omnitrans has also purchased additional insurance coverage outlined below:

- Workers Compensation Liability: Omnitrans is self-insured for workers' compensations claims up to $1,000,000 with a limit of liability of $5,000,000 and excess coverage up to $95,000,000.
- Property Liability: Omnitrans is self-insured for property damage up to $100,000,000 per occurrence. Omnitrans has also purchased earthquake and flood coverage for damage, for which it is self-insured up to $25,000 for an earthquake and $50,0000 for a flood per occurrence, with a limit of liability of $20,000,000 per occurrence.
- Cyber Liability: Omnitrans has self-insured for Cyber Liability up to $2,000,000 per member $25,000,000 Annual Policy & Program Aggregate for members combined.
- Crime Liability: Omnitrans is self-insured for employee dishonesty and theft up to $1,000 per occurrence, with a limit of liability up to $50,000.
- Pollution Liability: Omnitrans is self-insured for pollution remediation claims up to $100,000 per occurrence with a limit of liability of $10,000,000 per occurrence and $50,000,000 in aggregate.

NOTE 7 – RISK MANAGEMENT (CONTINUED)

Employment Related Practices Liability: Omnitrans is self-insured for employment related practices liability claims up to $5,000,000 with a limit of liability of $1,000,000 per occurrence.

For the past three fiscal years, none of the above programs of protection has had settlements or judgments that exceeded pooled or insured coverage.

NOTE 8 – DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified employees are eligible to participate in the Omnitrans' Miscellaneous Employee Pension Plan, an agent multiple-employer public employee defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established, and may be amended, by State statute and Omnitrans resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of annual salary	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7%	6.75%
Required employer contribution rates	11.788%	11.788%

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Employees Covered

At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	371
Inactive employees entitled to but not yet receiving benefits	375
Active employees	657
Total	1403

Contributions

Section 20814(c) of the California Public Employees' Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Omnitrans is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2016, Omnitrans contributed the following:

	Miscellaneous
Contributions - employer	$ 3,481,193
Contributions - employee	2,057,891

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability

Omnitrans' net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.65% (2)
Mortality	(3)

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation
(3) Derived using CalPERS Membership Data for all Funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the probabilities of mortality on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

GASB Statement 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense, in accordance with GASB Statement 68.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund ("PERF"). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	$ 142,043,308	$ 131,706,818	$ 10,336,490
Changes in the year:			
Service Cost	$ 4,752,183	$ -	$ 4,752,183
Interest on the total pension liability	10,405,272		10,405,272
Changes in assumptions	(2,654,537)		(2,654,537)
Differences between Expected and Actual Experience	(3,304,350)		(3,304,350)
Plan to Plan Resource Movement		$ 7,386	(7,386)
Contribution - employer		3,095,406	(3,095,406)
Contribution - employee		2,010,360	(2,010,360)
Net investment income		2,966,348	(2,966,348)
Benefit payments, including refunds of employee contributions	(4,887,764)	(4,887,764)	-
Administrative Expense		(151,602)	151,602
Net changes	4,310,804	3,040,134	1,270,670
Balance at June 30, 2016	$ 146,354,112	$ 134,746,952	$ 11,607,160

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of Omnitrans for the Plan, calculated using the discount rate for the Plan, as well as what Omnitrans' net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	$ 32,307,190
Current Discount Rate	7.65%
Net Pension Liability	$ 11,607,160
1% Increase	8.65%
Net Pension Liability	$ (5,483,609)

Pension Plan Fiduciary Net Position

Detailed information about Omnitrans' pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, Omnitrans recognized pension expense of $2,925,684. At June 30, 2016, Omnitrans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,539,084	
Changes of Assumptions		$ 2,007,089
Differences between Expected and Actual Experience		2,498,411
Differences between Projected and Actual Earnings on pension Plan Investments	-	1,013,424
Total	$ 5,539,084	$ 5,518,924

The amount of $5,539,084 is reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability during the next measurement period. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2017	$ (2,264,319)
2018	(2,264,319)
2019	(2,264,317)
2020	1,274,031
Total	$ (5,518,924)

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Litigation

Omnitrans is subject to lawsuits and claims which arise out of the normal course of business. In the opinion of management, based upon the opinion of legal counsel, the disposition of such actions of which it is aware will not have a material effect on the financial position, results of operations or liquidity of Omnitrans.

Contingencies

Omnitrans has received federal and state funds for specific purposes that are subject to review and audit by grantor agencies. Although, such audits could generate expenditure disallowances under the terms of the grants, in the opinion of management, any additional required reimbursement will not have a material effect on the financial position, results of operations or liquidity of Omnitrans.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments

Commitments consist primarily of additions to operations equipment and building improvements. Significant commitments are as follows:

Project	Amount Authorized	Cumulative Expenses June 30, 2016	Unexpended Commitments
Facilities Future Expansion and Remodel	$ 1,183,119	$ 907,464	$ 275,655
Computer Software and Hardware	2,517,200	2,330,348	186,852
E Street Bus Rapid Transit - 10th through Highland Repaving	5,272,078	4,643,553	628,525
Holt Bus Rapid Transit	4,994,793	2,984,630	2,010,163
CNG Pipeline	159,634	109,320	50,314
Vehicle & Shop Equipment	1,117,363	1,117,055	308
Total major components of construction in progress	$ 15,244,187	$ 12,092,370	$ 3,151,817

NOTE 10 – PASS-THROUGH GRANTS

Pass-through activity for the year ended June 30, 2016 is summarized as follows:

Pomona Valley Workshop	$ 263,025
Pomona Valley Community Service	126,443
City of Yucaipa	11,374
City of Highland	(1,915)
City of Highland - LTF Funding	165
City of Rialto	1,190,321
Valley Transportation Services	221,113
Victor Valley Transportation Services	24,714
Central City Lutheran	65,509
Inland Empire United Way	219,924
City of Needles	81
SANBAG	9,348,611
OPARC	61,644
	$ 11,531,009

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OMNITRANS

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2016

	2016	2015
Total Pension Liability		
Service Cost	$ 4,752,183	$ 5,032,912
Interest on the total pension liability	10,405,272	9,875,147
Changes on Benefit Terms	-	-
Changes of Assumptions	(2,654,537)	-
Difference Between Expected and Actual Experience	(3,304,350)	-
Benefit payments, including refunds of employee contributions	(4,887,764)	(4,033,818)
Net change in total pension liability	4,310,804	10,874,241
Total pension liability - beginning	142,043,308	131,169,067
Total pension liability - ending (a)	$ 146,354,112	$ 142,043,308
Plan fiduciary net position		
Contributions - employer	$ 3,095,406	$ 2,857,424
Contributions - employee	2,010,360	1,892,148
Net investment income	2,966,348	19,522,988
Other Miscellaneous Income	-	-
Benefit Payments, Including Refunds of Employee Contribution	(4,887,764)	(4,033,818)
Plan to Plan Resource Movement	7,386	-
Administrative Expense	(151,602)	-
Net change in plan fiduciary net position	3,040,134	20,238,742
Plan fiduciary net position - beginning	131,706,818	111,468,076
Plan fiduciary net position - ending (b)	$ 134,746,952	$ 131,706,818
Plan net pension liability - ending (a)-(b)	$ 11,607,160	$ 10,336,490
Plan fiduciary net position as a percentage of the total pension liability	92.07%	92.72%
Covered employee payroll	29,803,123	28,280,626
Plan net pension liability as percentage of covered employee payroll	38.95%	36.55%

