



**BOARD OF DIRECTORS
FEBRUARY 7, 2018
SUPPLEMENTAL INFORMATION**

**ITEM #E9 FISCAL YEAR ENDED JUNE 30, 2017 AUDIT REPORTS
AGREED UPON PROCEDURES
SINGLE AUDIT REPORT
INDEPENDENT AUDITORS' REPORT ON PROP 1B
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

OMNITRANS

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

For the Period
July 1, 2016 through June 30, 2017



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Omnitrans
San Bernardino, California

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

1. A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
2. A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
3. Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
4. A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
5. The data collection methods are those suggested by FTA or meet FTA requirements.
6. The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles data, appear to be accurate.
7. Data are consistent with prior reporting periods and other facts known about Omnitrans' operations.

We have performed the procedures described in Attachment 1 of this report, which were agreed to by Omnitrans and the FTA and specified in the declarations section of the *2017 Policy Manual*, solely to assist you in evaluating whether Omnitrans complied with the standards described above and that the information included in the NTD report FFA-10 form for the year ended June 30, 2017, is presented in conformity with the requirements of the *Uniform System of Accounts and Records and Reporting System; Final Rule*, as specified in 49 CFR part 630, *Federal Register*, January 15, 1993 and as presented in the *2017 Policy Manual*. Omnitrans' management is responsible for Omnitrans' compliance with those standards and the accuracy of the FFA-10 form. The sufficiency of these procedures is solely the responsibility of Omnitrans and FTA. Consequently, we make no representation regarding the sufficiency of the procedures described in Attachment 1 either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings described in Attachment 1 of this report, which are referenced in order to correspond to the *2017 Policy Manual* procedures, were applied separately to each of the information systems used to develop the reported vehicle revenue miles (VRM), passenger miles (PM), fixed guideway directional route miles (FG DRM), High Intensity Bus Lanes directional route miles (HIB DRM), and operating expenses of Omnitrans for the year ended June 30, 2017, and for each of the following modes: (1) Motor Bus - directly operated (MBDO), (2) Motor Bus - purchased transportation (MBPT) and (3) Demand Response - purchased transportation (DRPT).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with the procedures noted in Exhibit 68 of the *2017 Policy Manual* or on the FFA-10. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

A handwritten signature in black ink, reading "Vavriach, Train, Day & Co., LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California

October 31, 2017

Excerpt from the FTA 2017 Policy Manual Exhibit 68 - Federal Funding Allocation Data Review Suggested Procedures:

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

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

- a. The procedures to be applied to each applicable mode and type of service (TOS) (directly- operated (DO) and purchased transportation (PT)) are: Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2017 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.

Results – We obtained and read a copy of written procedures related to the system for reporting and maintaining data and found them in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2017 Policy Manual.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:
 - The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2017 Policy Manual.

Results - We inquired regarding Omnitrans' procedures for the MBDO, MBPT and DRPT services noting that the asserted procedures were consistently applied. In addition, based on our inquiry with the Planning and Scheduling Manager and the Operations Services Supervisor, management asserted that the procedures resulted in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2017 Policy Manual.

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

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

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

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

<i>Type of Service</i>	<i>Source Document</i>	<i>Months Tested</i>
<i>MBDO</i>	<ul style="list-style-type: none"> <i>MBDO Statistics Reports (queried from TransTrack Manager System database)</i> <i>Passenger Mile Survey Summary from Automated Passenger Count system GFI database</i> <i>Ridership by Trip Reports</i> <i>Trapeze FX Summaries by Route</i> <i>Route Plans</i> 	<ul style="list-style-type: none"> <i>August 2016, December 2016 and March 2017.</i> <i>Three years of data were noted to be archived on Omnitrans' network.</i>
<i>MBPT</i>	<ul style="list-style-type: none"> <i>MBPT Statistics Reports (queried from TransTrack Manager System database)</i> <i>Ridership by Trip Reports</i> <i>Trapeze FX Summaries by Route</i> <i>Route Plans</i> <i>Passenger Mile Survey Summary</i> <i>Survey Trip Sheets</i> 	<ul style="list-style-type: none"> <i>August 2016, December 2016 and March 2017.</i> <i>Three years of data were noted to be archived on Omnitrans' network.</i>
<i>DRPT</i>	<ul style="list-style-type: none"> <i>DRPT Statistics Reports (queried from TransTrack Manager System database)</i> <i>Daily Totals from the Trapeze Pass system</i> <i>Trip Distance Productivity Reports from the Trapeze Pass system</i> <i>Driver Manifests generated from the Trapeze Pass system</i> <i>Passenger Mile Survey Summary</i> <i>Survey Trip Sheets</i> 	<ul style="list-style-type: none"> <i>August 2016, December 2016 and March 2017.</i> <i>Three years of data were noted to be archived on Omnitrans' network.</i>

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

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

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

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

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

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

- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2017 Policy Manual.

Results – Sampling was conducted for the MBDO, MBPT and DRPT mode. We inspected the sampling methodologies and noted that the sampling methodology used met the requirements of the 2017 Policy Manual.

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

- According to the 2010 Census, the public transit agency serves an UZA with a population less than 500,000.
- The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
- Service purchased from a seller is included in the transit agency's NTD report.
- For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and ± 10 percent precision requirements.
- Determine how the transit agency estimated annual PMT for the current report year.

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

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

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

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

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

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

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

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

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

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

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

Results – For the MBDO and MBPT modes, Omnitrans tracks actual VRM in real time using the Trapeze Intelligent Transportation System from which data is uploaded monthly to the TransTrack Manager System. The results are reviewed by management against total scheduled VRM and any discrepancies are investigated. The tracking is performed on fixed routes only which will not include deadhead miles. We selected August 2016, December 2016 and March 2017, recalculated the MBDO VRMs and compared them to amounts used in the total VRM without exception. Per discussion with the Operations Services Supervisor the MBPT contractor completes all scheduled routes and there are no missed trips.

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

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

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

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

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

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

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

- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR); or
- Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW); and
 - i. Access is restricted;
 - ii. Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway;
 - iii. Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation; and
 - iv. High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. The transit agency has provided the NTD a copy of the State's certification to the U.S. Secretary of Transportation stating that it has established a program for monitoring, assessing, and reporting on the operation of the HOV facility with HO/T lanes.

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

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

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

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
 - If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.

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

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

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

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

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

- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2017 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2017 report year, the Agency Revenue Service Date must occur within the transit agency's 2017 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

Results – This procedure is not applicable because Omnitrans did not add any new segments during the 2017 report year.

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

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

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

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

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

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

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

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

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

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

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

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

Results – The following fluctuations over 10% were noted on the FFA-10 Form:

- *A 10.5% decrease in Passenger Miles for MBDO*
- *A 18.7% increase in Operating Expenses for MBDO*
- *A 27.8% decrease in Passenger Miles for MBPT*

No fluctuations of over 10% were noted in the DRPT mode.

The 10.5% decrease in Passenger Miles for MBDO was noted. Per inquiry with the Planning and Scheduling Manager, this was due to the combination of a drop in ridership and a decrease in the average trip length during the current year.

The 18.7% increase in Operating Expenses for MBDO was noted. Per inquiry with the Senior Financial Analyst, this was due to a large increase in insurance costs combined with increasing salaries up to market levels.

The 27.8% decrease in Passenger Miles for MBPT was noted. Per inquiry with the Operations Services Supervisor, this was due to a combination of an overall drop in ridership and shorter routes.

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

Results – We have documented the procedures followed based on the FTA 2017 Policy Manual Exhibit 68 - Federal Funding Allocation Data Review - Suggested Procedures, and noted the documents reviewed and tests performed in our workpapers. Additional procedures were not performed.

OMNITRANS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2017

OMNITRANS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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

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

Board of Directors
Omnitrans
San Bernardino, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Omnitrans as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements, and have issued our report thereon dated December 27, 2017. Our report contained an emphasis of matter regarding the City's adoption of Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No 68 and No. 73*, effective July 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Omnitrans' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Omnitrans' internal control. Accordingly, we do not express an opinion on the effectiveness of Omnitrans' internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Omnitrans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6667 of Title 21 of the California Code of Regulations and California Government Code §8879.50 et seq., and the allocation instructions of San Bernardino Associated Governments, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, Section 6667 of Title 21 of the California Code of Regulations, or the California Government Code §8879.50 et seq.

Purpose of this Report

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



Rancho Cucamonga, California
December 27, 2017



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

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

Board of Directors
Omnitrans
San Bernardino, California

Report on Compliance for Each Major Federal Program

We have audited Omnitrans' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Omnitrans' major federal programs for the year ended June 30, 2017. Omnitrans' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Omnitrans complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

Omnitrans' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and separate corrective action plan. Omnitrans' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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

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

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

We have audited the financial statements of Omnitrans as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements. We have issued our opinion thereon dated December 27, 2017, which contained an unmodified opinion on those financial statements. Our report included an emphasis of matter paragraph regarding Omnitrans' adoption of Governmental Accounting Standards Board (GASB) Statement 82, *Pension Issues-An Amendment of GASB Statements No. 67, No 68 and No. 73*, effective July 1, 2016. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Rancho Cucamonga, California
December 27, 2017

OMNITRANS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor Program Title	Federal Domestic Assistance Number	Grant Number	Federal Expenditures	Amount Provided to Subrecipients
U.S. Department of Transportation:				
<u>Direct Assistance:</u>				
<u>Federal Transit Cluster:</u>				
Federal Transit - Capital Investment Grants	20.500	CA-03-0816-00	\$ (2,625,810)	\$ -
Federal Transit - Capital Investment Grants	20.500	CA-04-0228-00	12,525	12,525
Federal Transit - Capital Investment Grants	20.500	CA-04-0191-00	456	456
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-95-X124-00	611,476	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y602-00	487,633	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y681-00	727,152	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y775-00	231,642	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y850-00	1,521,899	414,539
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-95-X257-00	957,389	957,389
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Y939-00	111,160	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z009-00	257,404	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z112-00	15,598,569	12,000,000
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z231-00	14,704	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-90-Z280-00	2,363,662	22,459
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	1681-2016-1	3,782,040	4,048
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2017-030-00	1,260,509	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA-2017-032-00	8,458,813	-
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.507	CA -90-X822	26,885	-
<u>Passed-through SCAG</u>				
Federal Transit - Formula Grants (Urbanized Area Formula Program)	20.526	CA-34-0027	3,611,526	-
Subtotal - Federal Transit Cluster			<u>37,409,634</u>	<u>13,411,416</u>
Public Transportation Research - FY 14-15 Section 5314	20.514	CA-26-7301-00	<u>59,829</u>	<u>-</u>
<u>Transit Services Programs Cluster:</u>				
Job Access and Reverse Commute Program - FY06-08 Section 5316 Capital	20.516	CA-37-X090-00	204,586	204,586
Job Access and Reverse Commute Program - FY09-10 Section 5316 Capital	20.516	CA-37-X146-00	885,003	78,434
Job Access and Reverse Commute Program - FY11-12 Section 5316 Capital	20.516	CA-37-X174-00	147,193	147,193
New Freedom Program FY06-08 - 5317 (Amend)	20.521	CA-57-X017-00	39,556	39,556
New Freedom Program FY09-10 - 5317	20.521	CA-57-X062-00	89,821	89,821
New Freedom Program FY11-12 - 5317	20.521	CA-57-X089-00	86,458	86,458
Subtotal - Transit Services Programs Cluster			<u>1,452,617</u>	<u>646,048</u>
Total - U.S. Department of Transportation			<u>38,922,080</u>	<u>14,057,464</u>
Total Expenditures of Federal Awards			<u>\$ 38,922,080</u>	<u>\$ 14,057,464</u>

See accompanying note to Schedule of Expenditures of Federal Awards.

OMNITRANS

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE #1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Scope of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Omnitrans under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Omnitrans, it is not intended to and does not present the financial position, changes in net position, or cash flows of Omnitrans.

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

(B) Basis of Accounting

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

(C) Subrecipients

During the fiscal year ended June 30, 2017, Omnitrans provided \$14,057,464 in federal awards to subrecipients from funding provided by the U.S. Department of Transportation.

(D) Indirect Cost

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

OMNITRANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

None reported

Noncompliance material to financial statements noted?

No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

No

Significant deficiency(ies) identified?

Yes

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes

Identification of major federal programs:

CFDA Number(s)
20.500, 20.507, 20.526
20.516, 20.521

Name of Federal Program or Cluster
Federal Transit Cluster
Transit Services Programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 1,167,662

Auditee qualified as low-risk auditee?

Yes

OMNITRANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

II. FINANCIAL STATEMENT FINDINGS

None reported.

OMNITRANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2017-001

Program: Federal Transit Cluster

CFDA No.: 20.500, 20.507, 20.526

Federal Agency: U.S. Department of Transportation

Passed-through: Includes pass-through amounts from SCAG

Compliance Requirements: Special Tests and Provisions-Wage Rate Requirements Cross-Cutting Section

Award Year: FY 2016-17

Criteria:

All laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Department of Labor (40 USC 3141-3144, 3146, and 3147).

