

# CONNECTING OUR COMMUNITY



OmniTrans, San Bernardino, CA

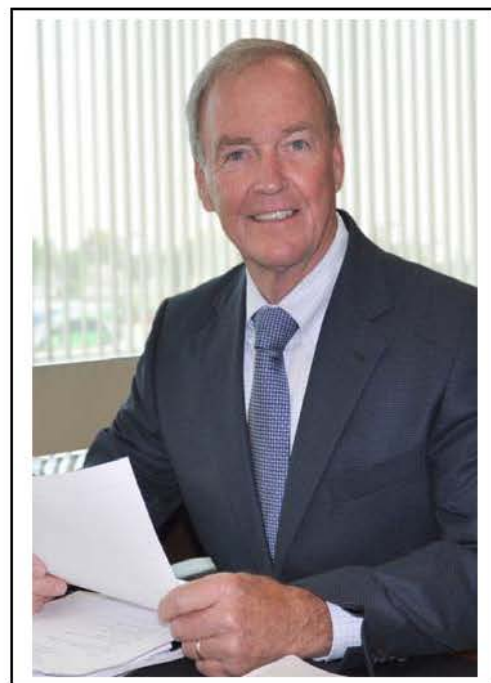
## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

*To the members of the Board of Directors and employees of Omnitrans,*

*We are pleased to present Omnitrans' Comprehensive Annual Financial Report (CAFR) of the fiscal year (FY) ended June 30, 2018. The financial statements are presented in conformity with general accepted accounting principles and were audited in accordance with general accepted auditing standards by a firm of licensed certified public accountants.*

*Once again, Omnitrans has delivered on a number of key strategic initiatives throughout the Fiscal Year. Completion of formal inter-agency agreements to support future Arrow Rail operations, submission of critical legislation to establish Omnitrans as "Special Transit District", continued implementation of cost savings measures, and the implementation of a Leadership Development Academy to prepare Omnitrans staff for future succession opportunities highlighted this year's accomplishments.*



*Increasing operational and cost efficiencies and adding new revenue sources continued as our core objective in FY18. In the March 2018 Board Meeting, the Financial White Paper detailed the financial challenges of costs containment as Omnitrans' Local Transportation Fund allocation, is capped at a 3% growth rate through FY2027. Adapting to revenue uncertainties, Omnitrans continually sharpens operational improvements, identifies capital projects that can bring a return on investment to slow rising operational costs, and seeks grant funding to support agency goals.*

*Capital projects such as the conversion to CNG pipeline gas have exceeded the anticipated savings in fuel costs. The introduction of premium bus shelters and roll out of 100 solar bus stop lights are improving the safety and comfort for our customers. Effective marketing efforts such as mobile ticketing and the growth in GoSmart contracts with local colleges and universities have captured higher sales revenues which will bring the total fare revenue to the highest levels in four years, by nearly a million dollars. Improved management initiatives have accelerated coach operator recruitment and drastically reduced overtime costs and lost service hours.*

*These efforts, coupled with Omnitrans commitment to explore more non-traditional services such as micro-transit options to complement fixed route services are on line for inclusion in our FY20 Annual Management Plan. By all measures, Omnitrans has made a difference – it is not business as usual.*

*As one famous leader (Jocko Willink) stated – "When a team takes ownership of its problems, the problem gets solved. It is true on the battlefield, it is true in business, and it is true in life."*

*Thank you for your dedication and support.*



# OMNITRANS

San Bernardino, California

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018  
(With Independent Auditor's Report Thereon)



Prepared by the Finance Department

DONALD WALKER  
Director of Finance

# TABLE OF CONTENTS

## INTRODUCTORY SECTION

<b>Letter of Transmittal</b>	<b>i</b>
<b>Organizational Chart</b>	<b>v</b>
<b>Senior Leadership Team</b>	<b>vi</b>
<b>List of Elected and Appointed Officials</b>	<b>vii</b>
<b>GFOA Certificate of Achievement</b>	<b>ix</b>
<b>General Information</b>	<b>x</b>

## FINANCIAL SECTION

<b>Independent Auditors' Report</b>	<b>1</b>
Management's Discussion and Analysis (required supplementary information)	
Financial Highlights	3
Overview of the Financial Statements	4
Net Position	7
Changes in Net Position	8
<b>Basic Financial Statements</b>	
Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Basic Financial Statements	16
<b>Required Supplementary Information</b>	
Schedule of Changes in the Net Position Liability and Related Ratios	
Public Employees Retirement System (PERS)	39
Schedule of Contributions	40

## STATISTICAL SECTION

<b>Financial Trends</b>	
Net Position by Component	42
Changes in Net Position	43
<b>Revenue Capacity</b>	
Revenue by Source	46
<b>Demographics and Economics Information</b>	
Demographics and Statistics of San Bernardino County	49
Principal Employers of San Bernardino County	50
Industry Employment and Labor Force	51
Economy and Economic Outlook	53
<b>Operating Information</b>	
Number of Employees	54
Operating Expenses by Category	55
Operating Expenses by Function	56
Capital Assets by Function	57



## *Fixed Route*



## **INTRODUCTORY SECTION**



January 31, 2019

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, 2018.

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, 2018, 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, 2018 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](http://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 fifteen (15) 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**

Much like California as a whole, the San Bernardino County economy has enjoyed several years of expansion with record high levels of employment, sizable gains in key industries and substantial improvement in the housing market. The main source of the gains is tied to the steady population growth, especially among young households that are attracted to the County for its reasonable housing and amenities.

The largest employment sector is Health Care, which employs over 17% of private employees. As the County's population continues to increase and as residents enjoy longer lifespans, Health Care will expand the industry, driving increases in employment and wages.

A signature sector for the County is Transportation and Warehousing. In the past year Transportation and Warehousing added 11,400 jobs, the largest gain of any sector, accounting for half of the County's total private job gain over the period. Business activity in the Inland Empire is expected to increase between 2.5% and 3.0% in the coming year. To date, the tariffs enacted have not had any material influence on current economic growth.

## **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. The goal is to ensure that the Agency has enough cash to pay its bills. In the long-term planning process, 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 federal and state governments fund numerous public transit initiatives through an array of programs. Although the need to fund these initiatives has grown, the amount of funding allocated to public transit initiatives has seen very little growth. California's Senate Bill (SB) 1 - The Road Repair and Accountability Act of 2017, provides the first significant, stable, and on-going increase in state transportation funding in more than two decades. The California Legislature passed SB 1, raising gas taxes and vehicle fees to generate revenue to fix the state's roads.

To raise a projected \$52.4 billion over 10 years, changes to taxes and fees include:

- A 12-cent increase in the gasoline excise tax
- A 20-cent increase in the diesel excise tax
- A 5.75 percent increase in the diesel sales tax
- A new vehicle fee, which will annually charge drivers between \$25 and \$175, depending on the value of the vehicle
- A \$100 annual fee on zero-emission vehicles

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, 2017. 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 fifteenth 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.

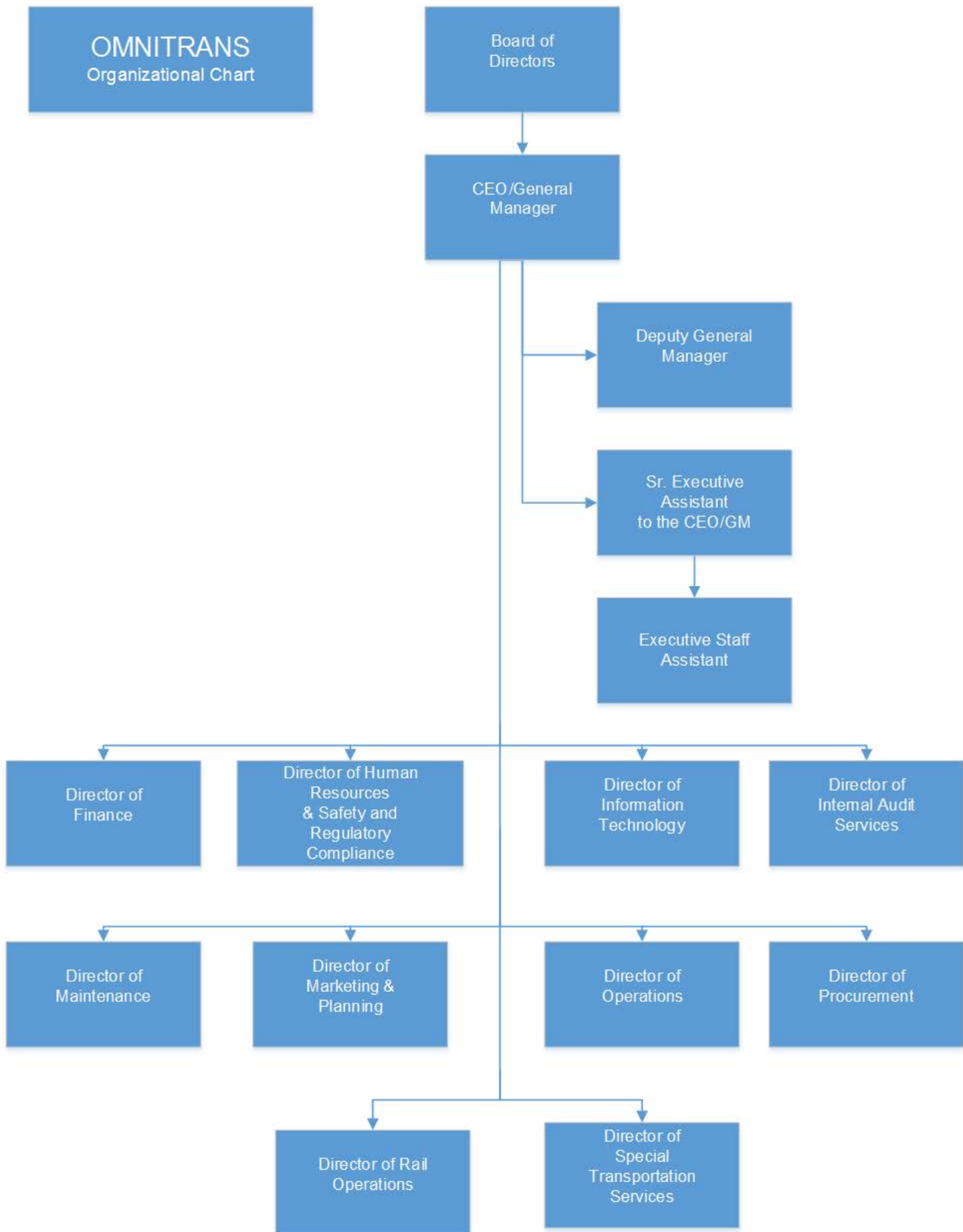
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the Finance Department staff, with special thanks to Mae Sung, Accounting Manager and Maurice Mansion, Treasury Manager. We wish also to express our appreciation to P. Scott Graham, 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

Erin Rogers  
Deputy General Manager

Donald Walker  
Director of Finance

Suzanne Pfeiffer  
Director of Human Resources & Safety and Regulatory Compliance