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years of comparative information are shown.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
YEAR ENDED JUNE 30, 2016

	2016	2015
Actuarially determined contribution	$ 3,481,193	$ 3,283,410
Contribution in relation to the actuarially determined contributions	3,481,193	3,283,410
Contribution deficiency (excess)	$ -	$ -
Covered employee payroll	$ 31,537,606	$ 29,803,123
Contribution as a percentage of covered employee payroll	11.04%	11.02%

Notes to Schedule

Valuation date	June 30, 2014	June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 Years as of the valuation date
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.65% net of pension plan investment and administrative expenses; includes inflation
Retirement age	57 years
Mortality	Derived using CalPERS' membership data for all funds

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation, therefore only two years of comparative information are shown.

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STATISTICAL SECTION

This section of OmniTrans' Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about OmniTrans' overall financial health. This information has not been audited by the independent auditors.

Source: Unless otherwise noted, the information in these schedules derived from the Comprehensive Annual Financial Reports for the relevant years.

NET POSITION BY COMPONENT

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net investment in capital assets	$ 84,731,356	84,317,308	94,909,096	114,540,764	119,480,534	136,703,207	206,992,298	245,580,650	196,610,392	204,298,178
Less: Debt offsetting capital assets	(404,372)	(364,370)	(241,226)	(251,129)	(114,308)	(590,371)	(425,391)	(268,269)	(129,101)	-
Total invested in capital assets, net of related debt	84,326,984	83,952,938	94,667,870	114,289,635	119,366,226	136,112,836	206,566,907	245,312,381	196,481,291	204,298,178
Unrestricted net assets	29,683,079	33,300,903	33,883,455	29,320,746	14,717,794	8,548,071	8,547,756	9,379,178	(5,263,020)	7,896,427
Total net position	$ 114,010,063	117,253,841	128,551,325	143,610,381	134,084,020	144,660,907	215,114,663	254,691,559	191,218,271	212,194,605

The increase in net position is mainly attributed to the replacement of revenue service vehicles that reached its useful life.

Source: Finance Department

CHANGES IN NET POSITION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Operating Revenues:										
Passenger fares	$ 12,761,463	13,511,536	13,779,684	14,242,013	14,538,747	14,536,931	14,317,987	14,368,317	15,015,499	13,809,102
Advertising revenues	824,253	948,051	967,628	849,585	909,176	805,904	481,994	485,327	532,322	673,669
Other transportation revenues	37,862	47,307	42,708	39,752	41,802	39,819	39,819	41,978	54,440	57,832
Total revenues	$ 13,623,578	14,506,894	14,790,020	15,131,350	15,489,725	15,382,654	14,839,800	14,895,622	15,602,261	14,540,603
Operating Expenses:										
Depreciation and amortization	8,323,081	8,861,306	9,255,553	10,999,458	12,772,455	17,070,294	16,678,098	14,899,383	12,742,411	15,222,998
Other operating expenses	66,481,860	67,756,893	67,770,003	67,501,900	66,529,837	69,206,132	70,539,078	65,839,285	71,365,710	70,670,842
Total expenses:	$ 74,804,941	76,618,199	77,025,556	78,501,358	79,302,292	86,276,426	87,217,176	80,738,668	84,108,121	85,893,840
Non-operating Revenues/(Expenses):										
Federal & local operating grants	52,112,668	55,587,601	52,983,639	48,085,804	52,675,797	47,875,811	54,087,458	50,785,745	55,090,857	68,179,717
Interest income	1,714,629	1,656,529	758,950	243,098	74,302	52,727	24,915	44,311	43,486	172,124
Interest expense	(5,762)	(11,029)	(9,149)	(6,835)	(6,590)	(3,980)	(8,349)	(4,580)	(2,426)	(927)
Pass-through to other agencies	(729,007)	(1,254,751)	(2,779,299)	(3,031,642)	(18,754,320)	(620,108)	(2,254,293)	(4,459,471)	(1,297,931)	(11,531,009)
Donation to other agency									(72,050,046)	
Other non-operating revenues (expenses)	(305,583)	(258,422)	(24,710)	(299,568)	(719,668)	(246,487)	1,409,847	118,187	1,032,590	1,107,516
Total non-operating revenues	$ 52,786,945	55,719,928	50,929,431	44,990,857	33,269,521	47,057,963	53,259,578	46,484,192	(17,183,470)	57,927,421
Income before capital contribution	(8,394,418)	(6,391,377)	(11,306,105)	(18,379,151)	(30,543,046)	(23,835,809)	(19,117,798)	(19,358,854)	(85,689,330)	(13,425,816)
Capital Contributions										
Capital assistance	$ 14,623,890	9,635,155	22,603,589	33,438,207	21,016,685	34,412,696	89,571,554	58,935,750	37,167,461	34,402,150
Contributions from other agencies	262,225	0	0	0	0	0	0	0	0	0
Total capital contributions	$ 14,886,115	9,635,155	22,603,589	33,438,207	21,016,685	34,412,696	89,571,554	58,935,750	37,167,461	34,402,150
Change in net position	$ 6,491,697	3,243,778	11,297,484	15,059,056	(9,526,361)	10,576,887	70,453,756	39,576,896	(48,521,869)	20,976,334
Net position, beginning of year	$ 107,518,366	114,010,063	117,253,841	128,551,325	143,610,381	134,084,020	144,660,907	215,114,663	254,691,559	191,218,271
Prior Period Adjustment (Note 12)									(14,951,419)	
Net Position, Beginning Of Year, As Restated									239,740,140	191,218,271
Net position, end of year	$ 114,010,063	117,253,841	128,551,325	143,610,381	134,084,020	144,660,907	215,114,663	254,691,559	191,218,271	212,194,605

Notes: Pass-through to other agencies for 2011 include return of $16M in LTF funds to SANBAG for future allocation.