2 CFR section 200.303 requires that non-federal entities receiving Federal awards establish and maintain internal controls designed to provide reasonable assurance of compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Non-federal entities shall include in their construction contracts subject to the Wage Rate Requirements, a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition:

There were six vendors that received Federal Transit funding on construction contracts or subcontracts that were over \$2,000 in fiscal year 2017. Omnitrans did not have a procedure in place documenting that the certified payrolls were reviewed prior to approving disbursement of funds for the weeks involving disbursement of Omnitrans' funds.

Questioned Costs:

No questioned costs were identified as a result of our procedures.

Context:

The condition noted above was identified during our procedures related to special tests and provisions in accordance with the Uniform Guidance.

Effect:

Omnitrans did not maintain documentation to support that it obtained and reviewed certified payrolls.

OMNITRANS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Cause:

Omnitrans did not maintain policies, procedures and supporting documentation to ensure that certified payrolls were obtained and reviewed.

Recommendation:

Omnitrans should review its policies and procedures regarding the Department of Transportation Wage Rate Requirements and certified payrolls for construction contracts using Federal Transit funds.

View of Responsible Official and Planned Corrective Actions:

See separate corrective action plan.

OMNITRANS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2017

Financial Statement Prior Year Findings

Finding No.	Finding Description	Status of Corrective Action
2016-001	Financial Reporting	Implemented

OMNITRANS
San Bernardino, California

INDEPENDENT AUDITORS' REPORT ON
PROPOSITION 1B

Year Ended June 30, 2017

OMNITRANS

PROPOSITION 1B

JUNE 30, 2017

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Schedule of Unspent Funds and Cash Disbursements

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

VALUE THE *difference*

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

Board of Directors
Omnitrans
San Bernardino, California

We have audited the financial statements of Omnitrans as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise Omnitrans' basic financial statements and have issued our report thereon dated December 27, 2017, which expressed an unmodified opinion on those financial statements. Those financial statements are the responsibility of Omnitrans' management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

A handwritten signature in black ink that reads 'Vavrinek, Trine, Day & Co., LLP'.

Rancho Cucamonga, California
December 27, 2017, 2017

**OMNITRANS
PROPOSITION 1B**

**SCHEDULE OF UNSPENT FUNDS AND CASH DISBURSEMENTS
YEAR ENDED JUNE 30, 2017**

	<u>PTMISEA (1)</u>	<u>CTSG (2)</u>	<u>Total</u>
Unspent Prop 1B funds as of June 30, 2016	\$ 24,768,095	\$ 370,858	\$ 25,138,953
Prop 1B funds received during the year ended June 30, 2017	-	128,566	128,566
Interest revenue earned on unspent Prop 1B funds during fiscal year ended June 30, 2017	81,311	32	81,343
Change in fair market value of investments during the year ended June 30, 2017	(68,500)	-	(68,500)
Prop 1B disbursements during the year ended June 30, 2017	<u>(4,808,817)</u>	<u>(163,397)</u>	<u>(4,972,214)</u>
Unspent Prop 1B funds as of June 30, 2017	<u>\$ 19,972,089</u>	<u>\$ 336,059</u>	<u>\$ 20,308,148</u>

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

(2) California Transit Security Grant

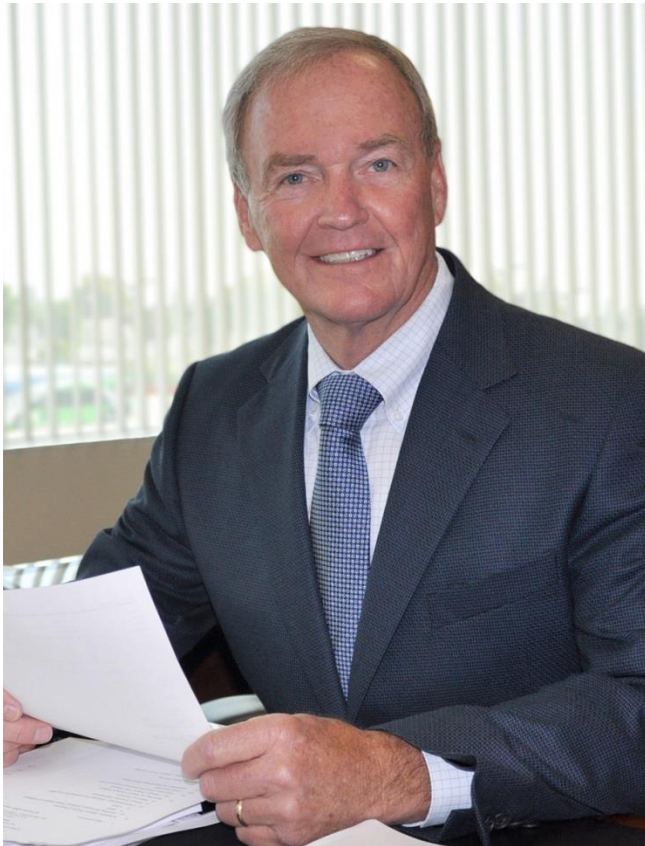
CONNECTING OUR COMMUNITY



OmniTrans, San Bernardino, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2017





*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, 2017. The financial statements are presented in conformity with generally accepted accounting principles and were audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.*

I am thankful for your dedication and support in achieving and delivering major initiatives for fiscal year 2017. A key initiative this year was the conversion to a more economical compressed natural gas (CNG) fuel delivery system, yielding a significant cost savings to the Agency. This project is critical to strengthening Omnitrans' sustainability and financial future.

In addition, results of a comprehensive rider survey delivered an outstanding 85% customer satisfaction rating. The report praised operators, cleanliness and reliability of our buses, the sbX service and the overwhelming appreciation of our transit center.

Knowing who we are and where we are going is essential to our success. We are an Agency that thinks strategically and capitalizes on tactical opportunities. We have a strong safety culture and place security at the forefront of our planning. We practice fiscal accountability through sound business practices while encouraging new ideas and cultivating employee development.

As President Regan once said; "Some people spend an entire lifetime wondering if they made a difference in the world." We may not conquer the world, but here at Omnitrans every day we come to work, we are making a difference in the lives of the customers and communities we serve.

Thank you for your dedication and support.

OMNITRANS

San Bernardino, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017
(With Independent Auditor's Report Thereon)



Prepared by the Finance Department

DONALD WALKER
Director of Finance

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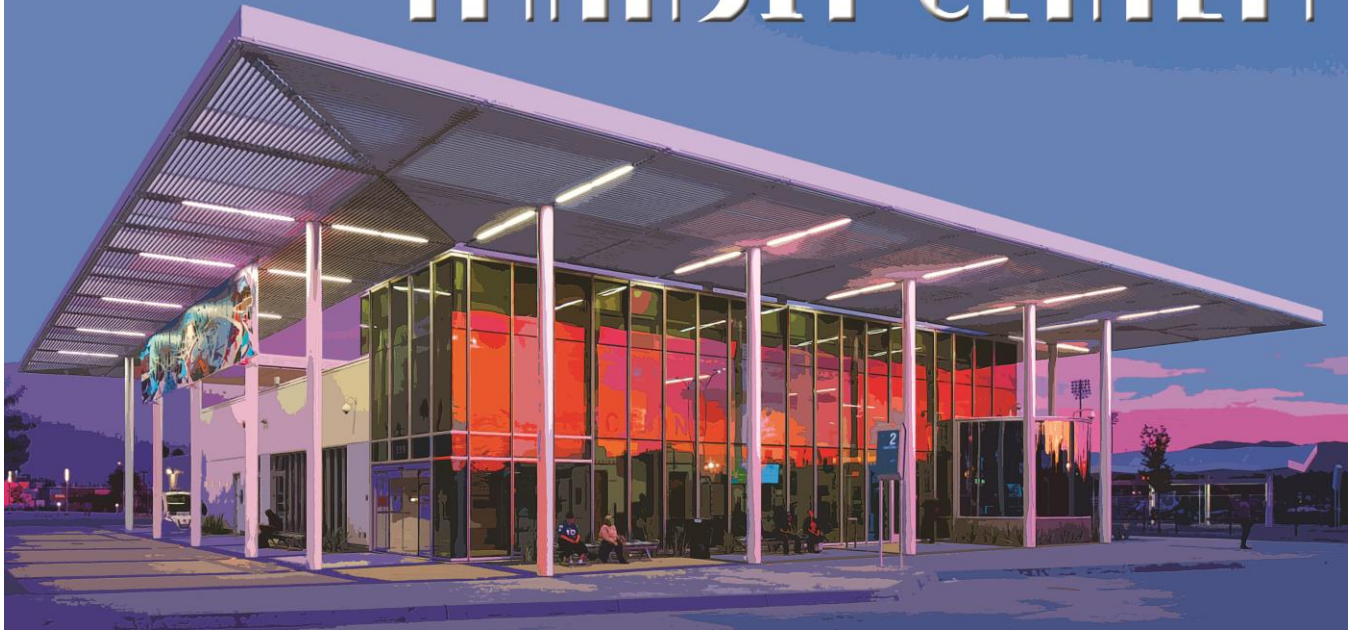
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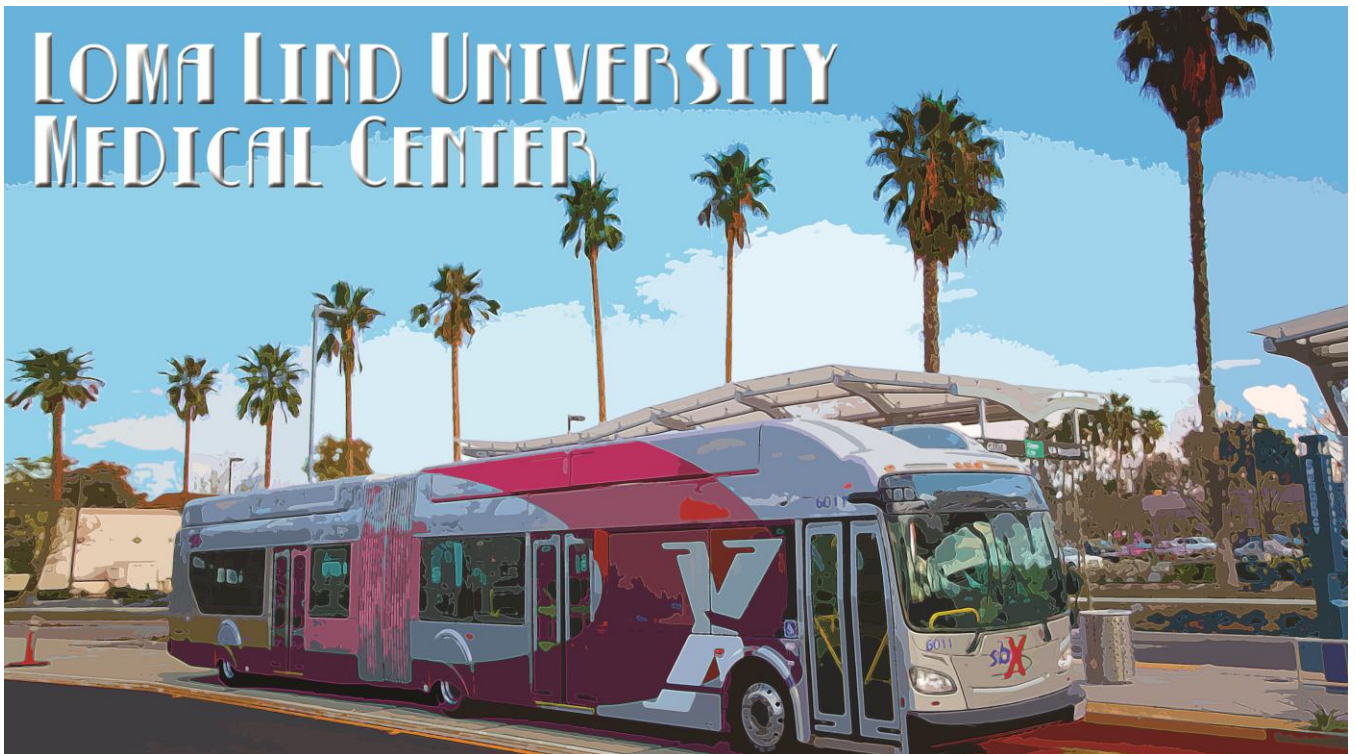
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SAN BERNARDINO TRANSIT CENTER



LOMA LIND UNIVERSITY MEDICAL CENTER



INTRODUCTORY SECTION



December 27, 2017

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

California Government Code sections 25250 and 25253 require that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published in fulfillment of that requirement for the fiscal year ended June 30, 2017.

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, 2017, 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, 2017 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

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Phone: 909-379-7100 • Web site: www.OmniTrans.org • Fax 909-889-5779

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

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

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

OmniTrans takes great pride in the fact that previously issued CAFRs have been awarded a prestigious award by The Government Finance Officers Association (GFOA) in the form of its Certificate of Achievement for Excellence in Financial Reporting. OmniTrans has received the GFOA "Certificate of Achievement for Excellence in Finance Reporting" a total of fourteen (14) times. These prior awards and the one that we are currently seeking this year evidence the significant improvements regarding the strengthening of internal controls and our compliance with stringent GFOA standards for professional financial reporting. OmniTrans' system of internal control is supported by written policies and procedures and is continually reviewed, evaluated and modified to meet current needs.