Jacob Harms  
Director of Information Technology

Samuel J. Gibbs  
Director of Internal Audit Services

Connie Raya  
Director of Maintenance

Wendy S. Williams  
Director of Marketing & Planning

Diane Caldera  
Director of Operations

Eugenia Pinheiro  
Interim Director of Procurement

Trischelle Baysden  
Director of Rail Operations

Douglas Stanley  
Director of Special Transportation Services

## OMNITRANS BOARD OF DIRECTORS



Chair  
Ron Dailey  
Loma Linda



Vice Chair  
David Avila  
Yucaipa



Supervisor  
Curt Hagman  
County



Supervisor  
James Ramos  
County



Supervisor  
Josie Gonzales  
County



Supervisor  
Janice Rutherford  
County



Eunice Ulloa  
Chino



Cynthia Moran  
Chino Hills





Richard DeLaRosa  
Colton



John Roberts  
Fontana



Sylvia Robles  
Grand Terrace



Penny Lilburn  
Highland



John Dutrey  
Montclair



Alan Wapner  
Ontario



Paul Foster  
Redlands



Deborah Robertson  
Rialto



Sam Spagnolo  
Rancho Cucamonga



Carey Davis  
San Bernardino



Gino Filippi  
Upland



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, 2017**

*Christopher P. Morrell*

Executive Director/CEO

## PROFILE OF OMNITRANS

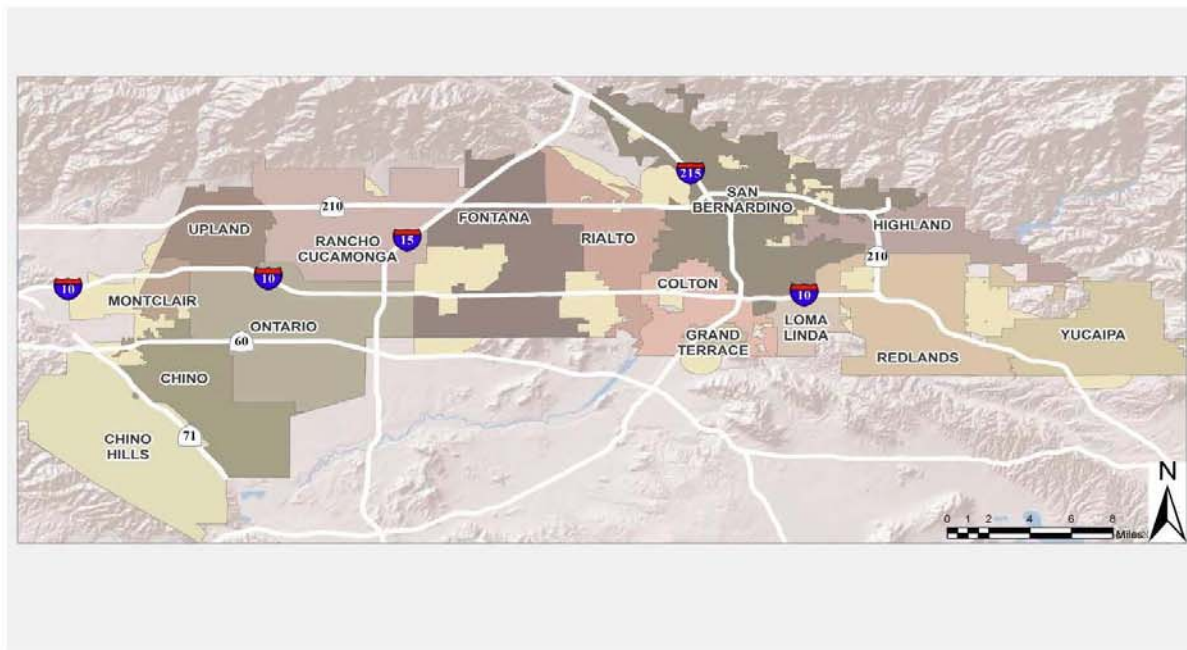
OmniTrans was founded in 1976 under a Joint Powers Agreement to provide transportation service to the San Bernardino Valley. OmniTrans is the major public transportation provider in the San Bernardino Valley, with a service area of approximately 456 square miles, serving fifteen municipalities, and many 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 four 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 committees are:

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

As of June 2018, OmniTrans had a budgeted staff of 692 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. Executive Office / Internal Audit Services
2. Human Resources & Safety Regulatory Compliance
3. Special Transportation Services
4. Rail
5. Maintenance
6. Marketing & Planning
7. Operations
8. Finance
9. Procurement
10. Information Technology

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.
- During FY2018, the sbX Green Line operated on weekdays from 5:00 AM with the last trip departing at 10:08 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 three 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.
- In May 2017, OmniTrans added freeway express Route 208 to connect Yucaipa and Redlands with local bus and commuter rail service at the San Bernardino Transit Center. The route operates morning and evening commute hours only.

## **Local Fixed Route Service**

- In accordance with the Operational Standards for the provision of service, OmniTrans operates 30 traditional local fixed routes and five OmniGo local community circulator routes as of May, 2018.
- Routes operate at 15- to 70-minute intervals.
- All routes operate Monday through Friday with service beginning at 3:23 AM and ending at 11:41 PM. On Saturdays there are 26 routes and four OmniGo circulators in operation with service beginning at 4:50 AM and ending at 10:54 PM. On Sundays there are 24 routes and four OmniGo circulators in service which begin at 5:05 AM and end at 8:37 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 Authority 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.



### FY18 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	208	Yucaipa-Redlands-San Bernardino	Peak Only	*	*
21	215	San Bernardino – Riverside	20/30	30/60	30/60
22	290	San Bernardino-ARMC-Ontario Mills-Montclair Transit Center	30/60/120	*	*
23	61	Fontana-Ontario Mills-Pomona	15	15	15
24	66	Fontana-Foothill Blvd.-Montclair	15/30	30	30
25	67	Chaffey-Baseline-Fontana	60	*	*
26	80	Ontario International Airport-Vineyard-Chaffey College	60	60	60
27	81	Chino-Haven-Chaffey College	30/60	60	*
28	82	Rancho Cucamonga-Fontana-Sierra Lakes	60	65	65
29	83	Upland-Euclid-Chino	60	60	60
30	84	Upland-Mountain Ave-Chino	60	60	60
31	85	Chino-Montclair-Chaffey College	30	60	60

32	86	S. Ontario-Campus-San Antonio Hospital	60	*	*
33	88	Chino Hills-Ramona Ave-Montclair	60	60	60
34	365	OmniGo: Chino Hills	60	60	60
35	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).

## Access



## OmniGo



## **FINANCIAL SECTION**



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

**VALUE THE** *difference*

## **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, 2018, 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, 2018, 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.



## ***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 4 through 11, the schedule of changes in the net pension liability and related ratios on page 39, and the schedule of contributions on page 40, 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 inquiries, 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***

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Omnitrans' financial statements for the year ended June 30, 2017, from which such partial information was derived.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Omnitrans' 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.



Rancho Cucamonga, California  
January 31, 2019

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018.

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 2018, net position was \$222.0 million. This is an increase of \$8.2 million or 3.8% above the close of the previous fiscal year-end. Decreases in current and other assets were offset by increases in capital assets.
- Total noncurrent assets at fiscal year-end 2018 increased from \$212.9 million to \$243.2 million or 14.3%. Restricted cash and equivalents is \$25.1 million resulting from the sale of Omnitrans' surplus property in Rancho Cucamonga. The proceeds from the sale of the property can be used for a future capital project.
- Total current liabilities at fiscal year-end 2018 decreased \$3.8 million or 10.4% below the previous fiscal year. The majority of the decrease is attributed to the reduction in unearned revenue at fiscal year-end.
- Total non-current liabilities increased from \$25.7 million at fiscal year-end 2017 to \$50.7 million at fiscal year-end 2018. This is an increase of \$25.0 million or 97.2%. The majority of the increase is attributed to the increase in commitments and contingencies associated with the West Valley Connector Corridor Project. (See Note 9).
- Total revenues for fiscal year-end June 30, 2018 were \$114.0 million compared to \$114.6 for the previous fiscal year. This is \$0.6 million or 0.5% decrease in revenue. Total expenses for fiscal year-end 2018 were \$105.8 million compared to \$110.9 million for the previous fiscal year. This is a decrease of \$5.1 million or 4.6%.
- Capital assistance decreased \$6.8 million or 19.0% from \$35.8 million at fiscal year end June 30, 2017 to \$29.0 million at fiscal year end June 30, 2018.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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 statement 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, 2018 and 2017. 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 2018 with fiscal year 2017. For additional information regarding the Agencies financial activities for fiscal year ended June 30, 2018, 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, 2018 were \$114.0 million compared to \$114.6 million for the previous fiscal year-end. This is a \$603.8 thousand or 0.5% decrease compared to last fiscal year-end. The increase of \$6.1 million in Federal and local operating grants was offset by a \$6.8 million decrease in Capital assistance in fiscal year 2018.

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:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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, 2018 was \$167.5 thousand compared to \$52.8 thousand for the previous fiscal year-end.

Revenue from the Compressed Natural Gas (CNG) fuel tax credit for fiscal year ended June 30, 2018 was \$1.4 million compared to 1.5 million for fiscal year-end 2017. The Alternative Fuel Tax Credit ended was extended through December 31, 2017.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OMNITRANS' Revenues

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Passenger fares	\$ 12,677,056	12,956,556	(279,500)	(2.2)
Advertising revenue	598,078	596,098	1,980	0.3
Other Transportation Revenue	38,680	62,779	(24,099)	(38.4)
Federal and local operating grants	69,716,169	63,623,628	6,092,541	9.6
Capital assistance	29,021,713	35,816,686	(6,794,973)	(19.0)
Interest Income	167,494	52,757	114,737	217.5
CNG fuel tax credit	1,434,406	1,469,425	(35,019)	(2.4)
Other non-operating revenues/(expenses)	<u>352,633</u>	<u>32,078</u>	<u>320,555</u>	999.3
Total Revenues	\$ <u>114,006,229</u>	<u>114,610,007</u>	<u>(603,778)</u>	(0.5)

### Expenses

Total expenses for fiscal year-end 2018 were \$105.8 million compared to \$110.9 million for the previous fiscal year end. This is a 5.1 million or 4.6% decrease in expenses. The decrease in Pass-through to other agencies account for the decrease.

Wages, salaries and benefits increased from \$47.8 million for fiscal year-end 2017 to \$52.6 million for fiscal year-end 2018. The \$52.6 million for the fiscal year include a \$2.6 million increase for the change in the net pension liability.

General and administrative expenses increased \$1.9 million or 18.2% compared to the previous fiscal year. Total general and administrative expenses for fiscal year-end 2018 were \$12.1 million compared to \$10.2 million for the previous fiscal year. Included in general and administrative expenses are estimated outstanding losses in the Actuarial Study for FY2018. The estimated outstanding losses increased \$488.4 thousand since the estimate as of June 30, 2017. A \$1.1 million increase for workers compensation was partially offset by a \$588.6 thousand decrease in liability.

OmniTrans, as a direct grantee of FTA funding, is responsible for complying with specific FTA requirements. San Bernardino County Transportation Authority (SBCTA) conducts the solicitation, evaluation and selection process for FTA funds. However, OmniTrans participates 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 decreased \$12.5 million or 88.1% compared to the previous fiscal year-end.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OMNITRANS' Expenses

		<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Wages, salaries, and benefits	\$	52,582,529	47,833,236	4,749,293	10.0
Purchased transportation services		8,947,264	8,803,691	143,573	1.6
General and administrative expenses		12,107,851	10,243,651	1,864,200	18.2
Materials and supplies		7,018,449	7,663,731	(645,282)	(8.4)
Capital purchases		2,214,425	841,928	1,372,497	163.0
Professional and technical services		2,831,694	2,784,708	46,986	1.7
Advertising and printing		861,668	878,000	(16,332)	(1.9)
Pass-through to other agencies		1,690,894	14,232,126	(12,541,232)	(88.1)
Loss on disposal of capital assets		650,981	578,653	72,328	12.5
Depreciation		16,540,761	16,762,307	(221,546)	(1.3)
Miscellaneous		338,209	269,748	68,461	25.4
Donation to Other Agency		0	27,910	(27,910)	
Total Expenses	\$	<u>105,784,725</u>	<u>110,919,689</u>	<u>(5,134,964)</u>	(4.6)

### Net Position

The Agency's total net position for fiscal year ending June 30, 2018 increased \$8.2 million or 3.8% above fiscal year ended June 30, 2017. Total assets for the fiscal year increased \$26.9 million or 10.0%. This is due primarily to the disposition of the 28.8 acre surplus property located in Rancho Cucamonga, CA.

Total liabilities increased \$21.2 million or 34.0% compared to the previous fiscal year-end. Current liabilities decreased \$3.8 million or 10.4% and long-term liabilities increased \$25.0 million or 97.2%. Proceeds from the disposition of surplus was recorded and a liability to the Federal Transit Administration. Net pension liability increased from \$20.6 million at fiscal year-end 2017 to \$24.9 million at fiscal year-end 2018. This is a \$4.3 million increase or 20.7%.