Source: Finance Department

REVENUE SOURCE

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Passenger Fares - Individuals										
F/R Full Fares - Cash	$4,321,978	$4,571,811	$4,510,511	$4,715,996	$4,756,220	$4,564,607	$4,512,614	$4,399,894	$4,414,989	$3,920,383
F/R Senior/Disable Fare - Cash	210,954	256,870	263,959	297,986	334,730	360,603	383,045	447,239	557,592	577,375
F/R 1-Day & 7 Day Full Fare - Pass	4,139,709	4,015,846	3,925,863	3,626,533	3,540,698	3,478,828	3,386,969	3,534,008	3,577,714	3,207,595
F/R 1-Day & 7 Day S/D Fare - Pass	562,418	613,947	606,615	666,085	716,572	712,770	770,747	813,797	893,643	861,302
F/R 31-Day Full Fare - Pass (less: discount)	1,069,585	1,197,152	1,299,310	1,423,947	1,354,296	1,125,569	1,083,657	1,419,430	1,574,959	1,354,705
F/R 31-Day Youth Fare-Pass	866,516	837,689	1,010,097	1,239,874	1,247,839	909,534	1,014,034	524,795	579,142	485,891
F/R 31-Day Senior Fare - Pass	82,373	86,571	93,902	0	0	0	0	0	0	0
F/R 31-Day Disability Fare - Pass	325,432	352,027	367,110	479,601 *	542,878	571,416	591,712	560,936	622,658	650,869
University Passes	0	0	0	0	0	736,134 **	531,763	755,568	753,215	755,318
VET - Cash	0	0	0	0	0	0	0	0	13,154	23,564
VET 31-Day Pass	0	0	0	0	0	0	0	0	41,824	61,588
VET 7 Day Pass	0	0	0	0	0	0	0	0	12,490	16,560
VET 1 Day Pass	0	0	0	0	0	0	0	0	4,394	6,310
Metrolink Transfer	37,819	43,237	66,712	49,419	51,325	100,098	54,326	43,628	53,169	54,778
F/R 7-Day Youth Pass	6,500	227,621	347,973	417,670	446,094	340,581	356,291	214,219	208,442	137,774
Access Base Fare - Cash	130,641	150,814	138,454	158,044	166,246	144,141	142,900	153,870	193,297	172,367
Access Base Fare (3 zones) - Ticket	918,970	1,032,973	991,817	1,023,493	1,183,363	1,248,892	1,275,349	1,291,015	1,452,471	1,466,273
Access Additional (1 zone) - Ticket	3,660	5,175	3,916	4,059	12,989	17,071	10,927	17,596	14,181	8,509
Access Monthly Subscription Zone - Pass	4,055	6,020	21,510	16,075	13,340	12,905	8,410	725	0	0
Total Passenger Fares	$12,680,609	$13,397,751	$13,647,749	$14,118,782	$14,366,590	$14,323,149	$14,122,744	$14,176,720	$14,967,334	$13,761,161
Special Transit Fares - Group										
F/R 1 - Trip Full Fare - Ticket	25	378	54,675	41,475	57,705	67,330	42,516	21,644	43,880	0
OmniLink (Yucaipa) - Cash	40,075	48,104	46,238	50,305	26,859	20,777	19,396	18,317	2,821	0
OmniLink (Chino Hills) - Cash	12,829	22,388	22,368	20,570	10,017	8,914	7,629	8,730	1,329	0
OmniLink S/D Fare - Ticket	2,525	5,821	5,495	5,994	5,535	4,199	1,701	851	81	0
OmniLink Full Fare - Ticket	25,400	35,960	297	459	0	54	0	0	0	0
OmniLink Youth Fare - Ticket		1,134	2,862	4,428	2,934	2,304	2,340	2,070	54	0
OmniGo - Fares					69,107	110,204	121,661	139,985	0	47,941 ***
Total Special Transit Fares	$80,854	$113,785	$131,935	$123,231	$172,157	$213,782	$195,243	$191,597	$48,165	$47,941
Total Fares	$12,761,463	$13,511,536	$13,779,684	$14,242,013	$14,538,747	$14,536,931	$14,317,987	$14,368,317	$15,015,499	$13,809,102

* F/R 31-Day Senior and Disable Passes were combined into a single pass.

** Implemented GoSmart Student Pass Program.

*** OmniLink service rebranded as OmniGo.

Source: Finance Department

DEMOGRAPHICS AND STATISTICS SAN BERNARDINO COUNTY

Fiscal Year	(A) Population	(B) Personal Income (000)	(B / A) Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	2,007,800	56,940,673	28,360	30.3	427,583	5.6%
2008	2,044,895	59,800,525	29,244	30.3	428,142	8.0%
2009	2,045,632	60,875,315	29,759	30.3	420,325	13.6%
2010	2,048,217	60,800,000	29,684	30.3	415,549	14.3%
2011	2,053,348	63,600,000	30,974	30.9	417,202	14.3%
2012	2,065,000	65,200,000	31,574	31.2	417,000	12.2%
2013	2,080,914	68,100,000	32,726	31.7	412,155	10.4%
2014	2,088,371	68,387,465	32,747	32.4	411,583	7.4%
2015	2,112,619	70,261,483	33,258	31.0	410,696	6.5%
2016	2,156,651	72,124,879	33,443	31.2	408,948	5.3%

Source: U.S. Department of Labor, Bureau of Labor Statistics; Bureau of Economic Analysis; California Employment Development Department; California Basic Educational Data Systems (CBEDS); San Bernardino County Economic Forecast; California Department of Education.

PRINCIPAL EMPLOYERS OF SAN BERNARDINO COUNTY

		% of Total	Ranking									
Employer	Employees	Employment	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Loma Linda University*	10,000 - 15,000	1.8%	1	1	1	3	3	6	6	3	3	8
U.S. Marine Corps Air Ground Combat Center	10,000 - 15,000	1.7%	2	2	2	4	4	5	5	2	4	4
County of San Bernardino, San Bernardino	10,000 - 15,000	1.6%	3	3	3	1	1	3	3	1	1	2
Stater Brothers Markets, San Bernardino	10,000 - 15,000	1.4%	4	4	4	6	6	1	1	5	6	1
Kaiser Permanente	10,000 - 15,000	1.3%	5	5	5	9	9	9	9	8	9	7
Wal-Mart Stores Inc.	5,000 - 10,000	1.1%	6	6	6	8	8	8	8	7	8	-
U.S. Army, Fort Irwin & National Training Center	5,000 - 10,000	1.0%	7	7	7	2	2	4	4	4	2	3
Ontario International Airport, Ontario	5,000 - 10,000	1.0%	8	8	8	7	7	7	7	-	7	6
San Bernardino City Unified School District	5,000 - 10,000	0.8%	9	9	9	5	5	-	-	6	5	5
United Parcel Service (UPS)	5,000 - 10,000	0.5%	10	10	10	10	10	10	10	9	10	-

* Includes: Loma Linda University, Loma Linda Medical Center, and VA Loma Linda Healthcare Systems

Source: U.S. Census Bureau, Inland SoCal, Economy.com

Riverside San Bernardino Ontario MSA
(Riverside and San Bernardino Counties)