Local Economy

The Inland Empire economic growth outpaces the state of but challenges remain according to economist. This momentum is expected to continue throughout 2017. The growth is related to steady gains in logistics, health care and construction sectors as well as a strong job market and economy. However there are challenges remaining with overcoming poverty and low education levels. A leading economist on the Inland Empire reported for San Bernardino County and the Inland Empire, five industry sectors (*logistics, construction, health care, manufacturing, and professional / management / scientific work*) are driving the economic growth.

Despite the positive outlook, there are still challenges the region must contend with, particularly the high poverty levels and income disparity. The education of the adult labor force in the Inland Empire is relatively modest and therefore has impacted the nature of the economy. Less education generally means lower-paying jobs. The cities in the region lag behind the rest of Southern California in that 47.1 percent of adults had a high school education or less in 2015, and only 20.1 percent had a bachelor's degree of higher.

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, 2016. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state or local government financial report. This was OmniTrans thirteenth time receiving this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR.

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

Omnitrans was proud to open its new San Bernardino Transit Center to the public in September 2015. The San Bernardino Transit Center is a major transportation hub in downtown San Bernardino, which provides connections for riders between the sbX Green Line bus rapid transit service, 11 other Omnitrans routes, three other regional bus services, and future commuter rail. The \$25 million LEED Gold Transit Center is a state-of-the-art facility with a transit building including a pass sales / information desk, public lobby and restrooms, staff break area, 24/7 security, real-time bus arrival electronic information signs, and energy-saving features such as rooftop solar panels. The Inland Empire Biking Alliance opened a bicycle cooperative called the Hubitat at the Transit Center in May 2016, which is open three days a week and provides low-cost bike repair assistance for multi-modal travelers.

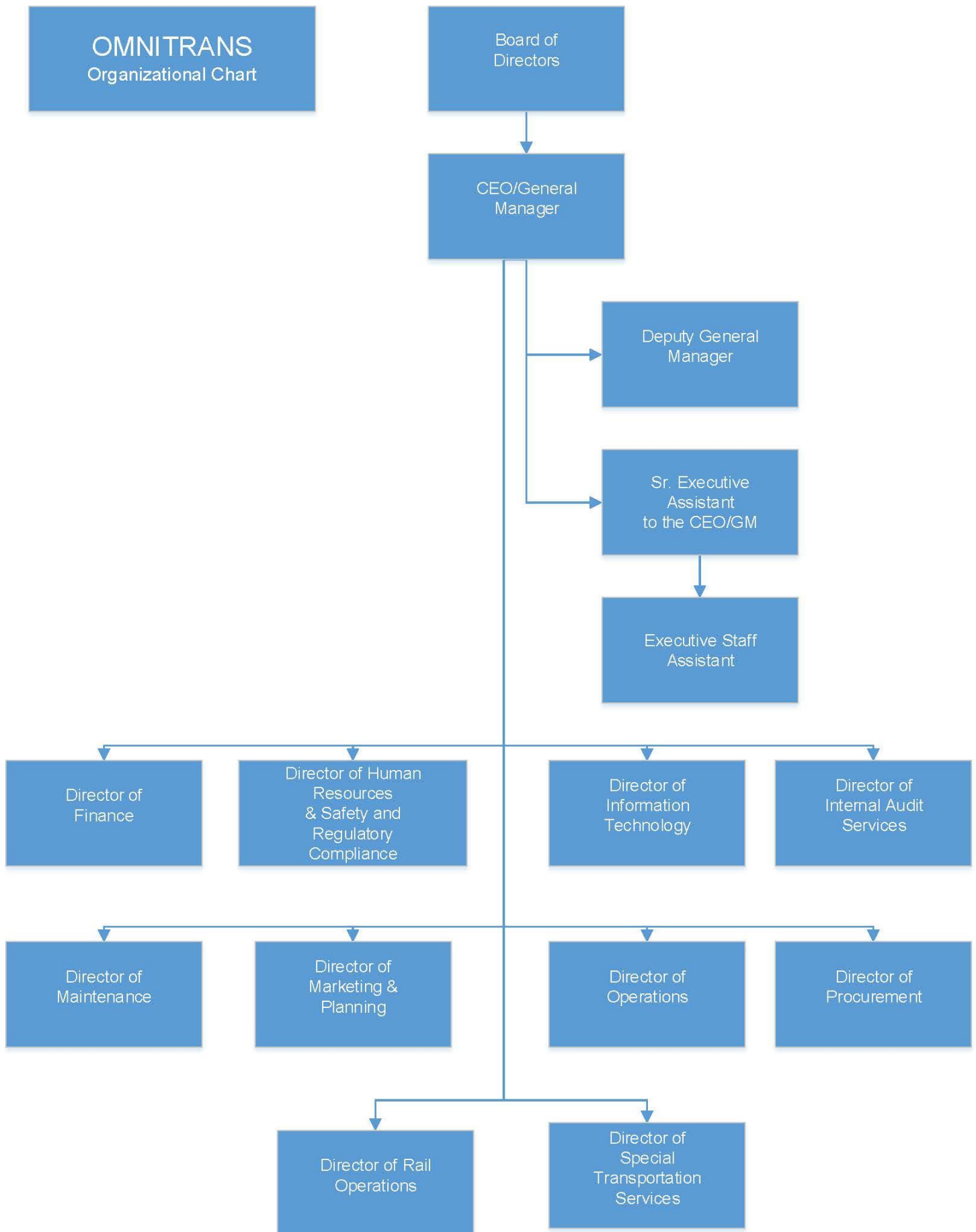
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the Finance Department staff, with special thanks to Mae Sung, Accounting Manager and Maurice Mansion, Treasury Manager. We wish also to express our appreciation to P. Scott Graham,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

Respectfully submitted,



Donald Walker
Director of Finance, OMNITRANS

OMNITRANS Organizational Chart



OMNITRANS SENIOR LEADERSHIP TEAM

P. Scott Graham
CEO/General Manager

Erin Rogers
Deputy General Manager

Donald Walker
Director of Finance

Marjorie Ewing
Director of Human Resources & Safety and Regulatory Compliance

Jacob Harms
Director of Information Technology

Samuel J. Gibbs
Director of Internal Audit Services

Vacant
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



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Sam Spagnolo
Rancho Cucamonga



Vice Chair
Ron Daily
Loma Linda



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Curt Hagman
County



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County



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James Ramos
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Grand Terrace



Penny Lilburn
Highland



Paul Eaton
Montclair



Alan Waper
Ontario



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Redlands



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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO

PROFILE OF OMNITRANS

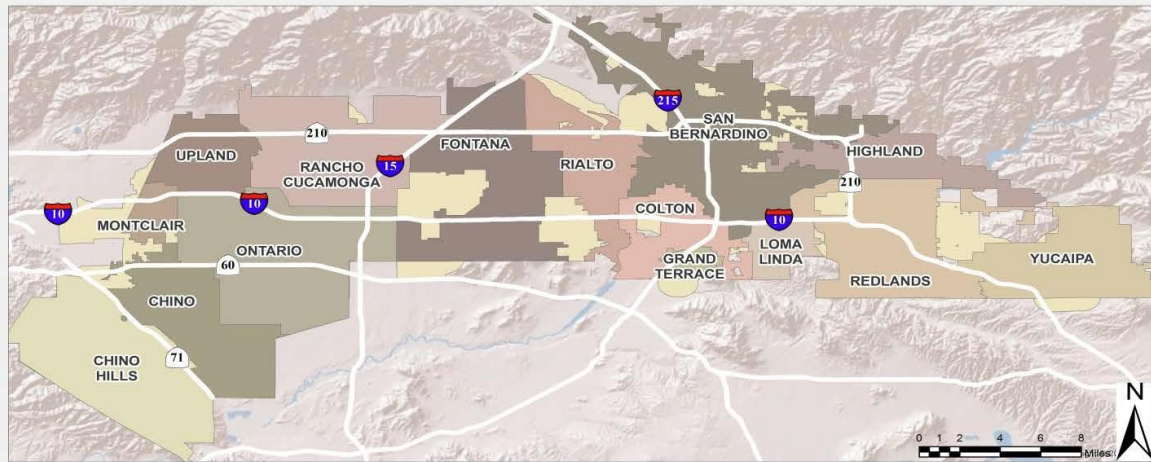
OmniTrans was founded in 1976 under a Joint Powers Agreement to provide transportation service to the San Bernardino Valley. OmniTrans is the major public transportation provider in the San Bernardino Valley, with a service area of approximately 456 square miles, serving fifteen municipalities, and many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

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

As of June 30, 2017, OmniTrans had a staff of 657 employees to provide its services. The CEO/General Manager is responsible for the day-to-day management of the Agency and acts as the liaison to the Board of Directors and each of the committees. Reporting to the CEO/General Manager are the following departments:

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

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

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

sbX Bus Rapid Transit

- The sbX Green line is a Bus Rapid Transit Line that serves the E Street Corridor in the cities of San Bernardino and Loma Linda.
- During FY2017, the sbX Green Line operated on weekdays from 6:00 AM with the last trip departing at 8:00 PM. It offers 10 minute peak service 6:00 AM to 9:00 AM and 3:00 PM to 6:00 PM. Off-peak service frequency is 15 minutes.
- The sbX Green Line is 15.7 miles long, with 5.4 miles of dedicated bus-only lanes. sbX has 16 named station locations and 23 platforms that offer enhanced amenities including level boarding, NexTrip arrival signs, ticket vending machines and custom shelters and benches.

Freeway Express Service

- Omnitrans operates 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 26 traditional local fixed routes and five OmniGo local circulator routes as of June 30, 2017.
- Routes operate at 15 to 70 minute intervals.
- All routes operate Monday through Friday with service beginning at 3:33 AM and ending at 11:31 PM. On Saturdays there are 24 routes and four OmniGo circulators in operation with service beginning at 5:35 AM and ending at 10:35 PM. On Sundays there are 22 routes and four OmniGo circulators in service which begin at 5:18 AM and end at 8:26 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.

FY17 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	260	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).



FINANCIAL SECTION



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

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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, 2017, 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, 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Omnitrans implemented Governmental Accounting Standards Board (GASB) Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No 68 and No. 73*, effective July 1, 2016. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the schedule of changes in the net pension liability and related ratios on page 37, and the schedule of contributions on page 38, 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, 2016, from which such partial information was derived.

We have previously audited Omnitrans' 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated January 10, 2017. In our opinion, the partial comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of Omnitrans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Omnitrans' internal control over financial reporting and compliance.



Rancho Cucamonga, California
December 27, 2017

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, 2017.

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 2017, the Statement of Net Position presents total assets of \$268.3 million. A decrease of \$7.8 million or 2.8% below the close of the previous fiscal year-end. Decreases in current and other assets were offset by increases in net capital assets.
- Total noncurrent assets at fiscal year-end 2017 increased from \$204.3 million to \$212.9 million or 4.2%. Non-depreciable capital assets increased \$14.5 million and depreciable capital assets decreased \$6.0 million.
- Total current liabilities at fiscal year-end 2017 decreased \$11.3 million or 23.6% below the previous fiscal year. The majority of the decrease is attributed to fewer pending invoices and a reduction in unearned revenue at fiscal year-end.
- Total non-current liabilities increased from \$16.0 million at fiscal year-end 2016 to \$25.7 million at fiscal year-end 2017. This is an increase of \$9.7 million or 60.6%. The majority of the increase is attributed to the increase in net pension liability.
- Total revenues for fiscal year-end 2017 were \$114.6 million compared to \$118.7 for the previous fiscal year. This is \$4.1 million or 3.5% decrease in revenue. Total expenses for fiscal year-end 2017 were \$110.9 million compared to \$97.7 million for the previous fiscal year. This is an increase of \$13.2 million or 13.5%.
- Capital assistance increased \$1.4 million or 4.1% from \$34.4 million at fiscal year end June 30, 2016 to \$35.8 million at fiscal year end June 30, 2017.

Overview of the Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017 and 2016. 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 2017 with fiscal year 2016. For additional information regarding the Agencies financial activities for fiscal year ended June 30, 2017, 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, 2017 were \$114.6 million compared to \$118.7 for the previous fiscal year-end. This is a \$4.1 million or 3.5% decrease compared to last fiscal year-end. The majority of the decrease is attributed to a reduction in federal and local operating grants. Federal and local operating grants for OmniTrans decreased from \$68.2 million in fiscal year 2016 to \$63.6 million in fiscal year 2017. This represents a \$4.6 million or 6.7 percent decrease in federal and local operating grants revenue.

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

- Measure I - the ½ cent sales tax collected throughout San Bernardino County for transportation improvements.
- Local Transportation Fund (LTF) - Transportation Development Act (TDA) earmark ¼ percent of the state sales tax for transit.
- Urbanized Area Formula Program (5307) - transit capital and operating assistance in urbanized areas and for transportation-related planning.
- Congestion Mitigation and Air Quality Improvement (CMAQ) - established to support surface transportation projects and other related efforts that contribute air quality improvements and provide congestion relief.
- Job Access and Reverse Commute (JARC) – established to improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and non-urbanized areas to suburban employment opportunities.
- New Freedom - a formula grant program aims to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force available to people with disabilities beyond the requirements of the Americans with Disabilities Act of 1990 (ADA).