Deferred inflows of resources related to pension as required by GASB 68 decreased \$287.1 thousand below the previous fiscal year. For fiscal year ended June 30, 2018, deferred inflows of resources was \$3.4 million. The \$3.4 million is the sum of deferred inflows of resources based on changes of assumptions and differences between expected and actual experience. For the fiscal year ended June 30, 2018, deferred outflows of resources was \$13.8 million. The \$13.8 million is the sum of deferred outflows of resources based on the net difference between projected and actual earnings on the pension plan investments and contribution made subsequent to the measurement date. Additional information regarding the Agency's net pension liability can be found in Note 8 in the Notes to the Basic Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OMNITRANS' Statement of Net Position

		<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Assets:					
Current and other assets	\$	51,926,245	55,433,904	(3,507,659)	(6.3)
Net Capital Assets		<u>243,219,066</u>	<u>212,850,236</u>	<u>30,368,830</u>	14.3
Total Assets		<u>295,145,311</u>	<u>268,284,140</u>	<u>26,861,171</u>	10.0
Deferred outflow of resources:					
Deferred amount on pensions		<u>13,749,944</u>	<u>11,492,904</u>	<u>2,257,040</u>	100.0
Total Deferred outflow of resources		<u>13,749,944</u>	<u>11,492,904</u>	<u>2,257,040</u>	100.0
Liabilities:					
Current Liabilities		32,749,979	36,569,194	(3,819,215)	(10.4)
Long-term Liabilities		<u>50,726,736</u>	<u>25,723,683</u>	<u>25,003,053</u>	97.2
Total Liabilities		<u>83,476,715</u>	<u>62,292,877</u>	<u>21,183,838</u>	34.0
Deferred inflow of resources:					
Deferred amount on pension (Note 8)		<u>3,370,004</u>	<u>3,657,135</u>	<u>(287,131)</u>	(7.9)
Total Deferred inflow of resources		<u>3,370,004</u>	<u>3,657,135</u>	<u>(287,131)</u>	(7.9)
Net Position:					
Net investment in capital assets		218,134,323	212,850,236	5,284,087	2.5
Restricted		3,914,213	0	3,914,213	100.0
Unrestricted		<u>0</u>	<u>976,796</u>	<u>(976,796)</u>	(100.0)
Total Net Position	\$	<u>222,048,536</u>	<u>213,827,032</u>	<u>8,221,504</u>	3.8

### 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Revenues:				
Passenger fares	\$ 12,677,056	12,956,556	(279,500)	(2.2)
Advertising revenues	598,078	596,098	1,980	0.3
Other transportation revenues	<u>38,680</u>	<u>62,779</u>	<u>(24,099)</u>	(38.4)
Total revenues	<u>13,313,814</u>	<u>13,615,433</u>	<u>(301,619)</u>	(2.2)
Expenses:				
Depreciation and amortization	16,540,761	16,762,307	(221,546)	(1.3)
Other operating expenses	<u>86,902,089</u>	<u>79,318,693</u>	<u>7,583,396</u>	9.6
Total expenses	<u>103,442,850</u>	<u>96,081,000</u>	<u>7,361,850</u>	7.7
Nonoperating Revenue/(Expenses)				
Fed. & local operating grants	69,716,169	63,623,628	6,092,541	9.6
Interest income	167,494	52,757	114,737	217.5
Pass-through to other agencies (Note 10)	(1,690,894)	(14,232,126)	12,541,232	(88.1)
Loss on disposal of capital assets	(650,981)	(578,653)	(72,328)	12.5
CNG fuel tax credit	1,434,406	1,469,425	(35,019)	(2.4)
Donation to other agency	0	(27,910)	27,910	(100.0)
Other nonoperating revenues (expenses)	<u>352,633</u>	<u>32,078</u>	<u>320,555</u>	999.3
Total nonoperating revenues	<u>69,328,827</u>	<u>50,339,199</u>	<u>18,989,628</u>	37.7
Income before capital contribution	<u>(20,800,209)</u>	<u>(32,126,368)</u>	<u>11,326,159</u>	(35.3)
Capital contributions				
Capital assistance	<u>29,021,713</u>	<u>35,816,686</u>	<u>(6,794,973)</u>	(19.0)
Total capital contributions	<u>29,021,713</u>	<u>35,816,686</u>	<u>(6,794,973)</u>	(19.0)
Change in net position	8,221,504	3,690,318	4,531,186	122.8
Net position, beginning of year	<u>213,827,032</u>	<u>212,194,605</u>	<u>1,632,427</u>	0.8
Prior Period Adjustment	<u>0</u>	<u>(2,057,891)</u>	<u>2,057,891</u>	(100.0)
Net position, beginning of year, as restated	<u>213,827,032</u>	<u>210,136,714</u>	<u>3,690,318</u>	1.8
Net position, end of year	\$ <u><u>222,048,536</u></u>	<u><u>213,827,032</u></u>	<u><u>8,221,504</u></u>	3.8

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Assets and Debt Administration

#### Capital Assets

At June 30, 2018, the Agency had a total of \$218.1 million invested in capital assets. This total represents an overall increase of \$5.3 million or 2.5% above the prior fiscal year-end total of \$212.9 million. The majority of the increase in capital assets was associated with the purchase of 40-ft. coaches and the construction of the pipeline compressed natural gas (CNG) fueling stations. This increase was offset by the increase in accumulated depreciation.

#### OMNITRANS' Capital Assets (net of accumulated depreciation)

	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Percent Increase (Decrease)
Buildings and improvements	\$ 150,033,799	149,633,207	400,592	0.3
Operations equipment	123,974,589	122,245,862	1,728,727	1.4
Furniture and office equipment	39,994,416	38,444,512	1,549,904	4.0
Construction in progress	48,078,086	26,614,832	21,463,254	80.6
Land	4,658,923	10,522,709	(5,863,786)	(55.7)
Accumulated depreciation	<u>(148,605,490)</u>	<u>(134,610,949)</u>	<u>(13,994,541)</u>	10.4
Total capital assets	\$ <u>218,134,323</u>	<u>212,850,236</u>	<u>5,284,150</u>	2.5

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, 2018, the Agency had \$37.5 million in long-term liabilities compared to \$31.6 million at June 30, 2017. The June 30, 2017 balance increased \$5.9 million to include an increase in claims payable by \$1.6 million or 22.6 percent and a increase in the net pension liability of \$4.3 million or 20.7%. 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 <u>2018</u>	Fiscal Year <u>2017</u>	Increase (Decrease)	Percent Increase (Decrease)
Claims payable	\$ 8,577,993	6,996,410	1,581,583	22.6
Compensated absences	3,949,214	3,950,890	(1,676)	(0.0)
Net pension liability	<u>24,924,619</u>	<u>20,648,900</u>	<u>4,275,719</u>	20.7
Total long-term liabilities	\$ <u>37,451,826</u>	<u>31,596,200</u>	<u>5,855,626</u>	18.5

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **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, 2018 increased proportionately due to OmniTrans being designated as a Consolidated Transportation Services Agency (CTSA) by the San Bernardino County Transportation Authority (SBCTA). The challenge going forward is containing cost, and providing safe, dependable, and quality public transit service at sustainable 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.

Additionally, the Federal Transit Administration has established minimum Federal requirements for transit asset management that will apply to all recipients and sub-recipients who own, operate, or manage public transportation capital assets. Going forward Transit providers are required to set performance targets for state of good repair (SGR) based on established measures and report their targets, as well as information related to the condition of their capital assets.

### **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. 5<sup>th</sup> Street, San Bernardino, California 92411-2401.

# OMNITRANS

## STATEMENT OF NET POSITION

JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)

	2018	2017
ASSETS:		
CURRENT ASSETS:		
Cash and equivalents	\$ 16,267,331	\$ 17,217,604
Investments	8,874,083	10,493,391
Receivables:		
Accounts, net of allowances	2,036,860	579,596
Intergovernmental	21,904,820	24,024,322
Inventory	2,490,974	2,459,752
Prepaid items	352,177	659,239
TOTAL CURRENT ASSETS	51,926,245	55,433,904
NONCURRENT ASSETS:		
Restricted cash and equivalents	25,084,743	-
Capital assets, not depreciated (Note 5)	52,737,009	37,137,541
Capital assets, depreciated, net (Note 5)	165,397,314	175,712,695
TOTAL NONCURRENT ASSETS	243,219,066	212,850,236
TOTAL ASSETS	295,145,311	268,284,140
DEFERRED OUTFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	13,749,944	11,492,904
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	6,482,825	6,539,153
Accrued salaries and benefits	3,035,530	2,827,397
Unearned revenue	16,437,200	21,330,127
Compensated absences payable -		
current portion (Note 4)	2,857,201	2,622,994
Claims payable - current portion (Note 4)	3,937,223	3,249,523
TOTAL CURRENT LIABILITIES	32,749,979	36,569,194
NONCURRENT LIABILITIES:		
Project advances (Note 9)	20,069,334	-
Compensated absences payable (Note 4)	1,092,013	1,327,896
Claims payable (Note 4)	4,640,770	3,746,887
Net pension liability (Note 8)	24,924,619	20,648,900
TOTAL NONCURRENT LIABILITIES	50,726,736	25,723,683
TOTAL LIABILITIES	83,476,715	62,292,877
DEFERRED INFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	3,370,004	3,657,135
NET POSITION:		
Net investment in capital assets	218,134,323	212,850,236
Restricted	3,914,213	-
Unrestricted	-	976,796
TOTAL NET POSITION	\$ 222,048,536	\$ 213,827,032

See accompanying notes to basic financial statements.

**OMNITRANS**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION**

**YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)**

	2018	2017
OPERATING REVENUES:		
Passenger fares	\$ 12,677,056	\$ 12,956,556
Advertising revenue	598,078	596,098
Other transportation revenue	38,680	62,779
TOTAL OPERATING REVENUES	13,313,814	13,615,433
OPERATING EXPENSES:		
Salaries and benefits	52,582,529	47,833,236
Purchased transportation services	8,947,264	8,803,691
General and administrative	12,107,851	10,243,651
Materials and supplies	7,018,449	7,663,731
Capital purchases	2,214,425	841,928
Professional and technical services	2,831,694	2,784,708
Advertising and printing	861,668	878,000
Depreciation	16,540,761	16,762,307
Miscellaneous	338,209	269,748
TOTAL OPERATING EXPENSES	103,442,850	96,081,000
OPERATING INCOME/(LOSS)	(90,129,036)	(82,465,567)
NONOPERATING REVENUES/(EXPENSES):		
Federal and local operating grants	69,716,169	63,623,628
Interest income	167,494	52,757
Pass-through to other agencies (Note 10)	(1,690,894)	(14,232,126)
Loss on disposal of capital assets	(650,981)	(578,653)
CNG fuel credit	1,434,406	1,469,425
Donation to other agency	-	(27,910)
Other nonoperating revenues	352,633	32,078
TOTAL NONOPERATING REVENUES/(EXPENSES)	69,328,827	50,339,199
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(20,800,209)	(32,126,368)
CAPITAL CONTRIBUTIONS:		
Capital assistance	29,021,713	35,816,686
CHANGE IN NET POSITION	8,221,504	3,690,318
NET POSITION, BEGINNING OF YEAR	213,827,032	210,136,714
NET POSITION, END OF YEAR	\$ 222,048,536	\$ 213,827,032

See accompanying notes to basic financial statements.



**OMNITRANS**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 11,856,550	\$ 13,241,699
Nonoperating miscellaneous receipts	1,787,039	1,501,503
Cash payments to suppliers for goods and services	(34,100,048)	(38,355,264)
Cash payments to employees for services	(49,062,941)	(47,346,565)
Net cash used for operating activities	(69,519,400)	(70,958,627)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Federal, state, and local operating grants	69,716,169	63,623,628
Pass-through payments to other agencies	(1,690,894)	(14,232,126)
Net cash provided by non-capital financing activities	68,025,275	49,391,502
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(22,475,829)	(25,920,928)
Capital grants received	46,317,622	32,143,608
Net cash provided by capital and related financing activities	23,841,793	6,222,680
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	1,619,308	9,295,743
Interest received	167,494	52,757
Net cash provided by investing activities	1,786,802	9,348,500
Net increase (decrease) in cash and cash equivalents	24,134,470	(5,995,945)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	17,217,604	23,213,549
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 41,352,074	\$ 17,217,604
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON STATEMENT OF NET POSITION:</b>		
Cash and equivalents	\$ 16,267,331	\$ 17,217,604
Restricted cash and equivalents	25,084,743	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 41,352,074	\$ 17,217,604

(Continued)

See accompanying notes to basic financial statements.