Industry Employment & Labor Force

Benchmark

TITLE	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Civilian Labor Force	1,767,400	1,780,400	1,777,600	1,798,600	1,795,300	1,811,900	1,819,100	1,807,600	1,940,000	1,988,800
Civilian Employment	1,664,200	1,637,000	1,537,300	1,541,000	1,542,400	1,582,100	1,625,400	1,655,500	1,813,700	1,858,100
Civilian Unemployment	103,200	143,400	240,300	257,600	252,900	229,800	193,700	152,100	126,300	130,800
Civilian Unemployment Rate	5.8%	8.1%	13.5%	14.3%	14.1%	12.7%	10.7%	8.4%	6.5%	6.6%
Total, All Industries	1,316,200	1,274,500	1,187,900	1,172,600	1,163,600	1,198,400	1,241,900	1,277,700	1,345,300	1,387,400
Total Farm	22,800	21,900	20,900	21,100	19,100	20,300	18,700	18,900	17,500	12,900
Total Nonfarm	1,293,400	1,252,600	1,167,000	1,151,400	1,144,500	1,178,100	1,223,200	1,258,800	1,327,800	1,374,500
Total Private	1,064,400	1,018,800	927,700	909,800	913,700	952,000	995,700	1,028,700	1,094,900	1,140,800
Goods Producing	237,800	203,500	159,900	147,900	146,300	152,100	156,800	160,100	176,700	192,500
Mining and Logging	1,300	1,200	1,200	1,000	1,000	1,200	1,200	1,200	1,200	1,200
Construction	116,600	93,800	69,800	61,300	59,500	63,500	68,600	71,800	81,500	92,600
Construction of Buildings	20,300	16,300	12,000	10,600	10,700	10,800	11,400	12,400	13,700	14,900
Heavy & Civil Engineering Construction	13,000	11,700	9,100	8,200	8,900	10,400	9,900	9,700	10,400	11,800
Specialty Trade Contractors	83,300	65,800	48,700	42,500	39,800	42,300	47,300	49,700	57,400	65,900
Building Foundation & Exterior Contractors	29,200	20,800	13,600	12,400	10,800	11,700	12,500	13,700	16,700	19,600
Building Equipment Contractors	21,800	19,200	15,800	13,700	13,400	13,800	16,000	17,400	18,700	21,900
Building Finishing Contractors	21,600	16,500	12,400	10,400	9,900	10,500	12,200	13,100	14,500	17,500
Manufacturing	119,900	108,500	88,900	85,500	85,800	87,400	87,000	87,100	94,000	98,700
Durable Goods	83,100	73,700	58,200	55,500	56,400	57,300	57,000	57,200	62,000	64,000
Fabricated Metal Product Manufacturing	16,100	14,900	11,900	11,500	12,200	12,700	13,000	13,400	14,900	14,800
Nondurable Goods	36,800	34,800	30,700	30,000	29,400	30,100	30,000	29,900	32,000	34,700
Food Mfg & Beverage & Tobacco Product Mfg	11,100	10,500	9,700	9,800	9,500	10,000	10,300	10,600	10,700	12,700
Service Providing	1,055,600	1,049,100	1,007,100	1,003,600	998,200	1,026,000	1,066,400	1,098,700	1,151,100	1,182,000
Private Service Providing	826,600	815,300	767,800	761,900	767,400	799,900	838,900	868,600	918,200	948,300
Trade, Transportation & Utilities	299,000	293,300	270,000	269,000	273,000	285,200	296,100	305,700	321,800	342,900
Wholesale Trade	56,900	55,000	48,900	48,900	49,000	52,300	55,900	57,700	62,000	64,500
Merchant Wholesalers, Durable Goods	34,500	33,000	29,100	29,200	29,200	30,800	33,100	34,300	36,000	37,100
Merchant Wholesalers, Nondurable Goods	16,500	16,600	15,400	15,500	15,500	17,300	18,000	18,300	21,500	22,400

Riverside San Bernardino Ontario MSA
(Riverside and San Bernardino Counties)

Industry Employment & Labor Force

Benchmark

(Continued)

TITLE	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Retail Trade	173,300	168,100	154,100	153,900	155,600	159,300	162,800	167,100	167,500	174,600
Motor Vehicle & Parts Dealer	25,300	23,200	18,600	18,700	19,600	20,600	21,500	22,500	23,400	24,800
Automotive Parts, Accessories & Tire Stores	6,400	6,300	6,000	6,400	6,500	6,800	6,900	7,000	7,200	7,300
Building Material & Garden Equipment Stores	15,400	13,900	12,800	12,500	12,400	13,000	13,900	14,600	14,300	13,800
Food & Beverage Stores	33,700	33,300	32,900	32,700	30,700	30,700	30,900	31,200	32,400	33,300
Health & Personal Care Stores	8,900	9,400	9,000	9,100	9,300	9,600	9,900	10,000	10,100	10,900
Clothing & Clothing Accessories Stores	16,100	16,200	14,400	15,600	17,100	17,600	17,700	17,700	18,000	17,000
Clothing Stores	12,400	12,600	11,200	12,300	13,400	13,700	13,500	13,500	13,600	12,400
General Merchandise Stores	37,700	37,100	36,000	35,400	34,900	35,400	36,400	36,200	38,100	40,000
Transportation, Warehousing & Utilities	68,800	70,200	67,100	66,200	68,400	73,600	77,400	80,900	92,300	103,800
Utilities	5,700	5,900	5,800	5,800	5,800	5,800	5,600	5,500	5,500	5,500
Transportation & Warehousing	63,100	64,300	61,300	60,400	62,500	67,800	71,800	75,400	86,800	98,300
Truck Transportation	23,700	22,900	21,400	20,200	21,700	22,400	23,200	23,700	25,900	25,700
General Freight Trucking	16,800	16,800	16,200	15,500	16,400	16,900	17,600	18,200	19,900	20,100
Couriers & Messengers	7,900	7,900	7,600	7,000	7,000	7,000	7,100	6,800	9,600	12,400
Warehousing & Storage	16,100	16,900	17,200	19,300	22,100	24,400	25,900	29,400	36,000	44,400
Information	15,500	14,800	14,300	14,300	12,200	11,600	11,400	11,600	11,100	11,400
Publishing Industries (except Internet)	3,200	3,000	2,400	1,900	1,800	1,700	1,600	1,600	1,600	1,600
Telecommunications	5,900	5,800	6,300	6,800	5,700	5,400	5,500	5,900	5,500	5,300
Financial Activities	50,200	46,500	42,200	40,900	39,900	40,800	42,200	42,300	44,500	43,100
Finance & Insurance	30,500	27,500	25,900	25,400	25,300	26,000	26,500	26,100	27,500	25,800
Credit Intermediation & Related Activities	18,200	16,500	15,300	14,900	14,900	15,000	14,900	14,400	15,000	15,300
Depository Credit Intermediation	11,000	10,800	10,100	10,100	9,900	10,000	9,600	9,500	8,900	8,700
Nondepository Credit Intermediation	5,500	4,400	4,000	3,600	4,100	3,900	3,900	3,800	4,200	3,900
Insurance Carriers & Related	10,300	9,100	8,900	8,800	9,000	9,500	10,000	10,100	10,800	9,200
Insurance Carriers	5,100	4,200	4,100	4,100	4,100	4,500	4,900	4,800	4,800	3,700
Real Estate & Rental & Leasing	19,700	19,000	16,300	15,500	14,600	14,800	15,700	16,200	17,000	17,300
Real Estate	13,000	12,000	10,500	10,400	10,100	10,700	11,300	11,900	12,300	12,700
Professional & Business Services	145,400	138,700	124,500	122,900	123,400	128,000	131,200	140,500	149,600	144,400
Professional, Scientific & Technical Services	40,300	39,800	36,700	34,100	34,300	36,800	36,800	39,600	43,600	39,800
Management of Companies & Enterprises	9,700	9,800	9,000	8,700	8,600	8,400	8,900	8,700	9,100	10,000