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 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, 2017 was \$52.8 thousand compared to \$172.1 thousand for the previous fiscal year-end.

Revenue from the Compressed Natural Gas (CNG) fuel tax credit for fiscal year ended June 30, 2017 increased \$1.5 million compared to 1.4 million for fiscal year-end 2016. The Alternative Fuel Tax Credit ended in 2016.

OMNITRANS' Revenues

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Passenger fares	\$ 12,956,556	13,809,102	(852,546)	(6.2)
Advertising revenue	596,098	673,669	(77,571)	(11.5)
Other Transportation Revenue	62,779	57,832	4,947	8.6
Federal and local operating grants	63,623,628	68,179,717	(4,556,089)	(6.7)
Capital assistance	35,816,686	34,402,150	1,414,536	4.1
Interest Income	52,757	172,124	(119,367)	(69.3)
CNG fuel tax credit	1,469,425	1,408,668	60,757	4.3
Other non-operating revenues/(expenses)	32,078	9,328	22,750	243.9
Total Revenues	\$ <u>114,610,007</u>	<u>118,712,590</u>	<u>(4,102,583)</u>	(3.5)

Expenses

Total expenses for fiscal year-end 2017 were \$110.9 compared to \$97.7 million for the previous fiscal year end. This is a 13.2 million or 13.5% increase. Increase in wages, salaries, and benefits, general and administrative expenses, pass-through to other agencies, and depreciation account for the majority of the increase.

Wages, salaries and benefits increased from \$42.8 million for fiscal year-end 2016 to \$47.8 million for fiscal year-end 2017. The \$42.8 million for the previous fiscal year include a \$2.6 million decrease for the change in the net pension liability. The \$47.8 million for fiscal year-end 2017 include a \$0.8 million decrease for the change in the net pension liability.

General and administrative expenses increased \$3.3 million or 48.0% compared to the previous fiscal year. Total general and administrative expenses for fiscal year-end 2017 were \$10.2 million compared to \$6.9 million for the previous fiscal year. Included in general and administrative expenses are estimated outstanding losses in the Actuarial Study for FY2017. The estimated outstanding losses increased \$0.8 million since the estimate as of June 30, 2016. A \$1 million increase for workers compensation was partially offset by a \$0.2 million decrease for liability.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OmniTrans, as a direct grantee of FTA funding, is responsible for complying with specific FTA requirements. San Bernardino Associated Governments (SANBAG) conducts the solicitation, evaluation and selection process for FTA funds. However OmniTrans does participate in the evaluation process as well, and is solely responsible for project management oversight for sub-recipients. The pass-through to other agencies represents federal and local reimbursements to sub-recipients for cost incurred on approved projects. Pass-through payments to other agencies increased \$2.7 million or 23.4% compared to the previous fiscal year-end.

OMNITRANS' Expenses

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Wages, salaries, and benefits	\$ 47,833,236	42,770,831	5,062,405	11.9
Purchased transportation services	8,803,691	9,041,314	(237,623)	(2.6)
General and administrative expenses	10,243,651	6,921,994	3,321,657	48.0
Materials and supplies	7,663,731	7,288,414	375,317	5.1
Capital purchases	841,928	932,312	(90,384)	(9.7)
Professional and technical services	2,784,708	2,392,693	392,015	16.4
Advertising and printing	878,000	918,087	(40,087)	(4.4)
Interest Expense	0	927	(927)	(100.0)
Pass-through to other agencies	14,232,126	11,531,009	2,701,117	23.4
Loss on disposal of capital assets	578,653	310,480	268,173	86.4
Depreciation	16,762,307	15,222,998	1,539,309	10.1
Miscellaneous	269,748	405,197	(135,449)	(33.4)
Donation to Other Agency	27,910	0	27,910	100.0
Total Expenses	<u>\$ 110,919,689</u>	<u>97,736,256</u>	<u>13,183,433</u>	<u>13.5</u>

Net Position

The Agency's total net position for fiscal year ending June 30, 2017 increased \$1.6 million or 0.8% above fiscal year ended June 30, 2016. Total assets for the fiscal year decreased \$7.8 million or 2.8%. This is due primarily to the approval and access to federal grants used for operating.

Total liabilities decreased \$1.6 million or 2.5% compared to the previous fiscal year-end. Current liabilities decreased \$11.3 million or 23.6% and long-term liabilities increased \$9.7 million or 60.6%. Net pension liability increased from \$11.6 million at fiscal year-end 2016 to \$20.6 million at fiscal year-end 2017. This is a \$9.0 million increase or 77.9%.

Deferred inflows of resources related to pension as required by GASB 68 decreased \$1.9 million below the previous fiscal year. For fiscal year ended June 30, 2017 deferred inflows of resources was \$3.7 million. The \$3.7 million is the sum of deferred inflows of resources based on changes of assumptions, differences between expected and actual experience, and the net difference between projected and actual earnings on the pension plan investments. In addition, deferred outflows of resources include contribution made subsequent to the measurement date. 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>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Assets:				
Current and other assets	\$ 55,433,904	71,745,770	(16,311,866)	(22.7)
Net Capital Assets	<u>212,850,236</u>	<u>204,298,178</u>	<u>8,552,058</u>	4.2
Total Assets	<u>268,284,140</u>	<u>276,043,948</u>	<u>(7,759,808)</u>	(2.8)
Deferred outflow of resources:				
Deferred amount on pensions	<u>11,492,904</u>	<u>5,539,084</u>	<u>5,953,820</u>	107.5
Total Deferred outflow of resources	<u>11,492,904</u>	<u>5,539,084</u>	<u>5,953,820</u>	107.5
Liabilities:				
Current Liabilities	36,569,194	47,856,106	(11,286,912)	(23.6)
Long-term Liabilities	<u>25,723,683</u>	<u>16,013,397</u>	<u>9,710,286</u>	60.6
Total Liabilities	<u>62,292,877</u>	<u>63,869,503</u>	<u>(1,576,626)</u>	(2.5)
Deferred inflow of resources:				
Deferred amount on pension (Note 8)	<u>3,657,135</u>	<u>5,518,924</u>	<u>(1,861,789)</u>	(33.7)
Total Deferred inflow of resources	<u>3,657,135</u>	<u>5,518,924</u>	<u>(1,861,789)</u>	(33.7)
Net Position:				
Invested in capital assets	212,850,236	204,298,178	8,552,058	4.2
Unrestricted (Note 13)	<u>976,796</u>	<u>7,896,427</u>	<u>(6,919,631)</u>	(87.6)
Total Net Position	<u>\$ 213,827,032</u>	<u>212,194,605</u>	<u>1,632,427</u>	0.8

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 2017	Fiscal Year 2016	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Passenger fares	\$ 12,956,556	13,809,102	(852,546)	(6.2)
Advertising revenues	596,098	673,669	(77,571)	(11.5)
Other transportation revenues	<u>62,779</u>	<u>57,832</u>	<u>4,947</u>	8.6
Total revenues	<u>13,615,433</u>	<u>14,540,603</u>	<u>(925,170)</u>	(6.4)
Expenses:				
Depreciation and amortization	16,762,307	15,222,998	1,539,309	10.1
Other operating expenses	<u>79,318,693</u>	<u>70,670,842</u>	<u>8,647,851</u>	12.2
Total expenses	<u>96,081,000</u>	<u>85,893,840</u>	<u>10,187,160</u>	11.9
Nonoperating Revenue/(Expenses)				
Fed. & local operating grants	63,623,628	68,179,717	(4,556,089)	(6.7)
Interest income	52,757	172,124	(119,367)	(69.3)
Interest expense	0	(927)	927	(100.0)
Pass-through to other agencies (Note 10)	(14,232,126)	(11,531,009)	(2,701,117)	23.4
CNG fuel tax credit	1,469,425	1,408,668	60,757	4.3
Donation to other agency	(27,910)	0	(27,910)	100.0
Other nonoperating revenues (expenses)	<u>(546,575)</u>	<u>(301,152)</u>	<u>(245,423)</u>	81.5
Total nonoperating revenues	<u>50,339,199</u>	<u>57,927,421</u>	<u>(7,588,222)</u>	(13.1)
Income before capital contribution	<u>(32,126,368)</u>	<u>(13,425,816)</u>	<u>(18,700,552)</u>	139.3
Capital contributions				
Capital assistance	<u>35,816,686</u>	<u>34,402,150</u>	<u>1,414,536</u>	4.1
Total capital contributions	<u>35,816,686</u>	<u>34,402,150</u>	<u>1,414,536</u>	4.1
Change in net assets	3,690,318	20,976,334	(17,286,016)	(82.4)
Net position, beginning of year	<u>212,194,605</u>	<u>191,218,271</u>	<u>20,976,334</u>	11.0
Prior Period Adjustment	<u>(2,057,891)</u>		<u>(2,057,891)</u>	
Net position, beginning of year, as restated	<u>210,136,714</u>	<u>191,218,271</u>		
Net position, end of year	\$ <u>213,827,032</u>	<u>212,194,605</u>	<u>1,632,427</u>	0.8

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital Assets

At June 30, 2017, the Agency had a total of \$212.9 million invested in capital assets. This total represents an overall increase of \$8.6 million or 4.2% above the prior fiscal year-end total of \$204.2 million. The majority of the increase in capital assets was associated with the purchase of 40-ft. coaches and the on-going 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>2017</u>	Fiscal Year <u>2016</u>	Increase (Decrease)	Percent Increase (Decrease)
Buildings and improvements	\$	149,633,270	150,143,093	(509,823)	(0.3)
Operations equipment		122,245,862	122,094,304	151,558	0.1
Furniture and office equipment		38,444,512	38,705,664	(261,152)	(0.7)
Construction in progress		26,614,832	12,092,370	14,522,462	120.1
Land		10,522,709	10,522,709	0	0.0
Accumulated depreciation		<u>(134,610,949)</u>	<u>(129,259,962)</u>	<u>(5,350,987)</u>	4.1
Total capital assets	\$	<u>212,850,236</u>	<u>204,298,178</u>	<u>8,552,058</u>	4.2

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, 2017, the Agency had \$31.6 million in long-term liabilities compared to \$21.5 million at June 30, 2016. The June 30, 2016 balance increased \$10.1 million to include an increase in claims payable by \$777.9 thousand or 12.5 percent and an increase in the Net pension liability of \$9.0 million or 77.9%. 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>2017</u>	Fiscal Year <u>2016</u>	Increase (Decrease)	Percent Increase (Decrease)
Claims payable	\$	6,996,410	6,218,525	777,885	12.5
Capital leases		0	0	0	
Compensated absences		3,950,890	3,705,393	245,497	6.6
Net pension liability		<u>20,648,900</u>	<u>11,607,160</u>	<u>9,041,740</u>	77.9
Total long-term liabilities	\$	<u>31,596,200</u>	<u>21,531,078</u>	<u>10,065,122</u>	46.7

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.

Contacting the Agency's Financial Management

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

OMNITRANS

STATEMENT OF NET POSITION

JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	2017	2016
ASSETS:		
CURRENT ASSETS:		
Cash and equivalents	\$ 17,217,604	\$ 23,213,549
Investments	10,493,391	19,789,134
Receivables:		
Accounts, net of allowances	579,596	205,862
Intergovernmental	24,024,322	25,765,790
Inventory	2,459,752	2,250,255
Prepaid items	659,239	521,180
TOTAL CURRENT ASSETS	55,433,904	71,745,770
NONCURRENT ASSETS:		
Capital assets, not depreciated (Note 5)	37,137,541	22,615,079
Capital assets, depreciated, net (Note 5)	175,712,695	181,683,099
TOTAL NONCURRENT ASSETS	212,850,236	204,298,178
TOTAL ASSETS	268,284,140	276,043,948
DEFERRED OUTFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	11,492,904	5,539,084
TOTAL DEFERRED OUTFLOW OF RESOURCES	11,492,904	5,539,084
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	6,539,153	13,061,404
Accrued salaries and benefits	2,827,397	2,532,348
Interest payable		
Unearned revenue	21,330,127	26,744,673
Compensated absences payable -		
current portion (Note 4)	2,622,994	2,460,759
Claims payable - current portion (Note 4)	3,249,523	3,056,922
TOTAL CURRENT LIABILITIES	36,569,194	47,856,106
NONCURRENT LIABILITIES:		
Compensated absences payable (Note 4)	1,327,896	1,244,634
Claims payable (Note 4)	3,746,887	3,161,603
Net Pension Liability (Note 8)	20,648,900	11,607,160
TOTAL NONCURRENT LIABILITIES	25,723,683	16,013,397
TOTAL LIABILITIES	62,292,877	63,869,503
DEFERRED INFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	3,657,135	5,518,924
TOTAL DEFERRED INFLOW OF RESOURCES	3,657,135	5,518,924
NET POSITION:		
Net investment in capital assets	212,850,236	204,298,178
Unrestricted	976,796	7,896,427
TOTAL NET POSITION	\$ 213,827,032	\$ 212,194,605

See accompanying notes to basic financial statements.