**OMNITRANS**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**YEAR ENDED JUNE 30, 2018 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2017)**

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	\$ (90,129,036)	\$ (82,465,567)
Adjustments to net cash used by operating activities:		
Pension expense	1,731,548	(831,760)
Depreciation	16,540,761	16,762,307
Nonoperating miscellaneous income	1,787,039	1,501,503
(Increase) in accounts receivable	(1,457,264)	(373,734)
(Increase) in inventory	(31,222)	(209,497)
Decrease (increase) in prepaid items	307,062	(138,059)
(Decrease) in accounts payable	(56,328)	(6,522,251)
Increase in salaries and benefits payable	208,133	295,049
(Decrease) increase in compensated absences payable	(1,676)	245,497
Increase in claims payable	1,581,583	777,885
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (69,519,400)</u>	<u>\$ (70,958,627)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital contributions	<u>\$ 2,773,425</u>	<u>\$ 3,673,078</u>

See accompanying notes to basic financial statements.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### ***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 deposits with financial institutions 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.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

##### Restricted Cash and Cash Equivalents

Cash and equivalents that are maintained in accordance with grant agreements or funding agency directives that are designated for disbursement in the acquisition or construction of capital projects are reported as restricted in the accompanying Statement of Net Position. Restricted cash and equivalents are reported as noncurrent assets because they are not available for use in current operations.

##### 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. Interest income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

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, 2018, 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, 2018 was \$2,490,974.

##### 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

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

##### 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.

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 outflows/inflows on pensions.

##### Project Advances

Project advances represent proceeds from the disposition of Federal Transit Administration funded capital assets that have been authorized for the future acquisition or construction of capital projects.

##### 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 \$3,949,214 at June 30, 2018.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### *NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*

##### 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.

##### Pass-Through Activities

Revenues associated with grants, where Omnitrans serves as the administering 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.

*Restricted net position* is the value of assets restricted to use by third parties in excess of the related and recognized liabilities. It is expected that future liabilities will be recognized to match the restricted assets on hand.

As of June 30, 2018, Omnitrans reported \$3,914,213 of restricted net position for the local share of sale proceeds from land sold that is to be restricted to a certain project by the FTA. Refer to Note #9 for additional information.

*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.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### ***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

##### 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*

###### *Governmental Accounting Standard No. 75*

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to establish new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for fiscal years beginning after June 15, 2017. This Statement did not have an effect on Omnitrans' financial statements.

###### *Governmental Accounting Standard No. 81*

GASB 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 financial statements for periods beginning after December 15, 2016. This Statement did not have an effect on Omnitrans' financial statements.

###### *Governmental Accounting Standard No. 85*

GASB Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The requirements of this Statement are effective for periods beginning after June 15, 2017. This Statement did not have an effect on Omnitrans' financial statements.

###### *Governmental Accounting Standard No. 86*

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this Statement are effective for periods beginning after June 15, 2017. This Statement did not have an effect on Omnitrans' financial statements.



## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### ***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

##### *Effective in Future Fiscal Years*

##### *Governmental Accounting Standard No. 83*

GASB Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to provide financial statement users with information about asset retirement obligations that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The requirements of this Statement are effective for periods beginning after June 15, 2018. Omnitrans has not determined the effect of this Statement.

##### *Governmental Accounting Standard No. 84*

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for periods beginning after December 15, 2018. Omnitrans has not determined the effect of this Statement.

##### *Governmental Accounting Standard No. 87*

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for periods beginning after December 15, 2019. Omnitrans has not determined the effect of this Statement.

##### *Governmental Accounting Standard No. 88*

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The requirements of this Statement are effective for periods beginning after June 15, 2018. Omnitrans has not determined the effect of this Statement.

##### *Governmental Accounting Standard No. 89*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for periods beginning after December 15, 2019. Omnitrans has not determined the effect of this Statement.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Effective in Future Fiscal Years (Continued)*

##### *Governmental Accounting Standard No. 90*

GASB Statement No. 90, *Majority Equity Interests*-(an amendment of GASB Statements No. 14 and No. 61). The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Omnitrans has not determined the effect on the financial statements.

#### NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2018 consist of the following:

Cash on hand	\$ 9,200
Deposits with financial institutions	16,258,131
Investments	8,874,083
Restricted deposits with financial institutions	25,084,743
	<u>\$ 50,226,157</u>

#### Fair Value Measurements

Omnitrans categorizes the fair value of 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:

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

Level 2 — 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.

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

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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, 2018. 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 data 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 LAIF at June 30, 2018 of \$5,923,216 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Omnitrans has the following recurring fair value measurements as of June 30, 2018:

		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)
<b>Investment by Fair Value Level</b>	<b>Balance at June 30, 2018</b>			
Negotiable Certificates of Deposit	\$ 996,998		\$ 996,998	
U.S. Government Sponsored Enterprise Securities: FNMA	1,953,869		1,953,869	
<b>Total Investments by Fair Value Level</b>	<b>\$ 2,950,867</b>	<b>\$ -</b>	<b>\$ 2,950,867</b>	<b>\$ -</b>
LAIF	5,923,216			
<b>Total Investments</b>	<b>\$ 8,874,083</b>			

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

#### 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

#### 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:

Investment Type	Remaining Investment Maturities		Fair Value
	12 Months Or Less	1 to 3 Years	
Local Agency Investment Fund	\$ 5,923,216		\$ 5,923,216
Negotiable Certificates of Deposit	499,030	\$ 497,968	996,998
U.S. Government Sponsored Enterprise Securities:			
FNMA		1,953,869	1,953,869
Total Cash Investments	<u>\$ 6,422,246</u>	<u>\$ 2,451,837</u>	<u>\$ 8,874,083</u>

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

#### 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 S&P rating as of year-end for each investment type.

Investment Type	Total	Minimum Legal Rating	AA+	Unrated
Local Agency Investment Fund	\$ 5,923,216	(1)		\$ 5,923,216
Negotiable Certificates of Deposit	996,998	(1)		996,998
U.S. Government Sponsored Enterprise Securities:				
FNMA	1,953,869	(1)	\$ 1,953,869	
Total	<u>\$ 8,874,083</u>		<u>\$ 1,953,869</u>	<u>\$ 6,920,214</u>

(1) Not Applicable

#### 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 percent 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 percent of the secured public deposits. As of June 30, 2018, Omnitrans had deposits held at one bank that were \$43,718,840 in excess of federal depository insurance corporation (FDIC) limits covered by collateralization described above. Omnitrans had investments with the safekeeping agent of one broker-dealer that were \$2,450,867 in excess of securities investor protection corporation (SIPC) 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.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### 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 County Transportation Authority (SBCTA), the regional transportation planning entity.

To be eligible for TDA funds, Omnitrans must maintain a ratio of passenger fares to operating costs of not less than 20.00 percent for general public transit service and 10.00 percent for specialized service for the elderly and handicapped. After considering certain cost exemption provisions of the TDA and supplementing fare revenues with local funds in accordance with 99268.19 of the TDA, Omnitrans' ratios for the fiscal year ended June 30, 2018 were 23.72 percent for general public transit service, and 31.76 percent for specialized service for the elderly and handicapped. Omnitrans' ratios for the fiscal year ended June 30, 2018 were calculated as follows:

	General Transit	Special Transit
Passenger Revenue	\$ 11,463,392	\$ 3,615,522
Measure I Operating	5,084,586	693,353
	<u>16,547,978</u>	<u>4,308,875</u>
Operating Cost	<u>69,763,417</u>	<u>13,568,513</u>
Farebox Recovery Ratio	<u>23.72%</u>	<u>31.76%</u>

Total Measure I Operating assistance grants of \$5,777,939 are included with operating grants in the Statement of Changes in Net Position. General transit and special transit passenger revenues include \$219,116 and \$102,945 of Measure I fare reimbursements, respectively. Special transit passenger revenues also includes \$2,001,128 of Medi-Cal reimbursements. Measure I and Medi-Cal fare reimbursements are included with operating grants in the Statement of Changes in Net Position.

In accordance with 6633.2 of the TDA, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, an operator may satisfy this requirement by supplementing its fare revenues with local funds. Local funds are revenues derived from taxes imposed by the operator or by a county transportation commission. Omnitrans applies its Measure I Operating assistance grants to supplement its revenues and allocates the revenues based on the percentage of elderly and handicapped ridership utilizing general public transit service or specialized transit service compared to total elderly and handicapped ridership for the entire year.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### *NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)*

##### Transportation Development Act Assistance (Continued)

In accordance with 6634 of the TDA, an operator may not receive TDA funds in an amount that exceeds its actual operating costs. For purposes of the farebox revenue calculation above, operating costs are expenses exclusive of the cost of depreciation, vehicle lease cost, and expenses for capital below Omnitrans' capitalization threshold. For the fiscal year ended June 30, 2018, Omnitrans recognized operating revenue for TDA funds in the amount of \$45,286,262.

##### Measure I

Omnitrans receives Measure I funds for paratransit operating costs. Measure I funds are derived from a locally imposed 0.5 percent 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 SBCTA.

##### 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, 2018, Proposition 1B cash receipts and cash disbursements were as follows:

Unspent Proposition 1B funds as of June 30, 2017	\$ 20,308,148
Proposition 1B funds received during the fiscal year ended June 30, 2018	102,853
Proposition 1B expenses incurred during the fiscal year ended June 30, 2018	(4,829,700)
Interest revenue earned on unspent Proposition 1B funds during the fiscal year ended June 30, 2018	77,282
Change in fair market value of investments held during the year ended June 30, 2018	(36,132)
	<u>\$ 15,622,451</u>

The amount of unspent Proposition 1B funds noted above is included in unearned revenue on the Statement of Net Position as of June 30, 2018.



# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

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

Federal Assistance	\$ 13,204,506
LTF	41,573,611
STAF	3,712,651
Measure I	6,100,000
County-Based Medi-Cal Administrative Activities	2,001,128
Low Carbon Fuel Standard Operating	2,018,769
Low Carbon Transit Operating Program	407,420
Other	698,084
	<u>\$ 69,716,169</u>

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

Federal Assistance	\$ 23,637,583
LTF	196,972
STAF	217,563
CalTrans	4,969,595
	<u>\$ 29,021,713</u>

### NOTE 4 – LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2018 are as follows:

	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018	Due Within One Year	Amount Due Beyond One Year
Compensated absences	\$ 3,950,890	\$ 2,109,721	\$ (2,111,397)	\$ 3,949,214	\$ 2,857,201	\$ 1,092,013
Claims payable	6,996,410	4,601,076	(3,019,493)	8,577,993	3,937,223	4,640,770
Net pension liability	20,648,900	8,325,635	(4,049,916)	24,924,619		24,924,619
Total Long-Term Liabilities	<u>\$ 31,596,200</u>	<u>\$ 15,036,432</u>	<u>\$ (9,180,806)</u>	<u>\$ 37,451,826</u>	<u>\$ 6,794,424</u>	<u>\$ 30,657,402</u>

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 5 – CAPITAL ASSETS

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018
CAPITAL ASSETS, NOT DEPRECIATED:				
Land	\$ 10,522,709		\$ (5,863,786)	\$ 4,658,923
Construction in progress	26,614,832	\$ 28,009,029	(6,545,775)	48,078,086
Total assets, not depreciated	37,137,541	28,009,029	(12,409,561)	52,737,009
CAPITAL ASSETS, DEPRECIATED:				
Buildings and improvements	149,633,270	400,529		150,033,799
Operations equipment	122,245,862	4,809,481	(3,080,754)	123,974,589
Furniture and office equipment	38,444,512	1,549,904		39,994,416
Total capital assets, depreciated	310,323,644	6,759,914	(3,080,754)	314,002,804
LESS ACCUMULATED DEPRECIATED FOR:				
Buildings and improvements	(38,906,611)	(6,164,032)		(45,070,643)
Operations equipment	(59,537,618)	(9,164,678)	2,546,220	(66,156,076)
Furniture and office equipment	(36,166,720)	(1,212,051)		(37,378,771)
Total accumulated depreciation	(134,610,949)	(16,540,761)	2,546,220	(148,605,490)
Total capital assets, depreciation, net	175,712,695	(9,780,847)	(534,534)	165,397,314
Capital assets, net	\$ 212,850,236	\$ 18,228,182	\$ (12,944,095)	\$ 218,134,323

Depreciation expense for the year ended June 30, 2018 was \$16,540,761.