Riverside San Bernardino Ontario MSA
(Riverside and San Bernardino Counties)
Industry Employment & Labor Force
Benchmark
(Continued)

TITLE	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
Administrative & Support & Waste Services	95,400	89,100	78,800	80,200	80,400	82,800	85,500	92,200	96,900	94,600
Administrative & Support Services	92,600	86,200	76,200	77,500	77,400	79,400	81,800	88,600	92,900	90,700
Employment Services	53,100	47,000	36,300	37,200	36,400	37,100	37,500	40,900	43,200	46,200
Investigation & Security Services	8,000	8,000	9,600	9,900	10,800	11,100	11,800	12,500	13,200	13,600
Services to Buildings & Dwellings	18,500	17,300	16,400	16,100	16,200	17,000	18,100	18,700	18,500	19,300
Educational & Health Services	140,700	148,500	155,100	152,800	155,800	164,400	181,300	187,900	195,800	210,800
Educational Services	14,300	15,100	15,600	14,900	14,900	15,200	16,800	17,100	19,100	17,200
Colleges, Universities & Professional Schools	4,600	4,900	5,600	5,400	5,500	5,600	5,600	5,600	6,000	6,300
Health Care & Social Assistance	126,400	133,400	139,500	137,900	140,900	149,200	164,500	170,800	176,700	193,600
Ambulatory Health Care Services	46,800	49,000	50,300	51,200	53,100	57,200	58,700	60,500	63,800	66,600
Offices of Physicians	20,400	21,900	23,000	23,200	24,300	26,500	27,200	28,400	30,500	31,400
Hospitals	30,100	31,700	32,600	32,300	34,100	35,000	35,700	35,700	36,200	39,100
Nursing & Residential Care Facilities	20,600	20,700	20,300	20,400	21,300	22,300	23,000	23,600	25,400	25,900
Leisure & Hospitality	133,800	131,300	124,100	122,900	123,600	129,100	135,500	141,200	151,400	150,000
Arts, Entertainment & Recreation	16,700	16,100	14,800	14,900	14,300	14,700	15,900	15,300	17,500	17,700
Accommodation & Food Services	117,100	115,200	109,300	108,000	109,300	114,400	119,600	125,900	133,900	132,300
Accommodation	17,400	16,300	14,600	13,600	13,900	14,300	14,500	14,400	15,700	16,800
Food Services & Drinking Places	99,700	98,900	94,700	94,400	95,400	100,100	105,100	111,500	118,200	115,500
Full-Service Restaurants	41,900	40,900	38,900	39,300	40,100	42,600	44,300	44,100	47,500	45,100
Limited-Service Eating Places	54,300	54,300	52,500	51,700	51,800	53,900	57,200	61,300	65,100	66,200
Other Services	42,000	42,200	37,500	39,200	39,400	40,800	41,200	39,400	44,000	45,700
Repair & Maintenance	15,900	15,400	13,000	12,900	13,100	13,800	14,700	14,600	15,900	17,100
Personal & Laundry Services	10,300	10,400	9,600	9,800	9,700	10,500	10,600	10,400	11,500	11,300
Government	229,000	233,800	239,300	241,700	230,800	226,100	227,500	230,100	232,900	233,700
Federal Government	19,500	19,700	20,300	25,100	21,400	20,500	20,200	20,400	20,400	20,800
Department of Defense	5,600	5,800	6,100	6,300	6,400	5,900	5,800	5,800	5,800	5,800
Federal Government excluding Department of Defense	13,900	13,900	14,200	18,700	15,000	14,600	14,400	14,600	14,600	15,000

Riverside San Bernardino Ontario MSA
(Riverside and San Bernardino Counties)
Industry Employment & Labor Force
Benchmark
(Continued)

TITLE	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16
State & Local Government	209,500	214,100	219,100	216,600	209,400	205,600	207,300	209,700	212,500	212,900
State Government	29,300	30,500	30,800	29,900	30,100	28,900	28,400	28,800	29,200	28,100
State Government Education	10,700	11,100	11,200	10,900	11,600	11,200	11,400	11,800	12,100	10,600
State Government Excluding Education	18,600	19,400	19,600	19,000	18,500	17,700	17,000	17,000	17,100	17,500
Local Government	180,200	183,600	188,300	186,700	179,300	176,700	178,900	180,900	183,300	184,800
Local Government Education	97,100	99,700	105,800	107,100	103,000	102,400	105,400	107,600	109,400	107,700
Local Government Excluding Education	83,100	83,900	82,500	79,600	76,300	74,300	73,500	73,300	73,900	77,100
County	37,400	37,700	37,500	36,400	35,200	34,200	33,300	32,800	32,400	33,800
City	17,300	17,900	17,700	16,600	16,200	15,400	15,000	15,400	15,100	15,100
Special Districts plus Indian Tribes	28,400	28,300	27,300	26,600	24,900	24,700	25,200	25,100	26,400	28,200

Source: State of California Employment Development Department
(website CA.gov & calmis.ca.gov)

The U.S. Census Bureau defines the Riverside, San Bernardino, and Ontario metropolitan area as the Inland Empire (IE). The IE covers more than 27,000 square miles, and has a population of approximately 4 million. Most of the area's population is located in southwestern San Bernardino County and northwestern Riverside County. In its early beginning, the IE was a major center of agriculture, including citrus, dairy, and wine-making. However, agriculture declined, and since the 1970s a rapidly growing population, fueled by families migrating in search of affordable housing, has led to more residential, industrial, and commercial development.

Since the downturn in the U.S. economy in 2008, the IE like most metropolitan areas throughout the country has been on a long march to recovery. While many of the California’s coastal communities have begun to see signs of an improved economy, the inland region has continued to struggle. Unemployment and foreclosure rates remain stubbornly high, and there are few signs that the area will boom as it did a decade ago. Housing prices have inched up as wages have stagnated, forcing some people to travel further distances to work for less pay because they have to.