OMNITRANS
**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**
YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	2017	2016
OPERATING REVENUES:		
Passenger fares	\$ 12,956,556	\$ 13,809,102
Advertising revenue	596,098	673,669
Other transportation revenue	62,779	57,832
TOTAL OPERATING REVENUES	13,615,433	14,540,603
OPERATING EXPENSES:		
Salaries and benefits	47,833,236	42,770,831
Purchased transportation services	8,803,691	9,041,314
General and administrative	10,243,651	6,921,994
Materials and supplies	7,663,731	7,288,414
Capital purchases	841,928	932,312
Professional and technical services	2,784,708	2,392,693
Advertising and printing	878,000	918,087
Depreciation	16,762,307	15,222,998
Miscellaneous	269,748	405,197
TOTAL OPERATING EXPENSES	96,081,000	85,893,840
OPERATING INCOME/(LOSS)	(82,465,567)	(71,353,237)
NONOPERATING REVENUES/(EXPENSES):		
Federal and local operating grants	63,623,628	68,179,717
Interest income	52,757	172,124
Interest expense	-	(927)
Pass-through to other agencies (Note 10)	(14,232,126)	(11,531,009)
Loss on disposal of capital assets	(578,653)	(310,480)
CNG fuel credit	1,469,425	1,408,668
Donation to other agency	(27,910)	-
Other nonoperating revenues	32,078	9,328
TOTAL NONOPERATING REVENUES/(EXPENSES)	50,339,199	57,927,421
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(32,126,368)	(13,425,816)
CAPITAL CONTRIBUTIONS:		
Capital assistance	35,816,686	34,402,150
CHANGE IN NET POSITION	3,690,318	20,976,334
NET POSITION, BEGINNING OF YEAR	212,194,605	191,218,271
Prior Period Adjustment	(2,057,891)	
NET POSITION, BEGINNING OF YEAR, AS RESTATED	210,136,714	191,218,271
NET POSITION, END OF YEAR	\$ 213,827,032	\$ 212,194,605

See accompanying notes to basic financial statements.

OMNITRANS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 13,241,699	\$ 14,469,770
Nonoperating miscellaneous receipts	1,501,503	1,417,996
Cash payments to suppliers for goods and services	(38,355,264)	(23,386,008)
Cash payments to employees for services	(47,346,565)	(46,608,094)
Net cash used for operating activities	(70,958,627)	(54,106,336)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal, state, and local operating grants	63,623,628	68,179,717
Pass-through payments to other agencies	(14,232,126)	(11,531,009)
Net cash provided by non-capital financing activities	49,391,502	56,648,708
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(25,920,928)	(23,221,264)
Principal paid on capital leases	-	(129,101)
Interest paid on capital leases	-	(1,391)
Capital grants received	32,143,608	21,476,575
Net cash provided by (used for) capital and related financing activities	6,222,680	(1,875,181)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	9,295,743	3,190,000
Purchase of investments		(4,430,606)
Interest received	52,757	181,158
Net cash provided by/(used for) investing activities	9,348,500	(1,059,448)
Net increase (decrease) in cash and cash equivalents	(5,995,945)	(392,257)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,213,549	23,605,806
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 17,217,604	\$ 23,213,549

(Continued)

See accompanying notes to basic financial statements.

OMNITRANS

STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

	<u>2017</u>	<u>2016</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Operating income (loss)	\$ (82,465,567)	\$ (71,353,237)
Adjustments to net cash used by operating activities:		
Pension expense	(831,760)	(2,613,400)
Depreciation	16,762,307	15,222,998
Nonoperating miscellaneous income	1,501,503	1,417,996
(Increase) in accounts receivable	(373,734)	(70,833)
(Increase) in inventory	(209,497)	(243,552)
(Increase) in prepaid items	(138,059)	(47,131)
(Decrease) increase in accounts payable	(6,522,251)	4,804,686
Increase in salaries and benefits payable	295,049	371,249
Increase in compensated absences payable	245,497	70,677
Increase (decrease) in claims payable	777,885	(1,665,789)
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (70,958,627)</u>	<u>\$ (54,106,336)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital contributions	<u>\$ 3,673,078</u>	<u>\$ 12,925,575</u>

See accompanying notes to basic financial statements.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

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

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

Basis of Accounting

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

Classification of Revenues and Expenses

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

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

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

Cash and Cash Equivalents

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

Investments and Fair Value Measurement

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

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, 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, 2017 was \$2,459,752.

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then.

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.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

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

Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned. Total compensated absences payable was \$3,950,890 at June 30, 2017.

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.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Use of Estimates/Reclassifications

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

New Accounting Pronouncements

Effective in this Fiscal Year

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

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective in Future Fiscal Years

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

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

GASB Statement No. 83 – In November 2016, GASB issued 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 on the financial statements.

GASB Statement No. 84 – In January 2017, GASB issued 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 on the financial statements.

GASB Statement No. 85 – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address 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 post employment benefits. The requirements of this Statement are effective for periods beginning after June 15, 2017. Omnitrans has not determined the effect on the financial statements.

GASB Statement No. 86 – In May 2017, GASB issued 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 – recourses extinguishing debt. The requirements of this Statement are effective for periods beginning after June 15, 2017. Omnitrans has not determined the effect on the financial statements.

GASB Statement No 87 – In June 2017, GASB issued 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 on the financial statements.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 9,200
Deposits with financial institutions	17,208,404
Investments	10,493,391
	<u>\$ 27,710,995</u>

Fair Value Measurements

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

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.

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, 2017. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Omnitrans’ management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Deposits and withdrawals in the California Local Agency Investment Fund (LAIF) are made on the basis of \$1 and not fair value. Accordingly, Omnitrans’ proportionate share of investments in the LAIF at June 30, 2017 of \$5,256,392 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Omnitrans has the following recurring fair value measurements as of June 30, 2017:

Investment by Fair Value Level	Balance at June 30, 2017	Fair Value Measurements on a Recurring Basis Using:		
		Quoted Prices (Unadjusted) in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Negotiable Certificates of Deposit	\$ 3,258,082		\$ 3,258,082	
U.S. Government Sponsored Enterprise Securities: FNMA	1,978,917		1,978,917	
Total Investments by Fair Value Level	\$ 5,236,999	\$ -	\$ 5,236,999	\$ -
LAIF	5,256,392			
Total Investments	\$ 10,493,391			

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

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk

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

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

Investment Type	Remaining Investment Maturities			Fair Value
	12 Months Or Less	1 to 3 Years	3 to 5 Years	
Local Agency Investment Fund	\$ 5,256,392			\$ 5,256,392
Negotiable Certificates of Deposit	2,252,115	\$ 1,005,967		3,258,082
U.S. Government Sponsored Enterprise Securities:				
FNMA		1,978,917		1,978,917
Total Cash Investments	<u>\$ 7,508,507</u>	<u>\$ 2,984,884</u>	<u>\$ -</u>	<u>\$ 10,493,391</u>

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	\$ 5,256,392	(1)		\$ 5,256,392
Negotiable Certificates of Deposit	3,258,082	(1)		3,258,082
U.S. Government Sponsored Enterprise Securities:				
FNMA	<u>1,978,917</u>	(1)	<u>\$ 1,978,917</u>	
Total	<u>\$ 10,493,391</u>		<u>\$ 1,978,917</u>	<u>\$ 8,514,474</u>

(1) Not Applicable

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of Omnitrans' investment in a single issue. GASB Statement No.40 requires disclosure of investments by amount and issuer that represent five percent or more of the total investments held. This requirement excludes investments issued or explicitly guaranteed by the United States Government, investments in mutual funds, external investment pools, and other pooled investments. As of June 30, 2017, the \$1,978,917 of U.S. government sponsored enterprise securities represented seven percent of the total investments held.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, Omnitrans will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and Omnitrans' investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 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, 2017, Omnitrans had deposits of \$18,718,469 held in excess of federal depository insurance corporation (FDIC) limits covered by collateralization described above.

Investment in LAIF

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

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS

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

Federal Assistance

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

Transportation Development Act Assistance

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

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

To be eligible for TDA funds, Omnitrans must maintain a ratio of passenger fares to operating costs of not less than 20.00 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, Omnitrans' ratios for the fiscal year ended June 30, 2017 were 25.50 percent for general public transit service, and 33.91 percent for specialized service for the elderly and handicapped.

In accordance with 6634 of the TDA, an operator may not receive TDA funds in an amount that exceeds its actual operating costs. For the fiscal year ended June 30, 2017, Omnitrans recognized revenue for TDA funds in the amount of \$43,663,744.

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 SANBAG.

Proposition 1B

The Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of \$19.9 billion was deposited into the PTMISEA fund, \$3.6 billion of which was made available to project sponsors in California for allocation to eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement. During the fiscal year ended June 30, 2017, Proposition 1B cash receipts and cash disbursements were as follows:

Unspent Proposition 1B funds as of June 30, 2016	\$ 25,138,953
Proposition 1B funds received during the fiscal year ended June 30, 2017	128,566
Proposition 1B expenses incurred during the fiscal year ended June 30, 2017	(4,972,214)
Interest revenue earned on unspent Proposition 1B funds during the fiscal year ended June 30, 2017	81,343
Change in fair market value of investments held during the year ended June 30, 2017	(68,500)
	<u>\$ 20,308,148</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, 2017.

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

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

Federal Assistance	\$ 12,238,969
LTF	39,974,380
STAF	3,689,364
Measure I	5,800,001
County-Based Medi-Cal Administrative Activities	1,920,914
	<u>\$ 63,623,628</u>

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

Federal Assistance	\$ 27,274,476
LTF	1,287,759
STAF	1,526,925
Measure I	740,787
CalTrans	4,986,739
	<u>\$ 35,816,686</u>

NOTE 4 – LONG-TERM LIABILITIES

Long-term liabilities for the year ended June 30, 2017 are as follows:

	Balance at June 30, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Amount Due Beyond One Year
Compensated absences	\$ 3,705,393	\$ 2,892,675	\$ (2,647,178)	\$ 3,950,890	\$ 2,622,994	\$ 1,327,896
Claims payable	6,218,525	4,127,367	(3,349,482)	6,996,410	3,249,523	3,746,887
Net pension liability	11,607,160	14,609,562	(5,567,822)	20,648,900		20,648,900
Total Long-Term Liabilities	<u>\$ 21,531,078</u>	<u>\$ 21,629,604</u>	<u>\$ (11,564,482)</u>	<u>\$ 31,596,200</u>	<u>\$ 5,872,517</u>	<u>\$ 25,723,683</u>

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 5 – CAPITAL ASSETS

	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017
CAPITAL ASSETS, NOT DEPRECIATED:				
Land	\$ 10,522,709			\$ 10,522,709
Construction in progress	12,092,370	\$ 25,316,631	\$ (10,794,169)	26,614,832
Total assets, not depreciated	22,615,079	25,316,631	(10,794,169)	37,137,541
CAPITAL ASSETS, DEPRECIATED:				
Buildings and improvements	150,143,093	112,681	(622,504)	149,633,270
Operations equipment	122,094,304	11,117,059	(10,965,501)	122,245,862
Furniture and office equipment	38,705,664	401,333	(662,485)	38,444,512
Total capital assets, depreciated	310,943,061	11,631,073	(12,250,490)	310,323,644
LESS ACCUMULATED DEPRECIATED FOR:				
Buildings and improvements	(33,300,848)	(6,171,637)	565,874	(38,906,611)
Operations equipment	(60,908,416)	(8,812,163)	10,182,961	(59,537,618)
Furniture and office equipment	(35,050,698)	(1,778,507)	662,485	(36,166,720)
Total accumulated depreciation	(129,259,962)	(16,762,307)	11,411,320	(134,610,949)
Total capital assets, depreciation, net	181,683,099	(5,131,234)	(839,170)	175,712,695
Capital assets, net	\$ 204,298,178	\$ 20,185,397	\$ (11,633,339)	\$ 212,850,236

Depreciation expense for the year ended June 30, 2017 was \$16,762,307.