On May 12, 2014, the FTA approved Omnitrans' disposition of certain real property acquired by Omnitrans with federal and local funds. On November 4, 2014, Omnitrans' Board of Directors authorized the sale of the real property. The sales transaction for the property was completed in the year ended June 30, 2018. Omnitrans received \$25,084,743 from the disposition of the real property. Per instruction of the FTA, the subsequent use of the federal share of the sale proceeds is to be restricted to a certain project. Refer to Note #9 for additional information.

### NOTE 6 – OPERATING LEASES

Omnitrans leases facilities and tires under noncancelable operating leases. Total costs for such leases were \$800,539 during the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Total
2019	\$ 544,005
2020	177,649
Total	\$ 721,654

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### 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, 2018 were estimated to be \$8,577,993 and were based on an IBNR study performed in fiscal year 2017-2018. 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
2017	\$ 6,218,525	\$ 4,127,367	\$ (3,349,482)	\$ 6,996,410
2018	6,996,410	4,601,076	(3,019,493)	8,577,993

Omnitrans IBNR confidence level was 50 percent for the years ended June 30, 2018 and 2017, respectively.

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, 2018, 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 \$20,000,000 per occurrence for earthquakes and \$20,000,000 limit per occurrence for floods.
- Cyber Liability: Omnitrans has self-insured for Cyber Liability up to \$50,000 per occurrence and \$2,000,000 in aggregate.
- Crime Liability: Omnitrans is self-insured for employee dishonesty and theft with a limit of liability up to \$1,000,000.
- Pollution Liability: Omnitrans is self-insured for pollution with a limit of liability of \$5,000,000 per pollution condition and \$10,000,000 in aggregate.

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 7 – RISK MANAGEMENT (CONTINUED)

Employment Related Practices Liability: Omnitrans is self-insured for employment related practices liability claims with a limit of liability of \$1,000,000 each claim and \$1,000,000 aggregate.

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, 2018 are summarized as follows:

	<b>Miscellaneous</b>	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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	12.52%	6.55%

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### A. General Information about the Pension Plan (Continued)

##### Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	394
Inactive employees entitled to but not yet receiving benefits	465
Active employees	652
Total	<u>1,511</u>

##### 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 are 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, 2018, Omnitrans contributed the following:

	<u>Miscellaneous</u>
Contributions - employer	\$ 4,265,223

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### 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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	(3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and administrative 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, 2016 valuation were based on the probabilities of mortality on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. Further details of the Experience Study can be found on the CalPERS website.

##### Change of Assumptions

For the June 30, 2017 measurement date, the discount rate was reduced from 7.65 percent to 7.15 percent.

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### 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 7.15 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 7.15 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 7.15 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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100%		

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

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



# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### 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)
<b>Balance at June 30, 2017</b>	<u>\$ 156,376,213</u>	<u>\$ 135,727,313</u>	<u>\$ 20,648,900</u>
<b>Changes in the year:</b>			
Service Cost	\$ 5,619,063		\$ 5,619,063
Interest on the total pension liability	11,757,906		11,757,906
Changes in assumptions	10,060,448		10,060,448
Differences between expected and actual experience	(1,848,982)		(1,848,982)
Contribution - employer		\$ 4,049,916	(4,049,916)
Contribution - employee		2,329,577	(2,329,577)
Net investment income		15,133,615	(15,133,615)
Benefit payments, including refunds of employee contributions	(5,901,950)	(5,901,950)	
Administrative Expense		(200,392)	200,392
<b>Net changes</b>	<u>19,686,485</u>	<u>15,410,766</u>	<u>4,275,719</u>
<b>Balance at June 30, 2018</b>	<u><u>\$ 176,062,698</u></u>	<u><u>\$ 151,138,079</u></u>	<u><u>\$ 24,924,619</u></u>

#### 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	6.15%
Net Pension Liability	\$ 49,823,446
Current Discount Rate	7.15%
Net Pension Liability	\$ 24,924,619
1% Increase	8.15%
Net Pension Liability	\$ 4,365,158

#### *Pension Plan Fiduciary Net Position*

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

# OMNITRANS

## NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

### 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, 2018, Omnitrans recognized pension expense of \$6,004,934. At June 30, 2018, 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	\$ 4,265,223	
Changes of assumptions	7,480,846	\$ (712,193)
Differences between expected and actual experience		(2,657,811)
Differences between projected and actual earnings on pension plan investments	2,003,875	
Total	<u>\$ 13,749,944</u>	<u>\$ (3,370,004)</u>

The amount of \$4,265,223 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 outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2019	\$ 459,769
2020	4,018,982
2021	2,722,165
2022	(1,086,199)
Total	<u>\$ 6,114,717</u>

### 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.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### 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, 2018	Unexpended Commitments
Facilities Future Expansion and Remodel	\$ 3,104,969	\$ 2,662,619	\$ 442,350
Computer Software and Hardware	3,231,222	3,004,617	226,605
E Street Bus Rapid Transit - 10th through Highland Repaving	6,527,421	6,492,908	34,513
Holt Bus Rapid Transit	7,909,732	6,959,050	950,682
CNG Pipeline	8,934,890	8,839,885	95,005
Vehicle & Shop Equipment	20,802,836	20,119,008	683,828
Total major components of construction in progress	<u>\$ 50,511,070</u>	<u>\$ 48,078,087</u>	<u>\$ 2,432,983</u>

On November 1, 2017, Omnitrans Board of Directors approved a cooperative agreement between Omnitrans and San Bernardino County Transportation Authority (SBCTA) for environmental clearance, design, right-of-way, construction, and project closeout phases for the West Valley Connector Project (Project). Omnitrans will contribute a total not to exceed \$32,785,969 to the Project. Omnitrans has already incurred \$3,522,226 for design work and planning related to the Project. SBCTA will lead project environmental clearance, design, right-of-way acquisition, construction, and project closeout work, with input and consultation from Omnitrans. SBCTA will be responsible to maintain the Project and retain title to the project until the project is completed and transferred to Omnitrans. The anticipated project completion date is December 2022.

To fund its commitment for the Project, Omnitrans has \$25,084,743 of restricted cash and equivalents that were from the current year sale of real property acquired with local and federal funds. The sale was authorized by the FTA and the FTA authorized the subsequent use of the federal share of the sale proceeds for use towards Omnitrans' commitment to the Project. The federal share of the sale proceeds are reported as project advances on the Statement of Net Position. Omnitrans will reduce the liability as the proceeds are applied to one or more FTA approved capital grants for the Project.

## OMNITRANS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2018

#### ***NOTE 10 – PASS-THROUGH GRANTS***

Pass-through activity for the year ended June 30, 2018 is summarized as follows:

Central City Lutheran	\$	46,443
City of Colton		19,527
City of Highland		11,593
City of Loma Linda		3,480
City of Montclair		6,819
City of Rialto		100,402
City of San Bernardino		17,955
County of San Bernardino		13,184
Inland Empire United Way		64,727
OPARC		79,345
Pomona Valley Community Services		169,699
Pomona Valley Workshop		87,592
SBCTA		719,732
Valley Transportation Services		272,768
Victor Valley Transportation Services		77,628
		<hr/>
	\$	1,690,894
		<hr/>

#### ***NOTE 11 – SUBSEQUENT EVENT***

In February 2016, SBCTA approved the orderly transition of Valley Transportation Services' (V-Trans) operations as the Consolidated Transportation Services Agency (CTSA) to Omnitrans. Since this time, Omnitrans has worked with V-Trans to transition the responsibilities and complete the dissolution of V-Trans. Subsequent to June 30, 2018, Omnitrans officially accepted the surplus assets of V-Trans. V-Trans surplus assets consisted mainly of cash, shop equipment, and leasehold improvements at the leased maintenance facility. In addition to the surplus assets, Omnitrans also assumed the lease for the maintenance facility.

*San Bernardino Express (sbX)*



*The Arrow (future light rail commuter train)*



## **REQUIRED SUPPLEMENTARY INFORMATION**

# OMNITRANS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
<b>Total Pension Liability</b>				
Service cost	\$ 5,619,063	\$ 4,952,455	\$ 4,752,183	\$ 5,032,912
Interest on the total pension liability	11,757,906	11,122,864	10,405,272	9,875,147
Changes of assumptions	10,060,448		(2,654,537)	
Difference between expected and actual experience	(1,848,982)	(813,650)	(3,304,350)	
Benefit payments, including refunds of employee contributions	(5,901,950)	(5,239,568)	(4,887,764)	(4,033,818)
<b>Net change in total pension liability</b>	<b>19,686,485</b>	<b>10,022,101</b>	<b>4,310,804</b>	<b>10,874,241</b>
<b>Total pension liability - beginning</b>	<b>156,376,213</b>	<b>146,354,112</b>	<b>142,043,308</b>	<b>131,169,067</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 176,062,698</b>	<b>\$ 156,376,213</b>	<b>\$ 146,354,112</b>	<b>\$ 142,043,308</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 4,049,916	\$ 3,500,671	\$ 3,095,406	\$ 2,857,424
Contributions - employee	2,329,577	2,067,151	2,010,360	1,892,148
Net investment income	15,133,615	734,228	2,966,348	19,522,988
Benefit payments, including refunds of employee contribution	(5,901,950)	(5,239,568)	(4,887,764)	(4,033,818)
Plan to plan resource movement			7,386	
Administrative Expense	(200,392)	(82,121)	(151,602)	
<b>Net change in plan fiduciary net position</b>	<b>15,410,766</b>	<b>980,361</b>	<b>3,040,134</b>	<b>20,238,742</b>
<b>Plan fiduciary net position - beginning</b>	<b>135,727,313</b>	<b>134,746,952</b>	<b>131,706,818</b>	<b>111,468,076</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 151,138,079</b>	<b>\$ 135,727,313</b>	<b>\$ 134,746,952</b>	<b>\$ 131,706,818</b>
<b>Plan net pension liability - ending (a)-(b)</b>	<b>\$ 24,924,619</b>	<b>\$ 20,648,900</b>	<b>\$ 11,607,160</b>	<b>\$ 10,336,490</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>85.84%</b>	<b>86.80%</b>	<b>92.07%</b>	<b>92.72%</b>
<b>Covered payroll</b>	<b>32,039,361</b>	<b>30,655,864</b>	<b>28,606,926</b>	<b>29,286,654</b>
<b>Plan net pension liability as percentage of covered payroll</b>	<b>77.79%</b>	<b>67.36%</b>	<b>40.57%</b>	<b>35.29%</b>

### Notes to Schedule:

(i) - Fiscal year 2015 was the 1st year of implementation, therefore only four years of comparative information are shown. The schedules are intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

(ii) - The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 and 2016 measurement dates are without reduction of pension plan administrative expense, in accordance with GASB Statement 68.

(iii) - Fiscal year 2017 Omnitrans adopted GASB 82, which required restatement of covered employee payroll to covered payroll, and covered payroll includes only pensionable earnings.

(iv) - In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent due to a decrease in the long-term expected rate of return.

# OMNITRANS

## REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,265,223	\$ 4,041,753	\$ 3,481,193	\$ 3,283,410
Contribution in relation to the actuarially determined contributions	4,265,223	4,041,753	3,481,193	3,283,410
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 33,000,542	\$ 32,039,361	\$ 30,655,864	\$ 28,606,926
Contribution as a percentage of covered payroll	12.92%	12.61%	11.36%	11.48%

### Notes to Schedule

Valuation date	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
----------------	---------------	---------------	---------------	---------------

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	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement age	Derived using CalPERS' membership data for all funds
Mortality	Derived using CalPERS' membership data for all funds

### Notes to Schedule:

(i) - Fiscal year 2015 was the 1st year of implementation, therefore only four years of comparative information are shown. The schedules are intended to show information for ten years, and the additional years' information will be displayed as it becomes available.