Researchers suggest the IE’s long period of prosperity might be coming to an end. The reason being population growth has not returned to pre-recession highs, and there is no indication it will, although the possibility remains. Affordability is often credited with attracting households from surrounding counties to the IE, and despite rigorous home price appreciation in recent years, homes in the IE remain relatively affordable. Experts predict affordability will continue to attract people from throughout Southern California and, to the extent that builders capitalize on the vast amount of developable land, affordability will work to the IE’s advantage.

Economic growth in the IE will depend on several factors, including: (1) the region’s ability to educate and train highly skilled workers; (2) economic development and the region’s ability to develop and attract innovative businesses, including but not necessarily limited to those in Technology; (3) the region’s ability to stay competitive in such industries such as manufacturing and goods movement.

Most coastal regions in Southern California are built out, but the IE still has land available at relatively low prices, but not low enough to make it as affordable as other parts of the country. Additionally, job growth spurs population growth, but income levels have not necessarily recovered in the IE. Economists recommend education as a viable solution to this problem. Producing more college graduates and keeping them in the local economy will benefit the region significantly.

Although the future of the IE might not be as bright as researchers previously predicted, Economists are cautious not to be too pessimistic about the region’s potential to generate another boom. Even though projections don’t show it happening, it has been the history of the IE.

Number of Employees

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administration	4	5	5	5	5	5	5	3	4	4
Operation	494	504	474	473	445	438	443	450	468	464
Maintenance	117	118	118	111	99	102	101	100	102	107
Information Technology	7	10	10	10	6	6	5	5	8	8
Marketing	22	23	23	24	23	23	25	24	29 **	30
Planning	7	17 *	15	16	17	19	18	15	0	0
Human Resources	10	11	11	11	9	9	9	9	9	9
Safety & Security	2	4	4	4	4	4	3	3	3	4
Procurement	19	21	21	21	17	19	18	19	18	20
Finance	17	16	16	12	12	12	11	11	12	12
Integrated Project Mgmt. Oversight (IPMO)									4 ***	3
Special Transportation Services										10 ****
Total	699	729	697	687	637	637	638	639	657	671

* Revised in 2008 to include Integrated Project Management Oversight (IPMO) Employees with the Planning Department.
** Re-organization combined the Marketing Department and Planning Department.
*** Re-organization separated the Project Management Oversight (IMPO) Employees from the Planning Department.
**** Employees of Valley Transportation Services (VTrans) joined OmniTrans in April 2016.

Source: Human Resources Department

OPERATING EXPENSES BY CATEGORY

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Personnel	$25,198,119	$25,639,106	$26,704,109	$26,628,484	$24,869,713	$25,280,131	$25,718,114	$25,505,890	$26,313,115	$28,621,780
Materials & Supplies	10,911,136	10,053,655	9,062,296	8,831,959	7,743,557	8,479,014	8,396,813	8,533,634	8,494,603	7,416,949
Casualty & Liability	2,206,571	4,981,889	4,448,557	4,233,360	4,674,142	5,100,830	6,525,076	1,146,301	2,851,520	3,107,806
Purchased Transportation	6,241,231	6,336,702	6,719,510	7,114,073	8,831,959	8,882,227	9,084,344	9,075,431	9,261,048	9,041,314
Depreciation & Other	30,247,884	29,606,847	30,091,084	31,693,482	33,182,921	38,534,224	37,492,829	36,477,412	37,187,835	37,705,991
Total Operating Expenses	$74,804,941	$76,618,199	$77,025,556	$78,501,358	$79,302,292	$86,276,426	$87,217,176	$80,738,668	$84,108,121	$85,893,840

Source: Finance Department

OPERATING EXPENSES BY FUNCTION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Transportation	$25,506,068	$26,163,421	$27,787,511	$28,239,330	$29,168,399	$29,261,593	$29,269,181	$30,149,343	$31,337,405	$34,444,699
Maintenance	18,315,985	17,867,594	16,627,719	15,770,795	14,204,780	14,830,016	15,043,634	15,213,652	16,223,257	14,588,796
Risk Management *	2,206,571	4,981,889	4,448,557	4,233,360	4,674,142	5,100,830	6,525,076	1,146,301	2,851,520	3,107,806
Marketing	2,328,273	2,366,484	2,330,561	2,673,847	2,260,166	2,259,488	2,452,956	2,411,375	2,925,275	3,126,790
General Administration	7,341,094	9,569,184	7,451,941	7,226,877	7,835,246	8,052,766	6,887,007	8,473,242	8,147,166	6,615,304
Depreciation & Other **	19,106,950	15,669,627	18,379,268	20,357,148	21,159,558	26,771,733	27,039,322	23,344,755	22,623,498	24,010,445
Total Operating Expenses	$74,804,941	$76,618,199	$77,025,556	$78,501,358	$79,302,292	$86,276,426	$87,217,176	$80,738,668	$84,108,121	$85,893,840

* Risk Management consist of casualty and liability costs.
** Depreciation & Other cost consist of depreciation, purchased transportation, leases and rentals, and capital purchases charged to operating.

Source: Finance Department

CAPITAL ASSETS BY FUNCTION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fixed route										
Buses	180	175	173	177	167	179	172	186	191	199
Paratransit										
Paratransit buses	101	95	102	101	106	106	96	126	122	144
Paratransit vans	0	6	10	10	10	10	10	10	9	6
Support vehicles										
Vans, cars & trucks	31	35	52	49	42	43	37	37	40	43

Source: Finance Department.

Points of Interest

Colleges and Universities
Cal State University sbX, 2, 5, 7, 11
Chaffey College-Rancho Cucamonga Campus 67,80, 81,85
Chaffey College - Fontana Campus 20, 61
Chaffey College -Chino Campus OmniGo 365, 83
Crafton Hills College 8, 19
Loma Linda University sbX, 2, 19, RTA 25
San Bernardino Valley College 1, 15

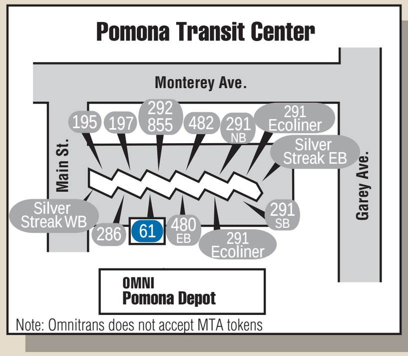
High Schools
A. B. Miller 10, 67
Alta Loma 80, 67
Aquinas 1, 3, 4
Arrowhead Christian Academy 8, 19
Arroyo Valley 3, 4, 10
Ayala OmniGo 88, 365
Bloomington 29
Cajon sbX, 2, 5, 7
Carter 22
Chaffey 83
Chino 81, 85
Chino Hills OmniGo 365
Citrus Valley 15
Colton 1, 19
Don Lugo 88
Eisenhower 10, 22
Etiwanda 67
Fontana 19, 20, 61
Fontana Adult School 82
Grand Terrace OmniGo 365
Indian Springs 15
Jurupa Hills 82
Kaiser 82
Loma Linda Academy sbX, 2, 8
Los Osos 85
Montclair 88
Ontario 83
Orangewood 8, 15, 19
Pacific 5
Rancho Cucamonga 67
Redlands 19
Redlands East Valley 8
Rialto 15
San Bernardino sbX, 2, 3, 4
San Bernardino Adult School sbX, 2, 11
San Gorgonio 1, 3, 4
Sierra 1, 5
Summit 82
Upland 66, 83
Valley View 80, 86
Yucaipa 19