NOTE 6 – OPERATING LEASES

Omnitrans leases facilities and tires under noncancelable operating leases. Total costs for such leases were \$528,475 during the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Total
2018	\$ 239,524
2019	231,829
2020	177,648
Total	\$ 649,001

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

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, 2017 were estimated to be \$6,996,410 and were based on an IBNR study performed in fiscal year 2016-2017. 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
2016	\$ 7,884,314	\$ 53,206	\$ (1,718,995)	\$ 6,218,525
2017	6,218,525	4,127,367	(3,349,482)	6,996,410

Omnitrans IBNR confidence level was 50 percent for the years ended June 30, 2017 and 2016, 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, 2017, 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, 2017

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, 2017 are summarized as follows:

	Miscellaneous	
	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	12.464%	6.550%

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	357
Inactive employees entitled to but not yet receiving benefits	464
Active employees	647
Total	<u>1468</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 is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Omnitrans is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

For the year ended June 30, 2017, Omnitrans contributed the following:

	<u>Miscellaneous</u>
Contributions - employer	\$ 4,041,753

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (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, 2015 valuation were based on the probabilities of mortality on the 2014 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

GASB Statement 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.65 percent used for the June 30, 2016, measurement date is without reduction of pension plan administrative expense, in accordance with GASB Statement 68.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

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

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

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

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

Asset Class	Target Allocation	Real Return Years	Real Return Years
		1 - 10 (a)	11+ (b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	100%		

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	<u>\$ 146,354,112</u>	<u>\$ 134,746,952</u>	<u>\$ 11,607,160</u>
Changes in the year:			
Service Cost	\$ 4,952,455		\$ 4,952,455
Interest on the total pension liability	11,122,864		11,122,864
Differences between Expected and Actual Experience	(813,650)		(813,650)
Contribution - employer		\$ 3,500,671	(3,500,671)
Contribution - employee		2,067,151	(2,067,151)
Net investment income		734,228	(734,228)
Benefit payments, including refunds of employee contributions	(5,239,568)	(5,239,568)	
Administrative Expense		(82,121)	82,121
Net changes	<u>10,022,101</u>	<u>980,361</u>	<u>9,041,740</u>
Balance at June 30, 2017	<u>\$ 156,376,213</u>	<u>\$ 135,727,313</u>	<u>\$ 20,648,900</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	6.65%
Net Pension Liability	\$ 42,362,403
Current Discount Rate	7.65%
Net Pension Liability	\$ 20,648,900
1% Increase	8.65%
Net Pension Liability	\$ 2,682,556

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, 2017

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, 2017, Omnitrans recognized pension expense of \$3,229,471. At June 30, 2017, 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	\$ 4,041,753	
Changes of Assumptions		\$ (1,359,641)
Differences between Expected and Actual Experience		(2,297,494)
Differences between Projected and Actual Earnings on pension Plan Investments	7,451,151	
Total	<u>\$ 11,492,904</u>	<u>\$ (3,657,135)</u>

The amount of \$4,041,753 is reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability during the next measurement period. Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2018	\$ (559,536)
2019	(559,536)
2020	2,999,677
2021	1,913,411
Total	<u>\$ 3,794,016</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, 2017*****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, 2017	Unexpended Commitments
Facilities Future Expansion and Remodel	\$ 3,901,442	\$ 2,895,031	\$ 1,006,411
Computer Software and Hardware	3,459,443	2,947,366	512,077
E Street Bus Rapid Transit - 10th through Highland Repaving	6,492,908	6,492,908	
Holt Bus Rapid Transit	5,989,341	5,122,946	866,395
CNG Pipeline	7,703,950	7,692,058	11,892
Vehicle & Shop Equipment	3,092,637	1,464,523	1,628,114
Total major components of construction in progress	<u>\$ 30,639,721</u>	<u>\$ 26,614,832</u>	<u>\$ 4,024,889</u>

NOTE 10 – PASS-THROUGH GRANTS

Pass-through activity for the year ended June 30, 2017 is summarized as follows:

Central City Lutheran	\$ 31,895
City of Colton	17,569
City of Highland	47,952
City of Loma Linda	10
City of Montclair	23
City of Ontario	38,706
City of Rialto	424,741
City of San Bernardino	30,264
County of San Bernardino	56,901
Inland Empire United Way	32,056
LLU Adult Day Health Care	4,327
OPARC	85,078
Pomona Valley Community Services	152,878
Pomona Valley Workshop	29,651
SANBAG	12,957,388
Valley Transportation Services	242,801
Victor Valley Transportation Services	79,886
	<u>\$ 14,232,126</u>

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2017

NOTE 11 – PRIOR PERIOD ADJUSTMENTS

As discussed under Note 1, Omnitrans implemented GASB 82 effective July 1, 2016. As a result of the implementation, Omnitrans restated the beginning net position as noted below:

Net Position, beginning of year, as previously reported	\$ 212,194,605
Employer paid member contributions	<u>(2,057,891)</u>
Net Position, beginning of year, as restated	<u>\$ 210,136,714</u>

Following is the pro forma effect of the retroactive application:

	June 30, 2016 Previously Presented	Restatement	June 30, 2016 Restated
Deferred outflows of resources	\$ 5,539,084	\$ (2,057,891)	\$ 3,481,193
Salaries and benefits	42,770,831	2,057,891	44,828,722

NOTE 12 – SUBSEQUENT EVENT

On November 1, 2017, Omnitrans Board of Directors approved a cooperative agreement between Omnitrans and San Bernardino County Transportation Authority for environmental clearance, design, right-of-way, construction, and project closeout phases for the West Valley Connector 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 that is included in construction in progress as of June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

OMNITRANS

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED JUNE 30, 2017

	2017	2016	2015
Total Pension Liability			
Service Cost	\$ 4,952,455	\$ 4,752,183	\$ 5,032,912
Interest on the total pension liability	11,122,864	10,405,272	9,875,147
Changes of Assumptions	-	(2,654,537)	
Difference Between Expected and Actual Experience	(813,650)	(3,304,350)	
Benefit payments, including refunds of employee contributions	(5,239,568)	(4,887,764)	(4,033,818)
Net change in total pension liability	10,022,101	4,310,804	10,874,241
Total pension liability - beginning	146,354,112	142,043,308	131,169,067
Total pension liability - ending (a)	<u>\$ 156,376,213</u>	<u>\$ 146,354,112</u>	<u>\$ 142,043,308</u>
Plan fiduciary net position			
Contributions - employer	\$ 3,500,671	\$ 3,095,406	\$ 2,857,424
Contributions - employee	2,067,151	2,010,360	1,892,148
Net investment income	734,228	2,966,348	19,522,988
Benefit Payments, Including Refunds of Employee Contribution	(5,239,568)	(4,887,764)	(4,033,818)
Plan to Plan Resource Movement	-	7,386	
Administrative Expense	(82,121)	(151,602)	
Net change in plan fiduciary net position	980,361	3,040,134	20,238,742
Plan fiduciary net position - beginning	134,746,952	131,706,818	111,468,076
Plan fiduciary net position - ending (b)	<u>\$ 135,727,313</u>	<u>\$ 134,746,952</u>	<u>\$ 131,706,818</u>
Plan net pension liability - ending (a)-(b)	<u>\$ 20,648,900</u>	<u>\$ 11,607,160</u>	<u>\$ 10,336,490</u>
Plan fiduciary net position as a percentage of the total pension liability	86.80%	92.07%	92.72%
Covered payroll***	30,655,864	28,606,926	29,286,654
Plan net pension liability as percentage of covered employee payroll	67.36%	40.57%	35.29%

Notes to Schedule:

* - Fiscal year 2015 was the 1st year of implementation, therefore only three 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.

** - 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.

*** - 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

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS YEAR ENDED JUNE 30, 2017

	2017	2016	2015
Actuarially determined contribution	\$ 4,041,753	\$ 3,481,193	\$ 3,283,410
Contribution in relation to the actuarially determined contributions	4,041,753	3,481,193	3,283,410
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll**	\$ 31,575,540	\$ 30,655,864	\$ 28,606,926
Contribution as a percentage of covered employee payroll	12.80%	11.36%	11.48%

Notes to Schedule

Valuation date	June 30, 2015	June 30, 2014	June 30, 2013
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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:

* - Fiscal year 2015 was the 1st year of implementation, therefore only three 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.

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



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>
Financial Trends	
These schedules contain trend information to help the reader understand how the OmniTrans financial performance and well-being has changed over time.	
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Changes in Net Position	41
Revenue Capacity	
These schedules contain information to help the reader assess OmniTrans' most significant local revenue source, passenger fares.	
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The Economy and Economic Outlook	
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	47
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Operating Information	
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.	
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Source: Unless otherwise noted, the information in these schedules derived from the Comprehensive Annual Financial Reports for the relevant years.

FINANCIAL TRENDS
NET POSITION BY COMPONENT

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net investment in capital assets	\$ 84,317,308	94,909,096	114,540,764	119,480,534
Less: Debt offsetting capital assets	<u>(364,370)</u>	<u>(241,226)</u>	<u>(251,129)</u>	<u>(114,308)</u>
Total invested in capital assets, net of related debt	83,952,938	94,667,870	114,289,635	119,366,226
Unrestricted net assets	<u>33,300,903</u>	<u>33,883,455</u>	<u>29,320,746</u>	<u>14,717,794</u>
Total net position	<u>\$ 117,253,841</u>	<u>128,551,325</u>	<u>143,610,381</u>	<u>134,084,020</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net investment in capital assets	\$ 136,703,207	206,992,298	245,580,650	196,610,392
Less: Debt offsetting capital assets	<u>(590,371)</u>	<u>(425,391)</u>	<u>(268,269)</u>	<u>(129,101)</u>
Total invested in capital assets, net of related debt	136,112,836	206,566,907	245,312,381	196,481,291
Unrestricted net assets	<u>8,548,071</u>	<u>8,547,756</u>	<u>9,379,178</u>	<u>(5,263,020)</u>
Total net position	<u>\$ 144,660,907</u>	<u>215,114,663</u>	<u>254,691,559</u>	<u>191,218,271</u>

	<u>2016</u>	<u>2017</u>
Net investment in capital assets	\$ 204,298,178	212,850,236
Less: Debt offsetting capital assets	<u>-</u>	<u>-</u>
Total invested in capital assets, net of related debt	204,298,178	212,850,236
Unrestricted net assets	<u>7,896,427</u>	<u>976,796</u>
Total net position	<u>\$ 212,194,605</u>	<u>213,827,032</u>

Source: Finance Department

FINANCIAL TRENDS
CHANGES IN NET POSITION

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating Revenues:				
Passenger fares	\$ 13,511,536	13,779,684	14,242,013	14,538,747
Advertising revenues	948,051	967,628	849,585	909,176
Other transportation revenues	47,307	42,708	39,752	41,802
Total revenues	<u>\$ 14,506,894</u>	<u>14,790,020</u>	<u>15,131,350</u>	<u>15,489,725</u>
Operating Expenses:				
Depreciation and amortization	8,861,306	9,255,553	10,999,458	12,772,455
Other operating expenses	67,756,893	67,770,003	67,501,900	66,529,837
Total expenses:	<u>\$ 76,618,199</u>	<u>77,025,556</u>	<u>78,501,358</u>	<u>79,302,292</u>
Non-operating Revenues/(Expenses):				
Federal & local operating grants	55,587,601	52,983,639	48,085,804	52,675,797
Interest income	1,656,529	758,950	243,098	74,302
Interest expense	(11,029)	(9,149)	(6,835)	(6,590)
Pass-through to other agencies	(1,254,751)	(2,779,299)	(3,031,642)	(18,754,320)
Donation to other agency				
Other non-operating revenues (expenses)	(258,422)	(24,710)	(299,568)	(719,668)
Total non-operating revenues	<u>\$ 55,719,928</u>	<u>50,929,431</u>	<u>44,990,857</u>	<u>33,269,521</u>
Income before capital contribution	<u>(6,391,377)</u>	<u>(11,306,105)</u>	<u>(18,379,151)</u>	<u>(30,543,046)</u>
Capital Contributions				
Capital assistance	\$ 9,635,155	22,603,589	33,438,207	21,016,685
Contributions from other agencies	0	0	0	0
Total capital contributions	<u>\$ 9,635,155</u>	<u>22,603,589</u>	<u>33,438,207</u>	<u>21,016,685</u>
Change in net position	\$ 3,243,778	11,297,484	15,059,056	(9,526,361)
Net position, beginning of year	<u>\$ 114,010,063</u>	<u>117,253,841</u>	<u>128,551,325</u>	<u>143,610,381</u>
Prior Period Adjustment				
Net Position, Beginning Of Year, As Restated				
Net position, end of year	<u>\$ 117,253,841</u>	<u>128,551,325</u>	<u>143,610,381</u>	<u>134,084,020</u>

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

Source: Finance Department

FINANCIAL TRENDS
CHANGES IN NET POSITION

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Operating Revenues:				
Passenger fares	\$ 14,536,931	14,317,987	14,368,317	15,015,499
Advertising revenues	805,904	481,994	485,327	532,322
Other transportation revenues	39,819	39,819	41,978	54,440
Total revenues	<u>\$ 15,382,654</u>	<u>14,839,800</u>	<u>14,895,622</u>	<u>15,602,261</u>
Operating Expenses:				
Depreciation and amortization	17,070,294	16,678,098	14,899,383	12,742,411
Other operating expenses	69,206,132	70,539,078	65,839,285	71,365,710
Total expenses:	<u>\$ 86,276,426</u>	<u>87,217,176</u>	<u>80,738,668</u>	<u>84,108,121</u>
Non-operating Revenues/(Expenses):				
Federal & local operating grants	47,875,811	54,087,458	50,785,745	55,090,857
Interest income	52,727	24,915	44,311	43,486
Interest expense	(3,980)	(8,349)	(4,580)	(2,426)
Pass-through to other agencies	(620,108)	(2,254,293)	(4,459,471)	(1,297,931)
Donation to other agency				(72,050,046)
Other non-operating revenues (expenses)	(246,487)	1,409,847	118,187	1,032,590
Total non-operating revenues	<u>\$ 47,057,963</u>	<u>53,259,578</u>	<u>46,484,192</u>	<u>(17,183,470)</u>
Income before capital contribution	<u>(23,835,809)</u>	<u>(19,117,798)</u>	<u>(19,358,854)</u>	<u>(85,689,330)</u>
Capital Contributions				
Capital assistance	\$ 34,412,696	89,571,554	58,935,750	37,167,461
Contributions from other agencies	0	0	0	0
Total capital contributions	<u>\$ 34,412,696</u>	<u>89,571,554</u>	<u>58,935,750</u>	<u>37,167,461</u>
Change in net position	\$ 10,576,887	70,453,756	39,576,896	(48,521,869)
Net position, beginning of year	<u>\$ 134,084,020</u>	<u>144,660,907</u>	<u>215,114,663</u>	<u>254,691,559</u>
Prior Period Adjustment				(14,951,419)
Net Position, Beginning Of Year, As Restated				<u>239,740,140</u>
Net position, end of year	<u>\$ 144,660,907</u>	<u>215,114,663</u>	<u>254,691,559</u>	<u>191,218,271</u>