(ii) - Fiscal year 2017 Omnitrans adopted GASB 82, which required restatement of covered employee payroll to covered payroll, and covered payroll includes only pensionable earnings.



OmniTrans' Mascot "BUSTER"



## **STATISTICAL SECTION**

## 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.

	<u>Page</u>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the OmniTrans financial performance and well-being has changed over time.	
Net Position by Component	42
Changes in Net Position	43
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess OmniTrans' most significant local revenue source, passenger fares.	
Revenue by Source	46
<b>The Economy and Economic Outlook</b>	
These schedules offer demographic and economic indicator to help the reader understand the environment within OmniTrans' financial activities take place.	
Demographics and Statistics of San Bernardino County	49
Principal Employers of San Bernardino County	50
Industry Employment and Labor Force	51
Economy and Economic Outlook	53
<b>Operating Information</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in OmniTrans' financial report relates to the services OmniTrans provides and the activities it performs.	
Number of Employees	54
Operating Expenses by Category	55
Operating Expenses by Function	56
Capital Assets by Function	57

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

## NET POSITION BY COMPONENT

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net investment in capital assets	\$ 94,909,096	114,540,764	119,480,534	136,703,207
Less: Debt offsetting capital assets	<u>(241,226)</u>	<u>(251,129)</u>	<u>(114,308)</u>	<u>(590,371)</u>
Total invested in capital assets, net of related debt	94,667,870	114,289,635	119,366,226	136,112,836
Restricted	-	-	-	-
Unrestricted net assets	<u>33,883,455</u>	<u>29,320,746</u>	<u>14,717,794</u>	<u>8,548,071</u>
Total net position	<u>\$ 128,551,325</u>	<u>143,610,381</u>	<u>134,084,020</u>	<u>144,660,907</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net investment in capital assets	\$ 206,992,298	245,580,650	196,610,392	204,298,178
Less: Debt offsetting capital assets	<u>(425,391)</u>	<u>(268,269)</u>	<u>(129,101)</u>	-
Total invested in capital assets, net of related debt	206,566,907	245,312,381	196,481,291	204,298,178
Restricted	-	-	-	-
Unrestricted net assets	<u>8,547,756</u>	<u>9,379,178</u>	<u>(5,263,020)</u>	<u>7,896,427</u>
Total net position	<u>\$ 215,114,663</u>	<u>254,691,559</u>	<u>191,218,271</u>	<u>212,194,605</u>

	<u>2017</u>	<u>2018</u>
Net investment in capital assets	\$ 212,850,236	218,134,323
Less: Debt offsetting capital assets	<u>-</u>	<u>-</u>
Total invested in capital assets, net of related debt	212,850,236	218,134,323
Restricted	-	3,914,213
Unrestricted net assets	<u>976,796</u>	<u>-</u>
Total net position	<u>\$ 213,827,032</u>	<u>222,048,536</u>

## CHANGES IN NET POSITION

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Operating Revenues:</b>				
Passenger fares	\$ 13,779,684	14,242,013	14,538,747	14,536,931
Advertising revenues	967,628	849,585	909,176	805,904
Other transportation revenues	42,708	39,752	41,802	39,819
Total revenues	<u>14,790,020</u>	<u>15,131,350</u>	<u>15,489,725</u>	<u>15,382,654</u>
<b>Operating Expenses:</b>				
Depreciation and amortization	9,255,553	10,999,458	12,772,455	17,070,294
Other operating expenses	<u>67,770,003</u>	<u>67,501,900</u>	<u>66,529,837</u>	<u>69,206,132</u>
Total expenses:	<u>77,025,556</u>	<u>78,501,358</u>	<u>79,302,292</u>	<u>86,276,426</u>
<b>Non-operating Revenues/(Expenses):</b>				
Federal & local operating grants	52,983,639	48,085,804	52,675,797	47,875,811
Interest income	758,950	243,098	74,302	52,727
Interest expense	(9,149)	(6,835)	(6,590)	(3,980)
Pass-through to other agencies	(2,779,299)	(3,031,642)	(18,754,320)	(620,108)
Donation to other agency				
Other non-operating revenues (expenses)	<u>(24,710)</u>	<u>(299,568)</u>	<u>(719,668)</u>	<u>(246,487)</u>
Total non-operating revenues	<u>50,929,431</u>	<u>44,990,857</u>	<u>33,269,521</u>	<u>47,057,963</u>
Income before capital contribution	<u>(11,306,105)</u>	<u>(18,379,151)</u>	<u>(30,543,046)</u>	<u>(23,835,809)</u>
<b>Capital Contributions</b>				
Capital assistance	22,603,589	33,438,207	21,016,685	34,412,696
Contributions from other agencies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total capital contributions	<u>22,603,589</u>	<u>33,438,207</u>	<u>21,016,685</u>	<u>34,412,696</u>
Change in net position	11,297,484	15,059,056	(9,526,361)	10,576,887
Net position, beginning of year	<u>117,253,841</u>	<u>128,551,325</u>	<u>143,610,381</u>	<u>134,084,020</u>
Prior period adjustment				
Net position, beginning of year, as restated				
Net position, end of year	<u>\$ 128,551,325</u>	<u>143,610,381</u>	<u>134,084,020</u>	<u>144,660,907</u>

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

Source: Finance Department

## CHANGES IN NET POSITION

	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
<b>Operating Revenues:</b>				
Passenger fares	\$ 14,317,987	14,368,317	15,015,499	13,809,102
Advertising revenues	481,994	485,327	532,322	673,669
Other transportation revenues	39,819	41,978	54,440	57,832
Total revenues	<u>14,839,800</u>	<u>14,895,622</u>	<u>15,602,261</u>	<u>14,540,603</u>
<b>Operating Expenses:</b>				
Depreciation and amortization	16,678,098	14,899,383	12,742,411	15,222,998
Other operating expenses	70,539,078	65,839,285	71,365,710	70,670,842
Total expenses:	<u>87,217,176</u>	<u>80,738,668</u>	<u>84,108,121</u>	<u>85,893,840</u>
<b>Non-operating Revenues/(Expenses):</b>				
Federal & local operating grants	54,087,458	50,785,745	55,090,857	68,179,717
Interest income	24,915	44,311	43,486	172,124
Interest expense	(8,349)	(4,580)	(2,426)	(927)
Pass-through to other agencies	(2,254,293)	(4,459,471)	(1,297,931)	(11,531,009)
Donation to other agency			(72,050,046)	
Other non-operating revenues (expenses)	<u>1,409,847</u>	<u>118,187</u>	<u>1,032,590</u>	<u>1,107,516</u>
Total non-operating revenues	<u>53,259,578</u>	<u>46,484,192</u>	<u>(17,183,470)</u>	<u>57,927,421</u>
Income before capital contribution	<u>(19,117,798)</u>	<u>(19,358,854)</u>	<u>(85,689,330)</u>	<u>(13,425,816)</u>
<b>Capital Contributions</b>				
Capital assistance	89,571,554	58,935,750	37,167,461	34,402,150
Contributions from other agencies	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total capital contributions	<u>89,571,554</u>	<u>58,935,750</u>	<u>37,167,461</u>	<u>34,402,150</u>
Change in net position	70,453,756	39,576,896	(48,521,869)	20,976,334
Net position, beginning of year	<u>144,660,907</u>	<u>215,114,663</u>	<u>254,691,559</u>	<u>191,218,271</u>
Prior period adjustment			(14,951,419)	
Net position, beginning of year, as restated			<u>239,740,140</u>	<u>191,218,271</u>
Net position, end of year	<u>\$ 215,114,663</u>	<u>254,691,559</u>	<u>191,218,271</u>	<u>212,194,605</u>

Source: Finance Department

## CHANGES IN NET POSITION

<b>Operating Revenues:</b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Passenger fares	\$ 12,956,556	12,677,056
Advertising revenues	596,098	598,078
Other transportation revenues	62,779	38,680
Total revenues	<u>13,615,433</u>	<u>13,313,814</u>
<b>Operating Expenses:</b>		
Depreciation and amortization	16,762,307	16,540,761
Other operating expenses	79,318,693	86,902,089
Total expenses:	<u>96,081,000</u>	<u>103,442,850</u>
<b>Non-operating Revenues/(Expenses):</b>		
Federal & local operating grants	63,623,628	69,716,169
Interest income	52,757	167,494
Interest expense	0	0
Pass-through to other agencies	(14,232,126)	(1,690,894)
Donation to other agency	(27,910)	0
Other non-operating revenues (expenses)	922,850	1,136,058
Total non-operating revenues	<u>50,339,199</u>	<u>69,328,827</u>
Income before capital contribution	<u>(32,126,368)</u>	<u>(20,800,209)</u>
<b>Capital Contributions</b>		
Capital assistance	35,816,686	29,021,713
Contributions from other agencies	0	0
Total capital contributions	<u>35,816,686</u>	<u>29,021,713</u>
Change in net position	3,690,318	8,221,504
Net position, beginning of year	<u>212,194,605</u>	<u>213,827,032</u>
Prior period adjustment	<u>(2,057,891)</u>	<u>0</u>
Net position, beginning of year, as restated	<u>210,136,714</u>	<u>213,827,032</u>
Net position, end of year	<u>\$ 213,827,032</u>	<u>222,048,536</u>

## REVENUE SOURCE

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Passenger Fares - Individuals</b>				
F/R Full Fares - Cash	\$4,510,511	\$4,715,996	\$4,756,220	\$4,564,607
F/R Senior/Disable Fare - Cash	263,959	297,986	334,730	360,603
F/R 1-Day & 7 Day Full Fare - Pass	3,925,863	3,626,533	3,540,698	3,478,828
F/R 1-Day & 7 Day S/D Fare - Pass	606,615	666,085	716,572	712,770
F/R 7-Day Youth Pass	347,973	417,670	446,094	340,581
F/R 31-Day Full Fare - Pass (less: discount)	1,299,310	1,423,947	1,354,296	1,125,569
F/R 31-Day Youth Fare-Pass	1,010,097	1,239,874	1,247,839	909,534
F/R 31-Day Senior Fare - Pass	93,902	0	0	0
F/R 31-Day Disability Fare - Pass	367,110	479,601 *	542,878	571,416
University Passes	0	0	0	736,134 **
VET - Cash	0	0	0	0
VET 31-Day Pass	0	0	0	0
VET 7 Day Pass	0	0	0	0
VET 1 Day Pass	0	0	0	0
Metrolink Transfer	66,712	49,419	51,325	100,098
Access Base Fare - Cash	138,454	158,044	166,246	144,141
Access Base Fare (3 zones) - Ticket	991,817	1,023,493	1,183,363	1,248,892
Access Additional (1 zone) - Ticket	3,916	4,059	12,989	17,071
Access Monthly Subscription Zone - Pass	21,510	16,075	13,340	12,905
Total Passenger Fares	<u>\$13,647,749</u>	<u>\$14,118,782</u>	<u>\$14,366,590</u>	<u>\$14,323,149</u>
<b>Special Transit Fares - Group</b>				
F/R 1 - Trip Full Fare - Ticket	54,675	41,475	57,705	67,330
OmniLink (Yucaipa) - Cash	46,238	50,305	26,859	20,777
OmniLink (Chino Hills) - Cash	22,368	20,570	10,017	8,914
OmniLink S/D Fare - Ticket	5,495	5,994	5,535	4,199
OmniLink Full Fare - Ticket	297	459	0	54
OmniLink Youth Fare - Ticket	2,862	4,428	2,934	2,304
OmniGo - Fares			69,107	110,204
Total Special Transit Fares	<u>\$131,935</u>	<u>\$123,231</u>	<u>\$172,157</u>	<u>\$213,782</u>
Total Fares	<u><u>\$13,779,684</u></u>	<u><u>\$14,242,013</u></u>	<u><u>\$14,538,747</u></u>	<u><u>\$14,536,931</u></u>