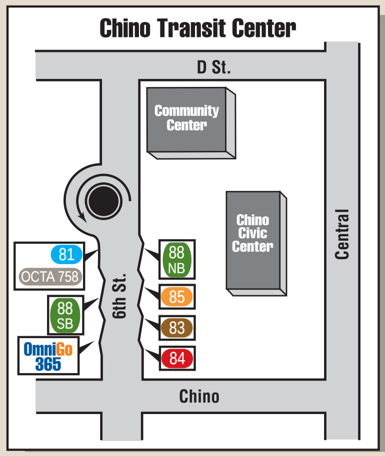
Hospitals
Arrowhead Regional Medical Center 1, 19, 22, 290, VVTA BV Link
Chino Valley Medical Center 88
Kaiser Fontana 19, 20, 29, 61, 82, VVTA BV Link
Loma Linda Univ. Med. Ctr. sbX, 2, 19, OmniGo 325, RTA 14
San Antonio 66, 85, 86
San Bernardino Community Hospital 3, 4, 11
St. Bernardine's 1, 3, 4
Doctor's Hospital Medical Center 85
VA Hospital sbX, 2, 19, OmniGo 325,RTA 14, Pass Transit

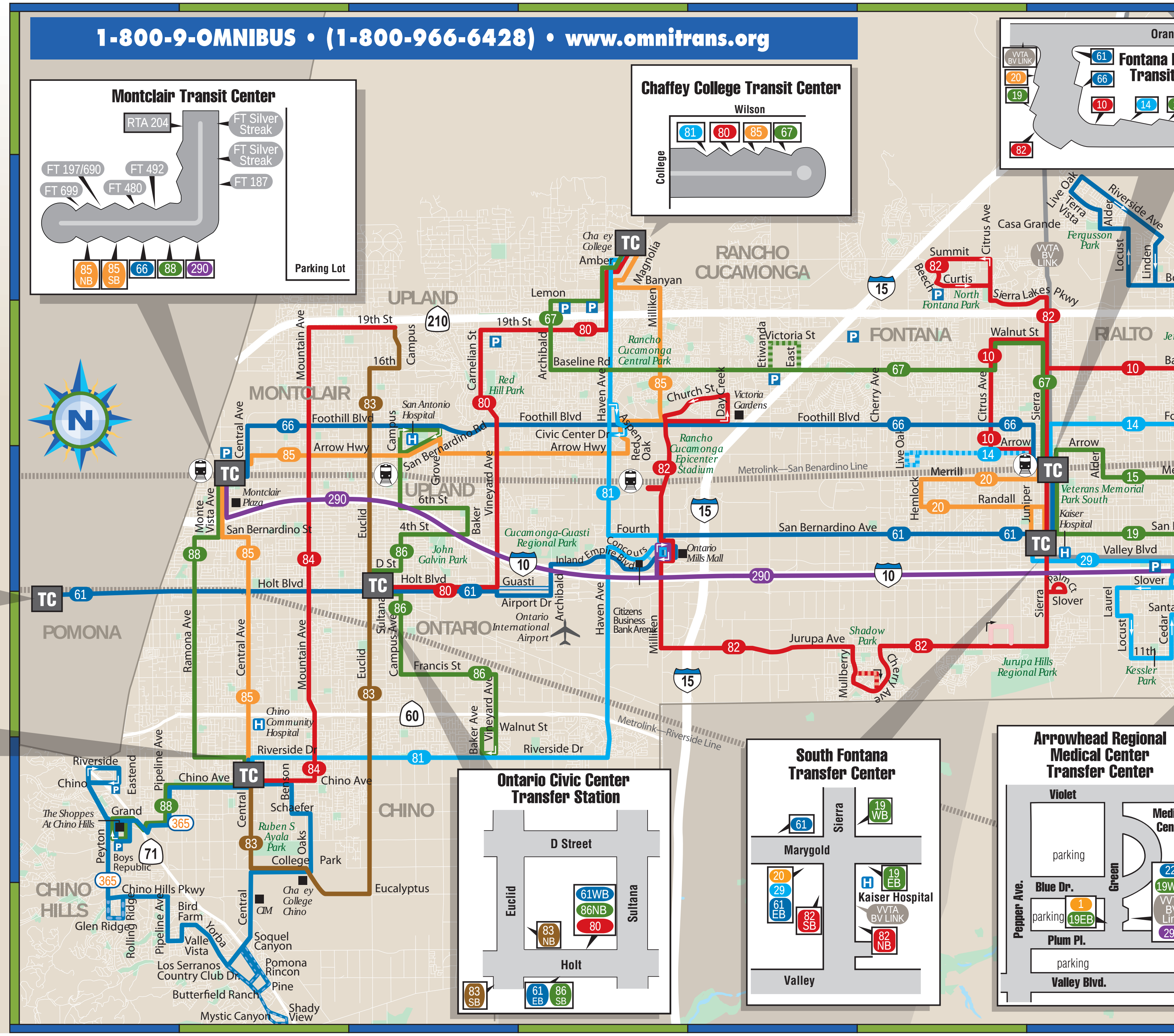
OmniTrans

Route Listing

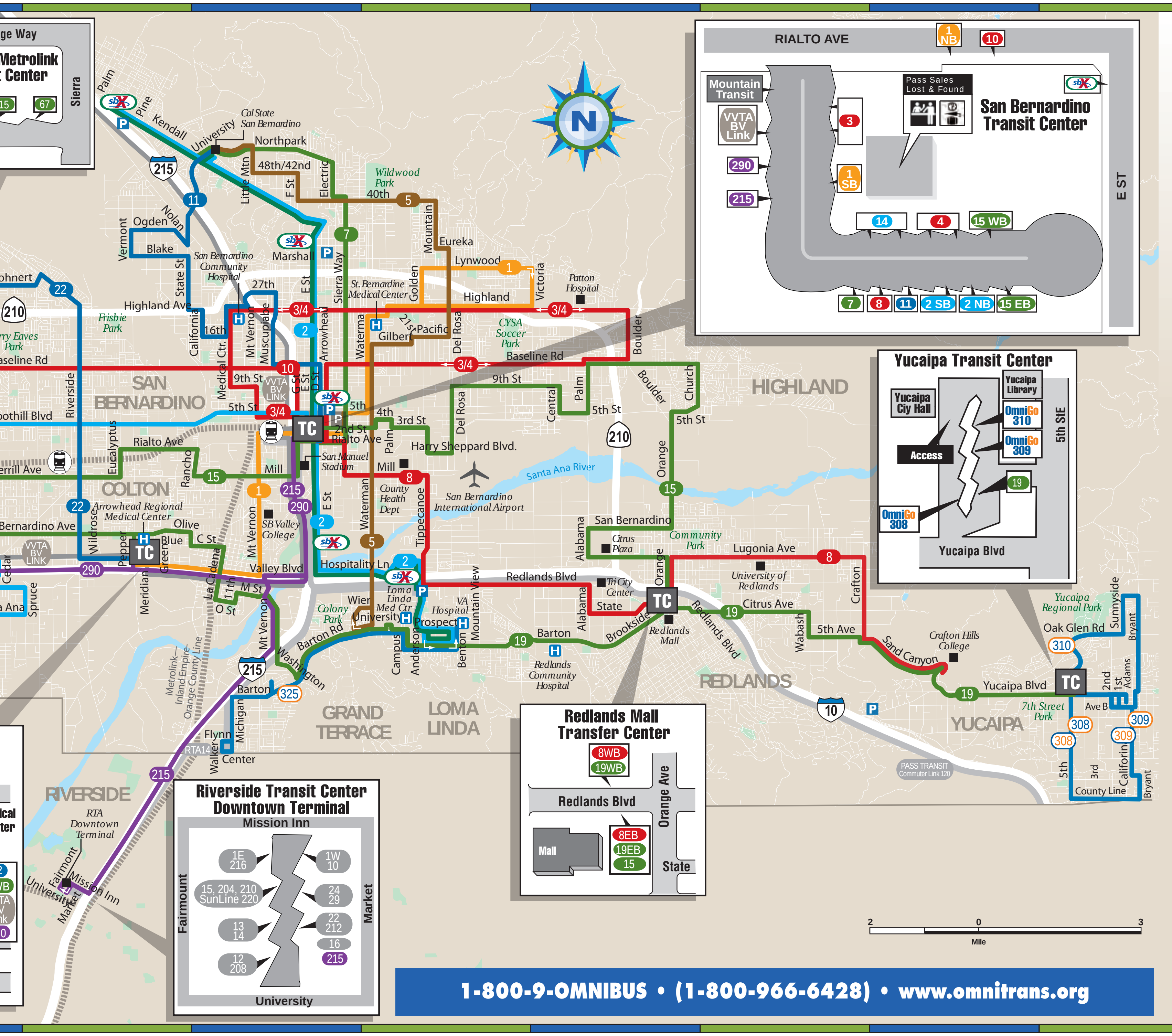
Route	Route Name
61	Fontana - Ontario Mills - Pomona
66	Fontana - Foothill - Montclair
67	Chaffey College - Baseline - Fontana
80	Ontario - Vineyard Ave - Chaffey College
81	Chino - Haven - Chaffey College
82	Rancho Cucamonga - Fontana - Sierra Lakes
83	Chino - Euclid Ave - Upland
84	Chino - Mountain Ave - Upland
85	Chino - Montclair - Chaffey College
86	S. Ontario - Campus Ave - San Antonio Hospital
88	Chino Hills - Ramona Ave - Montclair
290	San Bernardino - ARMC - Ontario Mills - Montclair
365	OmniGo Chino/Chino Hills







CONNECTING
OUR COMMUNITY



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OmniTrans

Route Listing

Route	Route Name
sbX	Palm/Kendall - CSUSB - VA Hospital
1	ARMC - San Bernardino - Del Rosa
2	Kendall/Palm - Cal State - E Street - Loma Linda
3/4	Baseline - Highland - San Bernardino
5	S. Waterman - Del Rosa - Cal State
7	Cal State - Sierra Way - San Bernardino
8	San Bernardino - Mentone - Crafton Hills College
10	Fontana - Baseline - San Bernardino
11	San Bernardino - Muscoy - Cal State
14	Fontana - Foothill - San Bernardino
15	Fontana - San Bernardino/Highland - Redlands
19	Fontana - Colton - Redlands - Yucaipa
20	Fontana Metrolink - Via Hemlock - Kaiser
22	North Rialto - Riverside Ave - ARMC
29	Bloomington - Valley Blvd - Kaiser
61	Fontana - Ontario Mills - Pomona
66	Fontana - Foothill Blvd - Montclair
67	Chaffey College - Baseline - Fontana