Source: Finance Department

FINANCIAL TRENDS
CHANGES IN NET POSITION

	<u>2016</u>	<u>2017</u>
Operating Revenues:		
Passenger fares	\$ 13,809,102	12,956,556
Advertising revenues	673,669	596,098
Other transportation revenues	57,832	62,779
Total revenues	\$ <u>14,540,603</u>	<u>13,615,433</u>
Operating Expenses:		
Depreciation and amortization	15,222,998	16,762,307
Other operating expenses	70,670,842	79,318,693
Total expenses:	\$ <u>85,893,840</u>	<u>96,081,000</u>
Non-operating Revenues/(Expenses):		
Federal & local operating grants	68,179,717	63,623,628
Interest income	172,124	52,757
Interest expense	(927)	0
Pass-through to other agencies	(11,531,009)	(14,232,126)
Donation to other agency		(27,910)
Other non-operating revenues (expenses)	1,107,516	922,850
Total non-operating revenues	\$ <u>57,927,421</u>	<u>50,339,199</u>
Income before capital contribution	<u>(13,425,816)</u>	<u>(32,126,368)</u>
Capital Contributions		
Capital assistance	\$ 34,402,150	35,816,686
Contributions from other agencies	0	0
Total capital contributions	\$ <u>34,402,150</u>	<u>35,816,686</u>
Change in net position	\$ 20,976,334	3,690,318
Net position, beginning of year	\$ <u>191,218,271</u>	<u>212,194,605</u>
Prior Period Adjustment		(2,057,891)
Net Position, Beginning Of Year, As Restated	<u>191,218,271</u>	<u>210,136,714</u>
Net position, end of year	\$ <u><u>212,194,605</u></u>	<u><u>213,827,032</u></u>

Source: Finance Department

REVENUE CAPACITY
REVENUE BY SOURCE

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Passenger Fares - Individuals				
F/R Full Fares - Cash	\$4,571,811	\$4,510,511	\$4,715,996	\$4,756,220
F/R Senior/Disable Fare - Cash	256,870	263,959	297,986	334,730
F/R 1-Day & 7 Day Full Fare - Pass	4,015,846	3,925,863	3,626,533	3,540,698
F/R 1-Day & 7 Day S/D Fare - Pass	613,947	606,615	666,085	716,572
F/R 7-Day Youth Pass	227,621	347,973	417,670	446,094
F/R 31-Day Full Fare - Pass (less: discount)	1,197,152	1,299,310	1,423,947	1,354,296
F/R 31-Day Youth Fare-Pass	837,689	1,010,097	1,239,874	1,247,839
F/R 31-Day Senior Fare - Pass	86,571	93,902	0	0
F/R 31-Day Disability Fare - Pass	352,027	367,110	479,601 *	542,878
University Passes	0	0	0	0
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	43,237	66,712	49,419	51,325
Access Base Fare - Cash	150,814	138,454	158,044	166,246
Access Base Fare (3 zones) - Ticket	1,032,973	991,817	1,023,493	1,183,363
Access Additional (1 zone) - Ticket	5,175	3,916	4,059	12,989
Access Monthly Subscription Zone - Pass	6,020	21,510	16,075	13,340
Total Passenger Fares	<u>\$13,397,751</u>	<u>\$13,647,749</u>	<u>\$14,118,782</u>	<u>\$14,366,590</u>
Special Transit Fares - Group				
F/R 1 - Trip Full Fare - Ticket	378	54,675	41,475	57,705
OmniLink (Yucaipa) - Cash	48,104	46,238	50,305	26,859
OmniLink (Chino Hills) - Cash	22,388	22,368	20,570	10,017
OmniLink S/D Fare - Ticket	5,821	5,495	5,994	5,535
OmniLink Full Fare - Ticket	35,960	297	459	0
OmniLink Youth Fare - Ticket	1,134	2,862	4,428	2,934
OmniGo - Fares				69,107
Total Special Transit Fares	<u>\$113,785</u>	<u>\$131,935</u>	<u>\$123,231</u>	<u>\$172,157</u>
Total Fares	<u><u>\$13,511,536</u></u>	<u><u>\$13,779,684</u></u>	<u><u>\$14,242,013</u></u>	<u><u>\$14,538,747</u></u>

REVENUE CAPACITY
REVENUE BY SOURCE

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Passenger Fares - Individuals				
F/R Full Fares - Cash	\$4,564,607	\$4,512,614	\$4,399,894	\$4,414,989
F/R Senior/Disable Fare - Cash	360,603	383,045	447,239	557,592
F/R 1-Day & 7 Day Full Fare - Pass	3,478,828	3,386,969	3,534,008	3,577,714
F/R 1-Day & 7 Day S/D Fare - Pass	712,770	770,747	813,797	893,643
F/R 7-Day Youth Pass	340,581	356,291	214,219	208,442
F/R 31-Day Full Fare - Pass (less: discount)	1,125,569	1,083,657	1,419,430	1,574,959
F/R 31-Day Youth Fare-Pass	909,534	1,014,034	524,795	579,142
F/R 31-Day Senior Fare - Pass	0	0	0	0
F/R 31-Day Disability Fare - Pass	571,416	591,712	560,936	622,658
University Passes	736,134 **	531,763	755,568	753,215
VET - Cash	0	0	0	13,154
VET 31-Day Pass	0	0	0	41,824
VET 7 Day Pass	0	0	0	12,490
VET 1 Day Pass	0	0	0	4,394
Metrolink Transfer	100,098	54,326	43,628	53,169
Access Base Fare - Cash	144,141	142,900	153,870	193,297
Access Base Fare (3 zones) - Ticket	1,248,892	1,275,349	1,291,015	1,452,471
Access Additional (1 zone) - Ticket	17,071	10,927	17,596	14,181
Access Monthly Subscription Zone - Pass	12,905	8,410	725	0
Total Passenger Fares	<u>\$14,323,149</u>	<u>\$14,122,744</u>	<u>\$14,176,720</u>	<u>\$14,967,334</u>
Special Transit Fares - Group				
F/R 1 - Trip Full Fare - Ticket	67,330	42,516	21,644	43,880
OmniLink (Yucaipa) - Cash	20,777	19,396	18,317	2,821
OmniLink (Chino Hills) - Cash	8,914	7,629	8,730	1,329
OmniLink S/D Fare - Ticket	4,199	1,701	851	81
OmniLink Full Fare - Ticket	54	0	0	0
OmniLink Youth Fare - Ticket	2,304	2,340	2,070	54
OmniGo - Fares	110,204	121,661	139,985	0
Total Special Transit Fares	<u>\$213,782</u>	<u>\$195,243</u>	<u>\$191,597</u>	<u>\$48,165</u>
Total Fares	<u><u>\$14,536,931</u></u>	<u><u>\$14,317,987</u></u>	<u><u>\$14,368,317</u></u>	<u><u>\$15,015,499</u></u>

**REVENUE CAPACITY
REVENUE BY SOURCE**

	<u>2016</u>	<u>2017</u>
Passenger Fares - Individuals		
F/R Full Fares - Cash	\$3,920,383	\$3,473,311
F/R Senior/Disable Fare - Cash	577,375	548,603
F/R 1-Day & 7 Day Full Fare - Pass	3,207,595	2,888,887
F/R 1-Day & 7 Day S/D Fare - Pass	861,302	849,267
F/R 7-Day Youth Pass	137,774	126,818
F/R 31-Day Full Fare - Pass (less: discount)	1,354,705	1,260,680
F/R 31-Day Youth Fare-Pass	485,891	506,414
F/R 31-Day Senior Fare - Pass	0	0
F/R 31-Day Disability Fare - Pass	650,869	599,932
University Passes	755,318	773,383
VET - Cash	23,564	13,665
VET 31-Day Pass	61,588	70,819
VET 7 Day Pass	16,560	19,362
VET 1 Day Pass	6,310	9,714
Metrolink Transfer	54,778	122,680
Access Base Fare - Cash	172,367	172,695
Access Base Fare (3 zones) - Ticket	1,466,273	1,448,556
Access Additional (1 zone) - Ticket	8,509	12,096
Access Monthly Subscription Zone - Pass	0	0
Total Passenger Fares	<u>\$13,761,161</u>	<u>\$12,896,882</u>
Special Transit Fares - Group		
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	47,941	59,677 ***
Total Special Transit Fares	<u>\$47,941</u>	<u>\$59,677</u>
Total Fares	<u><u>\$13,809,102</u></u>	<u><u>\$12,956,559</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 ECONOMICS INFORMATION
DEMOGRAPHICS AND STATISTICS SAN BERNARDINO COUNTY

Fiscal Year	(A)	(B)	(B / A)		School Enrollment	Unemployment Rate
	Population	Personal Income (000)	Per Capita Personal Income	Median Age		
2008	2,044,895	59,800,525	29,244	30.3	428,142	8.0%
2009	2,045,632	60,875,315	29,759	30.3	420,325	13.6%
2010	2,048,217	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%

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.

DEMOGRAPHICS AND ECONOMICS INFORMATION
PRINCIPAL EMPLOYERS OF SAN BERNARDINO COUNTY

Employer	Employees	% of Total Employment	Ranking										
			2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Loma Linda University*	10,000 - 15,000	1.8%	1	1	1	1	3	3	6	6	3	3	8
U.S. Marine Corps Air Ground Combat Center	10,000 - 15,000	1.7%	2	2	2	2	4	4	5	5	2	4	4
County of San Bernardino, San Bernardino	10,000 - 15,000	1.6%	3	3	3	3	1	1	3	3	1	1	2
Stater Brothers Markets, San Bernardino	10,000 - 15,000	1.4%	4	4	4	4	6	6	1	1	5	6	1
Kaiser Permanente	10,000 - 15,000	1.3%	5	5	5	5	9	9	9	9	8	9	7
Wal-Mart Stores Inc.	5,000 - 10,000	1.1%	6	6	6	6	8	8	8	8	7	8	-
U.S. Army, Fort Irwin & National Training Center	5,000 - 10,000	1.0%	7	7	7	7	2	2	4	4	4	2	3
Ontario International Airport, Ontario	5,000 - 10,000	1.0%	8	8	8	8	7	7	7	7	-	7	6
San Bernardino City Unified School District	5,000 - 10,000	0.8%	9	9	9	9	5	5	-	-	6	5	5
United Parcel Service (UPS)	5,000 - 10,000	0.5%	10	10	10	10	10	10	10	10	9	10	-

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

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

DEMOGRAPHICS AND ECONOMICS INFORMATION
INDUSTRY EMPLOYMENT AND LABOR FORCE
(Riverside and San Bernardino Counties)