## REVENUE SOURCE

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Passenger Fares - Individuals</b>				
F/R Full Fares - Cash	\$4,512,614	\$4,399,894	\$4,414,989	\$3,920,383
F/R Senior/Disable Fare - Cash	383,045	447,239	557,592	577,375
F/R 1-Day & 7 Day Full Fare - Pass	3,386,969	3,534,008	3,577,714	3,207,595
F/R 1-Day & 7 Day S/D Fare - Pass	770,747	813,797	893,643	861,302
F/R 7-Day Youth Pass	356,291	214,219	208,442	137,774
F/R 31-Day Full Fare - Pass (less: discount)	1,083,657	1,419,430	1,574,959	1,354,705
F/R 31-Day Youth Fare-Pass	1,014,034	524,795	579,142	485,891
F/R 31-Day Senior Fare - Pass	0	0	0	0
F/R 31-Day Disability Fare - Pass	591,712	560,936	622,658	650,869
University Passes	531,763	755,568	753,215	755,318
VET - Cash	0	0	13,154	23,564
VET 31-Day Pass	0	0	41,824	61,588
VET 7 Day Pass	0	0	12,490	16,560
VET 1 Day Pass	0	0	4,394	6,310
Metrolink Transfer	54,326	43,628	53,169	54,778
Access Base Fare - Cash	142,900	153,870	193,297	172,367
Access Base Fare (3 zones) - Ticket	1,275,349	1,291,015	1,452,471	1,466,273
Access Additional (1 zone) - Ticket	10,927	17,596	14,181	8,509
Access Monthly Subscription Zone - Pass	8,410	725	0	0
Total Passenger Fares	<u>\$14,122,744</u>	<u>\$14,176,720</u>	<u>\$14,967,334</u>	<u>\$13,761,161</u>
<b>Special Transit Fares - Group</b>				
F/R 1 - Trip Full Fare - Ticket	42,516	21,644	43,880	0
OmniLink (Yucaipa) - Cash	19,396	18,317	2,821	0
OmniLink (Chino Hills) - Cash	7,629	8,730	1,329	0
OmniLink S/D Fare - Ticket	1,701	851	81	0
OmniLink Full Fare - Ticket	0	0	0	0
OmniLink Youth Fare - Ticket	2,340	2,070	54	0
OmniGo - Fares	121,661	139,985	0	47,941
Total Special Transit Fares	<u>\$195,243</u>	<u>\$191,597</u>	<u>\$48,165</u>	<u>\$47,941</u>
Total Fares	<u><u>\$14,317,987</u></u>	<u><u>\$14,368,317</u></u>	<u><u>\$15,015,499</u></u>	<u><u>\$13,809,102</u></u>

## REVENUE SOURCE

	<u>2017</u>	<u>2018</u>
<b>Passenger Fares - Individuals</b>		
F/R Full Fares - Cash	\$3,473,311	\$3,301,892
F/R Senior/Disable Fare - Cash	548,603	588,484
F/R 1-Day & 7 Day Full Fare - Pass	2,888,887	2,710,454
F/R 1-Day & 7 Day S/D Fare - Pass	849,267	836,285
F/R 7-Day Youth Pass	126,818	129,652
F/R 31-Day Full Fare - Pass (less: discount)	1,260,680	1,294,738
F/R 31-Day Youth Fare-Pass	506,414	478,183
F/R 31-Day Senior Fare - Pass	0	0
F/R 31-Day Disability Fare - Pass	599,932	571,081
University Passes	773,383	998,587
VET - Cash	13,665	13,479
VET 31-Day Pass	70,819	67,441
VET 7 Day Pass	19,362	18,884
VET 1 Day Pass	9,714	8,266
Metrolink Transfer	122,680	94,809
Access Base Fare - Cash	172,695	170,373
Access Base Fare (3 zones) - Ticket	1,448,556	1,330,100
Access Additional (1 zone) - Ticket	12,096	10,977
Access Monthly Subscription Zone - Pass	0	0
Total Passenger Fares	<u>\$12,896,882</u>	<u>\$12,623,685</u>
<b>Special Transit Fares - Group</b>		
F/R 1 - Trip Full Fare - Ticket	0	0
OmniLink (Yucaipa) - Cash	0	0
OmniLink (Chino Hills) - Cash	0	0
OmniLink S/D Fare - Ticket	0	0
OmniLink Full Fare - Ticket	0	0
OmniLink Youth Fare - Ticket	0	0
OmniGo - Fares	<u>59,677</u> ***	<u>53,371</u>
Total Special Transit Fares	<u>\$59,677</u>	<u>\$53,371</u>
Total Fares	<u><u>\$12,956,559</u></u>	<u><u>\$12,677,056</u></u>

\* 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
2009	2,045,632	60,875,315	29,759	30.3	420,325	13.6%
2010	2,048,217	66,241,386	32,341	30.3	415,549	14.3%
2011	2,053,348	67,807,711	33,023	30.9	417,202	14.3%
2012	2,065,000	68,204,885	33,029	31.2	417,000	12.2%
2013	2,080,914	69,179,986	33,245	31.7	412,155	10.4%
2014	2,088,371	72,007,032	34,480	32.4	411,583	7.4%
2015	2,112,619	76,202,167	36,070	31.0	410,696	6.5%
2016	2,156,651	78,139,779	36,232	31.2	408,948	5.7%
2017	2,166,777	80,367,925	37,091	31.0	431,473	5.6%
2018	2,170,000	84,230,000	38,816	32.9	403,137	4.6%

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

Employer	Employees	% of Total Employment	Ranking									
			<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Loma Linda University*	10,000 - 15,000	1.8%	1	1	1	1	1	3	3	6	6	3
U.S. Marine Corps Air Ground Combat Center	10,000 - 15,000	1.7%	2	2	2	2	2	4	4	5	5	2
County of San Bernardino, San Bernardino	10,000 - 15,000	1.6%	3	3	3	3	3	1	1	3	3	1
Stater Brothers Markets, San Bernardino	10,000 - 15,000	1.4%	4	4	4	4	4	6	6	1	1	5
Kaiser Permanente	10,000 - 15,000	1.3%	5	5	5	5	5	9	9	9	9	8
Wal-Mart Stores Inc.	5,000 - 10,000	1.1%	6	6	6	6	6	8	8	8	8	7
U.S. Army, Fort Irwin & National Training Center	5,000 - 10,000	1.0%	7	7	7	7	7	2	2	4	4	4
Ontario International Airport, Ontario	5,000 - 10,000	1.0%	8	8	8	8	8	7	7	7	7	-
San Bernardino City Unified School District	5,000 - 10,000	0.8%	9	9	9	9	9	5	5	-	-	6
United Parcel Service (UPS)	5,000 - 10,000	0.5%	10	10	10	10	10	10	10	10	10	9

\* 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-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Civilian Labor Force	1,774,200	1,864,100	1,861,900	1,877,900	1,894,200	1,909,100	1,949,200	1,975,900	2,013,500	2,033,200
Civilian Employment	1,541,500	1,609,200	1,610,400	1,649,600	1,697,800	1,750,900	1,816,100	1,850,600	1,906,500	1,937,800
Civilian Unemployment	232,700	254,900	251,500	228,300	196,400	158,100	133,100	125,400	107,000	95,400
Civilian Unemployment Rate	13.1%	13.7%	13.5%	12.2%	10.4%	8.3%	6.8%	6.3%	5.3%	4.7%
Total, All Industries	1,193,700	1,179,100	1,170,300	1,205,800	1,248,000	1,298,700	1,360,500	1,409,500	1,464,700	1,510,500
Total Farm	20,900	21,100	19,100	20,300	18,700	17,500	18,400	19,000	18,900	16,500
Total Nonfarm	1,172,800	1,158,000	1,151,200	1,185,500	1,229,300	1,281,200	1,342,100	1,390,500	1,445,800	1,494,000
Total Private	933,400	916,400	920,400	959,400	1,001,500	1,049,800	1,107,700	1,146,300	1,192,600	1,233,500
Goods Producing	159,900	147,900	146,200	152,100	157,500	169,700	182,700	191,900	199,100	202,300
Mining, Logging, and Construction	71,000	62,300	60,400	64,700	70,100	78,500	86,500	93,000	99,500	102,900
Mining and Logging	1,200	1,000	1,000	1,200	1,200	1,300	1,400	900	900	900
Construction	69,800	61,300	59,400	63,500	68,900	77,200	85,100	92,100	98,600	102,000
Construction of Buildings	12,000	10,600	10,700	10,800	11,300	12,500	13,700	14,700	15,000	14,700
Heavy & Civil Engineering Construction	9,100	8,200	8,900	10,400	10,000	10,400	11,700	12,100	12,600	12,000
Specialty Trade Contractors	48,700	42,500	39,800	42,300	47,600	54,300	59,700	65,300	71,000	75,300
Building Foundation & Exterior Contractors	13,600	12,400	10,800	11,700	12,500	14,800	16,800	18,600	22,400	24,500
Building Equipment Contractors	15,800	13,700	13,400	13,800	16,000	18,200	20,000	23,000	24,600	26,000
Building Finishing Contractors	12,400	10,400	9,900	10,500	12,300	14,000	15,400	15,800	15,600	16,400
Manufacturing	88,900	85,600	83,800	87,400	87,400	91,200	96,200	98,900	99,600	99,400
Durable Goods	58,200	55,600	56,400	57,300	57,300	60,100	63,400	64,600	64,600	65,000
Fabricated Metal Product Manufacturing	11,900	11,500	12,200	12,700	13,100	14,200	14,700	14,500	14,200	14,000
Nondurable Goods	30,700	30,000	29,400	30,100	30,100	31,100	32,800	34,300	35,000	34,400
Service Providing	1,012,900	1,010,100	1,005,000	1,033,400	1,071,800	1,111,500	1,159,400	1,198,600	1,246,700	1,291,700
Private Service Providing	773,500	768,500	774,200	807,300	844,000	880,100	925,000	954,400	993,500	1,031,200
Trade, Transportation & Utilities	269,300	268,300	272,200	284,500	295,500	309,800	326,900	338,800	359,000	375,900
Wholesale Trade	48,900	49,000	49,100	52,500	56,300	58,900	61,400	62,700	63,500	67,500
Merchant Wholesalers, Durable Goods	29,100	29,200	29,200	30,800	33,000	34,200	35,800	35,500	35,100	37,100
Merchant Wholesalers, Nondurable Goods	15,500	15,500	15,600	17,300	18,500	20,000	20,600	21,800	23,000	24,100
Retail Trade	154,100	153,900	155,600	159,300	162,300	166,500	171,200	174,400	178,700	182,700
Motor Vehicle & Parts Dealer	18,600	18,700	19,600	20,600	21,400	22,300	23,600	24,600	25,700	25,700
Automotive Parts, Accessories & Tire Stores	6,000	6,400	6,500	6,800	6,900	7,200	7,400	7,400	7,500	7,500
Building Material & Garden Equipment Stores	12,800	12,500	12,400	13,000	13,900	14,100	13,700	14,200	14,700	15,500
Food & Beverage Stores	32,900	32,700	30,700	30,700	30,800	32,600	33,600	34,000	33,700	34,100
Health & Personal Care Stores	9,000	9,100	9,300	9,600	9,900	10,200	10,400	10,600	11,300	11,400
Clothing & Clothing Accessories Stores	15,600	17,000	18,600	19,100	19,400	20,000	19,900	19,600	20,400	19,500
Clothing Stores	12,400	13,600	14,900	15,200	15,300	15,600	15,200	14,800	15,400	15,100
General Merchandise Stores	33,900	33,100	32,400	32,800	33,400	33,600	34,600	36,000	35,600	37,500
Transportation, Warehousing & Utilities	66,300	65,400	67,500	72,700	76,900	84,400	94,300	101,700	116,800	125,700
Utilities	5,800	5,800	5,800	5,800	5,700	5,500	5,300	5,300	5,000	5,100
Transportation & Warehousing	60,500	59,600	61,700	66,900	71,200	78,900	89,000	96,400	111,800	120,600
Truck Transportation	20,600	19,300	20,900	21,600	22,300	23,700	25,000	25,600	26,000	26,300
General Freight Trucking	15,400	14,700	15,500	16,100	16,700	17,900	19,600	19,900	20,200	20,800
Couriers & Messengers	8,400	7,900	7,800	7,900	8,100	8,600	9,600	9,500	11,000	13,700
Warehousing & Storage	17,200	19,300	22,200	24,500	26,000	31,400	38,100	44,800	58,200	65,700
Information	14,300	14,300	12,300	11,800	11,600	11,400	11,200	11,600	11,200	11,100
Publishing Industries (except Internet)	2,400	1,900	1,900	1,800	1,900	1,800	1,600	1,500	1,500	1,500
Telecommunications	6,300	6,800	5,700	5,400	5,500	5,600	5,400	5,500	5,500	5,600
Financial Activities	41,900	40,600	39,900	40,600	42,000	43,100	43,900	44,500	44,300	45,000
Finance & Insurance	25,600	25,100	25,300	25,800	26,300	26,800	26,900	26,600	26,000	26,900
Credit Intermediation & Related Activities	15,300	14,900	14,900	15,000	15,000	15,300	15,400	14,700	14,400	14,800
Depository Credit Intermediation	10,100	10,100	9,900	10,000	9,600	9,100	8,700	8,500	8,700	8,700
Nondepository Credit Intermediation	4,000	3,600	4,100	3,900	4,000	4,000	4,100	3,800	3,800	3,800
Insurance Carriers & Related	8,500	8,600	9,000	9,400	9,600	9,800	10,000	10,300	9,800	10,200
Insurance Carriers	3,800	3,800	4,100	4,300	4,500	4,400	4,400	4,200	3,900	4,000
Real Estate & Rental & Leasing	16,300	15,500	14,600	14,800	15,700	16,300	17,000	17,900	18,300	18,100
Real Estate	10,500	10,400	10,100	10,700	11,400	11,900	12,000	12,300	12,700	12,800
Professional & Business Services	124,700	122,900	123,200	128,000	130,900	134,900	144,200	142,400	144,000	152,500
Professional, Scientific & Technical Services	36,800	34,100	34,400	36,900	36,800	38,800	38,200	38,400	38,800	40,300
Management of Companies & Enterprises	8,900	8,500	8,200	8,000	8,400	8,300	8,900	9,300	8,300	8,300
Administrative & Support & Waste Services	79,000	80,300	80,600	83,100	85,700	87,800	97,100	94,700	96,900	103,900
Administrative & Support Services	76,400	77,600	77,600	79,700	81,900	84,000	93,200	91,200	93,100	100,200
Employment Services	36,400	37,300	36,500	37,300	37,600	39,700	47,700	42,700	42,400	47,200
Investigation & Security Services	9,600	9,900	10,800	11,100	11,900	12,600	12,900	14,000	15,000	15,600
Services to Buildings & Dwellings	16,400	16,100	16,200	17,000	17,600	17,800	18,600	19,300	19,500	19,600
Educational & Health Services	161,700	160,300	163,600	172,400	187,200	193,200	202,900	212,400	222,300	229,700
Educational Services	15,600	14,900	14,900	15,200	16,900	16,000	16,500	17,700	17,700	19,100
Colleges, Universities & Professional Schools	5,600	5,400	5,500	5,600	5,500	5,400	5,900	5,700	5,300	6,000
Health Care & Social Assistance	146,100	145,400	148,700	157,200	170,300	177,200	186,400	194,700	204,600	210,600
Ambulatory Health Care Services	50,300	51,200	53,100	57,200	58,700	61,700	64,700	66,900	70,400	71,400
Offices of Physicians	16,200	16,200	16,800	18,800	19,100	20,100	21,100	22,400	22,700	22,800
Hospitals	32,600	32,300	34,100	35,000	35,700	35,700	37,200	38,700	38,800	40,000
Nursing & Residential Care Facilities	20,300	20,400	21,300	22,300	23,000	24,300	24,900	25,600	25,700	26,600
Leisure & Hospitality	124,100	122,900	123,600	129,200	135,500	144,300	151,600	159,900	166,800	169,800
Arts, Entertainment & Recreation	14,800	14,900	14,300	14,700	15,900	16,800	17,400	18,300	18,700	19,900
Accommodation & Food Services	109,300	108,000	109,300	114,500	119,600	127,500	134,200	141,600	148,100	149,900
Accommodation	14,600	13,600	13,900	14,300	14,500	16,100	16,700	17,400	18,700	18,100
Food Services & Drinking Places	94,700	94,400	95,400	100,200	105,100	111,400	117,500	124,200	129,400	131,800
Restaurants	91,400	91,000	92,000	96,600	101,400	106,900	114,000	120,400	125,400	127,200
Full-Service Restaurants	38,900	39,300	40,200	42,700	44,100	45,800	47,600	49,400	50,400	51,300
Limited-Service Eating Places	52,500	51,700	51,800	53,900	57,300	61,100	66,400	71,000	75,000	75,900
Other Services	37,500	39,200	39,400	40,800	41,300	43,400	44,300	44,800	45,900	47,200
Repair & Maintenance	13,000	12,900	13,100	13,900	14,700	15,600	16,400	17,000	17,200	17,800
Personal & Laundry Services	9,600	9,800	9,700	10,500	10,500	10,900	11,500	12,000	12,600	12,900