80	Ontario - Vineyard Ave - Chaffey College
81	Chino - Haven - Chaffey College
82	Rancho Cucamonga - Fontana - Sierra Lakes
83	Chino - Euclid Ave - Upland
84	Chino - Mountain Ave - Upland
85	Chino - Montclair - Chaffey College
86	S. Ontario - Campus Ave - San Antonio Hospital
88	Chino Hills - Ramona Ave - Montclair
215	Riverside - San Bernardino
290	San Bernardino - ARMC - Ontario Mills - Montclair
308/309	OmniGo Yucaipa
310	OmniGo Yucaipa
325	OmniGo Grand Terrace
365	OmniGo Chino/Chino Hills

LEGEND

Bus Route	Landmark
Tripper Service	Hospital
Long-term Detour	Interstate
Metrolink	State Highway
Metrolink Station	Park and Ride
TransCenter (Timed Transfers)	sbX Bus Rapid Service Route

Routes and schedules are subject to change without notice.

Important Phone Numbers

Text A Tip (909)368-7711
Send non-emergency text messages to Omnitrans Security

WE TIP (800)782-7463
National anonymous crime tip hotline

Omnitrans Lost & Found
(909)379-7100

OTHER TRANSIT SERVICES

Amtrak (800)872-7245
Providing national passenger rail service

Foothill Transit (800)743-3463
Serving the San Gabriel and Pomona Valleys, and unincorporated Los Angeles County

Greyhound (800)231-2222
Providing national bus service

LAMetro (323)466-3876 or (323)466-3876
Serving Los Angeles County

Mountain Transit (909)878-5200
Serving Big Bear Valley, Rim of the World, including off-the-mountain service between San Bernardino and several mountain communities

Orange County Transportation Authority (OCTA) (714) 636-7433
Serving Orange County

Metrolink (800) 371-5465
Providing regional commuter rail service

Pass Transit (951)769-8530
Serving Banning, Beaumont, Cabazon and Cherry Valley

RTA (951)565-5002
Serving Western Riverside County

VVTA (760)948-3030
Serving Adelanto, Apple Valley, Hesperia, Victorville and portions of San Bernardino County

CONNECTING OUR COMMUNITY

OMNITRANS
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San Bernardino, CA 92411