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

TITLE	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18
Government	239,400	241,600	230,800	226,100	227,800	231,400	234,400	244,200	253,200	260,500
Federal Government	20,300	25,000	21,400	20,500	20,200	20,300	20,300	20,500	20,600	20,700
Department of Defense	6,100	6,300	6,400	5,900	5,800	5,800	5,800	5,700	5,600	5,700
Federal Government excluding Department of Defense	14,200	18,700	15,000	14,600	14,400	14,500	14,500	14,800	15,000	15,000
State & Local Government	219,100	216,600	209,400	205,600	207,600	211,100	214,100	223,700	232,600	239,800
State Government	30,800	29,900	30,100	28,900	28,400	28,800	29,200	30,200	30,900	33,200
State Government Education	11,200	10,900	11,600	11,200	11,400	11,800	12,000	12,800	13,400	15,300
State Government Excluding Education	19,600	19,000	18,500	17,700	17,000	17,000	17,200	17,400	17,500	17,900
Local Government	188,300	186,700	179,300	176,700	179,200	182,300	184,900	193,500	201,700	206,600
Local Government Education	105,800	107,100	103,000	102,400	105,400	107,700	110,000	116,500	122,300	125,200
Local Government Excluding Education	82,500	79,600	76,300	74,300	73,800	74,600	74,900	77,000	79,400	81,400
County	37,500	36,400	35,200	34,200	33,300	33,000	32,500	33,700	34,800	36,000
City	17,700	16,600	16,200	15,400	15,000	15,400	15,200	15,300	15,300	15,300
Special Districts plus Indian Tribes	27,300	26,500	24,900	24,700	25,500	26,200	27,200	28,000	29,300	30,100

## THE ECONOMY AND ECONOMIC OUTLOOK

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Administration	5	5	5	5	5
Operation	474	473	445	438	443
Maintenance	118	111	99	102	101
Information Technology	10	10	6	6	5
Marketing	23	24	23	23	25
Planning	15	16	17	19	18
Human Resources	11	11	9	9	9
Safety & Security	4	4	4	4	3
Procurement	21	21	17	19	18
Finance	16	12	12	12	11
Integrated Project Mgmt. Oversight (IPMO)					
Rail					
Special Transportation Services					
Total	<u>697</u>	<u>687</u>	<u>637</u>	<u>637</u>	<u>638</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Administration	3	4	4	4	5
Operation	450	468	464	479	481
Maintenance	100	102	107	103	101
Information Technology	5	8	8	8	8
Marketing	24	29 *	30	30	32
Planning	15	0	0	0	0
Human Resources	9	9	9	10	13
Safety & Security	3	3	4	4	3
Procurement	19	18	20	18	18
Finance	11	12	12	12	11
Integrated Project Mgmt. Oversight (IPMO)		4 **	3	1	0 ****
Rail Service				2	2
Special Transportation Services			10 ***	13	13
Total	<u>639</u>	<u>657</u>	<u>671</u>	<u>684</u>	<u>687</u>

\* 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.

\*\*\*\* Re-evaluated to Capital Projects Services Manager in Human Resources.

Source: Human Resources Department



## OPERATING EXPENSES BY CATEGORY

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Personnel	\$26,704,109	\$26,628,484	\$24,869,713	\$25,280,131	\$25,718,114
Materials & Supplies	9,062,296	8,831,959	7,743,557	8,479,014	8,396,813
Casualty & Liability	4,448,557	4,233,360	4,674,142	5,100,830	6,525,076
Purchased Transportation	6,719,510	7,114,073	8,831,959	8,882,227	9,084,344
Depreciation & Other	30,091,084	31,693,482	33,182,921	38,534,224	37,492,829
Total Operating Expenses	<u>\$77,025,556</u>	<u>\$78,501,358</u>	<u>\$79,302,292</u>	<u>\$86,276,426</u>	<u>\$87,217,176</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Personnel	\$25,505,890	\$26,313,115	\$28,621,780	\$31,716,325	\$33,842,292
Materials & Supplies	8,533,634	9,191,072	7,288,414	7,663,731	5,584,044
Casualty & Liability	1,146,301	2,851,520	3,107,806	6,379,626	7,869,167
Purchased Transportation	9,075,431	9,261,048	9,041,314	8,803,691	8,947,264
Depreciation & Other	36,477,412	36,491,366	37,834,526	41,517,627	47,200,083
Total Operating Expenses	<u>\$80,738,668</u>	<u>\$84,108,121</u>	<u>\$85,893,840</u>	<u>\$96,081,000</u>	<u>\$103,442,850</u>

Source: Finance Department

## OPERATING EXPENSES BY FUNCTION

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Transportation	\$27,787,511	\$28,239,330	\$29,168,399	\$29,261,593	\$29,269,181
Maintenance	16,627,719	15,770,795	14,204,780	14,830,016	15,043,634
Risk Management *	4,448,557	4,233,360	4,674,142	5,100,830	6,525,076
Marketing	2,330,561	2,673,847	2,260,166	2,259,488	2,452,956
General Administration	7,451,941	7,226,877	7,835,246	8,052,766	6,887,007
Depreciation & Other **	18,379,268	20,357,148	21,159,558	26,771,733	27,039,322
Total Operating Expenses	<u>\$77,025,556</u>	<u>\$78,501,358</u>	<u>\$79,302,292</u>	<u>\$86,276,426</u>	<u>\$87,217,176</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Transportation	\$30,149,343	\$31,337,405	\$34,444,699	\$34,901,970	\$35,768,134
Maintenance	15,213,652	16,223,257	14,588,796	15,895,286	13,788,752
Risk Management *	1,146,301	2,851,520	3,107,806	6,379,626	7,869,167
Marketing	2,411,375	2,925,275	3,126,790	3,208,490	3,282,207
General Administration	8,473,242	8,147,166	6,615,304	9,315,612	13,341,246
Depreciation & Other **	23,344,755	22,623,498	24,010,445	26,380,016	29,393,344
Total Operating Expenses	<u>\$80,738,668</u>	<u>\$84,108,121</u>	<u>\$85,893,840</u>	<u>\$96,081,000</u>	<u>\$103,442,850</u>

\* Risk Management consist of casualty and liability costs.

\*\* Depreciation & Other cost consist of depreciation, purchased transportation, leases and rentals, donation to other agency, and capital purchases charged to operating.

Source: Finance Department

## CAPITAL ASSETS BY FUNCTION

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Fixed route					
Buses	173	177	167	179	172
Paratransit					
Paratransit buses	102	101	106	106	96
Paratransit vans	10	10	10	10	10
Support vehicles					
Vans, cars & trucks	52	49	42	43	37
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fixed route					
Buses	186	191	199	188	208
Paratransit					
Paratransit buses	126	122	144	109	137
Paratransit vans	10	9	6	0	0
Support vehicles					
Vans, cars & trucks	37	40	43	68	88

*Source: Finance Department.*









1700 W. Fifth St.  
San Bernardino, CA 92411  
909-379-7100  
[www.omnitrans.org](http://www.omnitrans.org)