Benchmark

TITLE	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17
Civilian Labor Force	1,780,400	1,777,600	1,798,600	1,795,300	1,811,900	1,819,100	1,807,600	1,940,000	1,988,800	1,987,400
Civilian Employment	1,637,000	1,537,300	1,541,000	1,542,400	1,582,100	1,625,400	1,655,500	1,813,700	1,858,100	1,870,200
Civilian Unemployment	143,400	240,300	257,600	252,900	229,800	193,700	152,100	126,300	130,800	117,200
Civilian Unemployment Rate	8.1%	13.5%	14.3%	14.1%	12.7%	10.7%	8.4%	6.5%	6.6%	5.9%
Total, All Industries	1,274,500	1,187,900	1,172,600	1,163,600	1,198,400	1,241,900	1,277,700	1,345,300	1,387,400	1,415,400
Total Farm	21,900	20,900	21,100	19,100	20,300	18,700	18,900	17,500	12,900	14,700
Total Nonfarm	1,252,600	1,167,000	1,151,400	1,144,500	1,178,100	1,223,200	1,258,800	1,327,800	1,374,500	1,400,800
Total Private	1,018,800	927,700	909,800	913,700	952,000	995,700	1,028,700	1,094,900	1,140,800	1,160,300
Goods Producing	203,500	159,900	147,900	146,300	152,100	156,800	160,100	176,700	192,500	192,300
Mining and Logging	1,200	1,200	1,000	1,000	1,200	1,200	1,200	1,200	1,200	900
Construction	93,800	69,800	61,300	59,500	63,500	68,600	71,800	81,500	92,600	92,500
Construction of Buildings	16,300	12,000	10,600	10,700	10,800	11,400	12,400	13,700	14,900	14,500
Heavy & Civil Engineering Construction	11,700	9,100	8,200	8,900	10,400	9,900	9,700	10,400	11,800	12,400
Specialty Trade Contractors	65,800	48,700	42,500	39,800	42,300	47,300	49,700	57,400	65,900	65,600
Building Foundation & Exterior Contractors	20,800	13,600	12,400	10,800	11,700	12,500	13,700	16,700	19,600	18,500
Building Equipment Contractors	19,200	15,800	13,700	13,400	13,800	16,000	17,400	18,700	21,900	23,200
Building Finishing Contractors	16,500	12,400	10,400	9,900	10,500	12,200	13,100	14,500	17,500	16,100
Manufacturing	108,500	88,900	85,500	85,800	87,400	87,000	87,100	94,000	98,700	98,900
Durable Goods	73,700	58,200	55,500	56,400	57,300	57,000	57,200	62,000	64,000	64,800
Fabricated Metal Product Manufacturing	14,900	11,900	11,500	12,200	12,700	13,000	13,400	14,900	14,800	14,400
Nondurable Goods	34,800	30,700	30,000	29,400	30,100	30,000	29,900	32,000	34,700	34,100
Food Mfg & Beverage & Tobacco Product Mfg	10,500	9,700	9,800	9,500	10,000	10,300	10,600	10,700	12,700	
Service Providing	1,049,100	1,007,100	1,003,600	998,200	1,026,000	1,066,400	1,098,700	1,151,100	1,182,000	1,208,500
Private Service Providing	815,300	767,800	761,900	767,400	799,900	838,900	868,600	918,200	948,300	968,000
Trade, Transportation & Utilities	293,300	270,000	269,000	273,000	285,200	296,100	305,700	321,800	342,900	346,300
Wholesale Trade	55,000	48,900	48,900	49,000	52,300	55,900	57,700	62,000	64,500	62,900
Merchant Wholesalers, Durable Goods	33,000	29,100	29,200	29,200	30,800	33,100	34,300	36,000	37,100	35,800
Merchant Wholesalers, Nondurable Goods	16,600	15,400	15,500	15,500	17,300	18,000	18,300	21,500	22,400	21,800
Retail Trade	168,100	154,100	153,900	155,600	159,300	162,800	167,100	167,500	174,600	179,000
Motor Vehicle & Parts Dealer	23,200	18,600	18,700	19,600	20,600	21,500	22,500	23,400	24,800	24,800
Automotive Parts, Accessories & Tire Stores	6,300	6,000	6,400	6,500	6,800	6,900	7,000	7,200	7,300	7,500
Building Material & Garden Equipment Stores	13,900	12,800	12,500	12,400	13,000	13,900	14,600	14,300	13,800	14,200
Food & Beverage Stores	33,300	32,900	32,700	30,700	30,700	30,900	31,200	32,400	33,300	34,100
Health & Personal Care Stores	9,400	9,000	9,100	9,300	9,600	9,900	10,000	10,100	10,900	10,800
Clothing & Clothing Accessories Stores	16,200	14,400	15,600	17,100	17,600	17,700	17,700	18,000	17,000	18,700
Clothing Stores	12,600	11,200	12,300	13,400	13,700	13,500	13,500	13,600	12,400	13,700
General Merchandise Stores	37,100	36,000	35,400	34,900	35,400	36,400	36,200	38,100	40,000	40,400
Transportation, Warehousing & Utilities	70,200	67,100	66,200	68,400	73,600	77,400	80,900	92,300	103,800	104,400
Telecommunications	5,800	6,300	6,800	5,700	5,400	5,500	5,900	5,500	5,300	5,600
Financial Activities	46,500	42,200	40,900	39,900	40,800	42,200	42,300	44,500	43,100	45,300
Finance & Insurance	27,500	25,900	25,400	25,300	26,000	26,500	26,100	27,500	25,800	27,300
Credit Intermediation & Related Activities	16,500	15,300	14,900	14,900	15,000	14,900	14,400	15,000	15,300	15,100
Depository Credit Intermediation	10,800	10,100	10,100	9,900	10,000	9,600	9,500	8,900	8,700	8,600
Nondepository Credit Intermediation	4,400	4,000	3,600	4,100	3,900	3,900	3,800	4,200	3,900	3,800
Insurance Carriers & Related	9,100	8,900	8,800	9,000	9,500	10,000	10,100	10,800	9,200	10,600
Insurance Carriers	4,200	4,100	4,100	4,100	4,500	4,900	4,800	4,800	3,700	4,500
Real Estate & Rental & Leasing	19,000	16,300	15,500	14,600	14,800	15,700	16,200	17,000	17,300	18,000
Real Estate	12,000	10,500	10,400	10,100	10,700	11,300	11,900	12,300	12,700	12,400
Professional & Business Services	138,700	124,500	122,900	123,400	128,000	131,200	140,500	149,600	144,400	145,800
Professional, Scientific & Technical Services	39,800	36,700	34,100	34,300	36,800	36,800	39,600	43,600	39,800	39,200
Management of Companies & Enterprises	9,800	9,000	8,700	8,600	8,400	8,900	8,700	9,100	10,000	9,200
Administrative & Support & Waste Services	89,100	78,800	80,200	80,400	82,800	85,500	92,200	96,900	94,600	97,500
Administrative & Support Services	86,200	76,200	77,500	77,400	79,400	81,800	88,600	92,900	90,700	94,000
Employment Services	47,000	36,300	37,200	36,400	37,100	37,500	40,900	43,200	46,200	45,900
Investigation & Security Services	8,000	9,600	9,900	10,800	11,100	11,800	12,500	13,200	13,600	14,000
Services to Buildings & Dwellings	17,300	16,400	16,100	16,200	17,000	18,100	18,700	18,500	19,300	19,200
Educational & Health Services	148,500	155,100	152,800	155,800	164,400	181,300	187,900	195,800	210,800	214,300
Educational Services	15,100	15,600	14,900	14,900	15,200	16,800	17,100	19,100	17,200	18,600
Colleges, Universities & Professional Schools	4,900	5,600	5,400	5,500	5,600	5,600	5,600	6,000	6,300	6,500
Health Care & Social Assistance	133,400	139,500	137,900	140,900	149,200	164,500	170,800	176,700	193,600	195,600
Ambulatory Health Care Services	49,000	50,300	51,200	53,100	57,200	58,700	60,500	63,800	66,600	67,700
Offices of Physicians	21,900	23,000	23,200	24,300	26,500	27,200	28,400	30,500	31,400	22,700
Hospitals	31,700	32,600	32,300	34,100	35,000	35,700	35,700	36,200	39,100	38,900
Nursing & Residential Care Facilities	20,700	20,300	20,400	21,300	22,300	23,000	23,600	25,400	25,900	25,700
Leisure & Hospitality	131,300	124,100	122,900	123,600	129,100	135,500	141,200	151,400	150,000	159,700
Arts, Entertainment & Recreation	16,100	14,800	14,900	14,300	14,700	15,900	15,300	17,500	17,700	19,200
Accommodation & Food Services	115,200	109,300	108,000	109,300	114,400	119,600	125,900	133,900	132,300	140,500
Accommodation	16,300	14,600	13,600	13,900	14,300	14,500	14,400	15,700	16,800	17,500
Food Services & Drinking Places	98,900	94,700	94,400	95,400	100,100	105,100	111,500	118,200	115,500	119,000
Full-Service Restaurants	40,900	38,900	39,300	40,100	42,600	44,300	44,100	47,500	45,100	48,900
Limited-Service Eating Places	54,300	52,500	51,700	51,800	53,900	57,200	61,300	65,100	66,200	70,100
Other Services	42,200	37,500	39,200	39,400	40,800	41,200	39,400	44,000	45,700	45,100

DEMOGRAPHICS AND ECONOMICS INFORMATION
INDUSTRY EMPLOYMENT AND LABOR FORCE
(Riverside and San Bernardino Counties)
Benchmark

TITLE	Jun-08	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17
Repair & Maintenance	15,400	13,000	12,900	13,100	13,800	14,700	14,600	15,900	17,100	17,000
Personal & Laundry Services	10,400	9,600	9,800	9,700	10,500	10,600	10,400	11,500	11,300	11,900
Government	233,800	239,300	241,700	230,800	226,100	227,500	230,100	232,900	233,700	240,500
Federal Government	19,700	20,300	25,100	21,400	20,500	20,200	20,400	20,400	20,800	20,500
Local Government Excluding Education	83,900	82,500	79,600	76,300	74,300	73,500	73,300	73,900	77,100	76,700
County	37,700	37,500	36,400	35,200	34,200	33,300	32,800	32,400	33,800	33,600
City	17,900	17,700	16,600	16,200	15,400	15,000	15,400	15,100	15,100	15,000
Special Districts plus Indian Tribes	28,300	27,300	26,600	24,900	24,700	25,200	25,100	26,400	28,200	28,100

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

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.

OPERATING INFORMATION
NUMBER OF EMPLOYEES

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Administration	5	5	5	5	5
Operation	504	474	473	445	438
Maintenance	118	118	111	99	102
Information Technology	10	10	10	6	6
Marketing	23	23	24	23	23
Planning	17 *	15	16	17	19
Human Resources	11	11	11	9	9
Safety & Security	4	4	4	4	4
Procurement	21	21	21	17	19
Finance	16	16	12	12	12
Integrated Project Mgmt. Oversight (IPMO)					
Rail					
Special Transportation Services					
Total	<u>729</u>	<u>697</u>	<u>687</u>	<u>637</u>	<u>637</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administration	5	3	4	4	4
Operation	443	450	468	464	479
Maintenance	101	100	102	107	103
Information Technology	5	5	8	8	8
Marketing	25	24	29 **	30	30
Planning	18	15	0	0	0
Human Resources	9	9	9	9	10
Safety & Security	3	3	3	4	4
Procurement	18	19	18	20	18
Finance	11	11	12	12	12
Integrated Project Mgmt. Oversight (IPMO)			4 ***	3	1
Rail Service					2
Special Transportation Services				10 ***	13
Total	<u>638</u>	<u>639</u>	<u>657</u>	<u>671</u>	<u>684</u>

* Revised in 2008 to include Integrated Project Management Oversight (IPMO) Employees with the Planning Department.

** Re-organization combined the Marketing Department and Planning Department.

*** Re-organization separated the Project Management Oversight (IMPO) Employees from the Planning Department.

**** Employees of Valley Transportation Services (VTrans) joined OmniTrans in April 2016.

Source: Human Resources Department

OPERATING INFORMATION
OPERATING EXPENSES BY CATEGORY

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Personnel	\$25,639,106	\$26,704,109	\$26,628,484	\$24,869,713	\$25,280,131
Materials & Supplies	10,053,655	9,062,296	8,831,959	7,743,557	8,479,014
Casualty & Liability	4,981,889	4,448,557	4,233,360	4,674,142	5,100,830
Purchased Transportation	6,336,702	6,719,510	7,114,073	8,831,959	8,882,227
Depreciation & Other	<u>29,606,847</u>	<u>30,091,084</u>	<u>31,693,482</u>	<u>33,182,921</u>	<u>38,534,224</u>
Total Operating Expenses	<u>\$76,618,199</u>	<u>\$77,025,556</u>	<u>\$78,501,358</u>	<u>\$79,302,292</u>	<u>\$86,276,426</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personnel	\$25,718,114	\$25,505,890	\$26,313,115	\$28,621,780	\$31,716,325
Materials & Supplies	8,396,813	8,533,634	9,191,072	7,288,414	7,663,731
Casualty & Liability	6,525,076	1,146,301	2,851,520	3,107,806	6,379,626
Purchased Transportation	9,084,344	9,075,431	9,261,048	9,041,314	8,803,691
Depreciation & Other	<u>37,492,829</u>	<u>36,477,412</u>	<u>36,491,366</u>	<u>37,834,526</u>	<u>41,517,627</u>
Total Operating Expenses	<u>\$87,217,176</u>	<u>\$80,738,668</u>	<u>\$84,108,121</u>	<u>\$85,893,840</u>	<u>\$96,081,000</u>

Source: Finance Department

OPERATING INFORMATION
OPERATING EXPENSES BY FUNCTION

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Transportation	\$26,163,421	\$27,787,511	\$28,239,330	\$29,168,399	\$29,261,593
Maintenance	17,867,594	16,627,719	15,770,795	14,204,780	14,830,016
Risk Management *	4,981,889	4,448,557	4,233,360	4,674,142	5,100,830
Marketing	2,366,484	2,330,561	2,673,847	2,260,166	2,259,488
General Administration	9,569,184	7,451,941	7,226,877	7,835,246	8,052,766
Depreciation & Other **	15,669,627	18,379,268	20,357,148	21,159,558	26,771,733
Total Operating Expenses	<u>\$76,618,199</u>	<u>\$77,025,556</u>	<u>\$78,501,358</u>	<u>\$79,302,292</u>	<u>\$86,276,426</u>

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Transportation	\$29,269,181	\$30,149,343	\$31,337,405	\$34,444,699	\$34,901,970
Maintenance	15,043,634	15,213,652	16,223,257	14,588,796	15,895,286
Risk Management *	6,525,076	1,146,301	2,851,520	3,107,806	6,379,626
Marketing	2,452,956	2,411,375	2,925,275	3,126,790	3,208,490
General Administration	6,887,007	8,473,242	8,147,166	6,615,304	9,315,612
Depreciation & Other **	27,039,322	23,344,755	22,623,498	24,010,445	26,380,016
Total Operating Expenses	<u>\$87,217,176</u>	<u>\$80,738,668</u>	<u>\$84,108,121</u>	<u>\$85,893,840</u>	<u>\$96,081,000</u>

* Risk Management consist of casualty and liability costs.

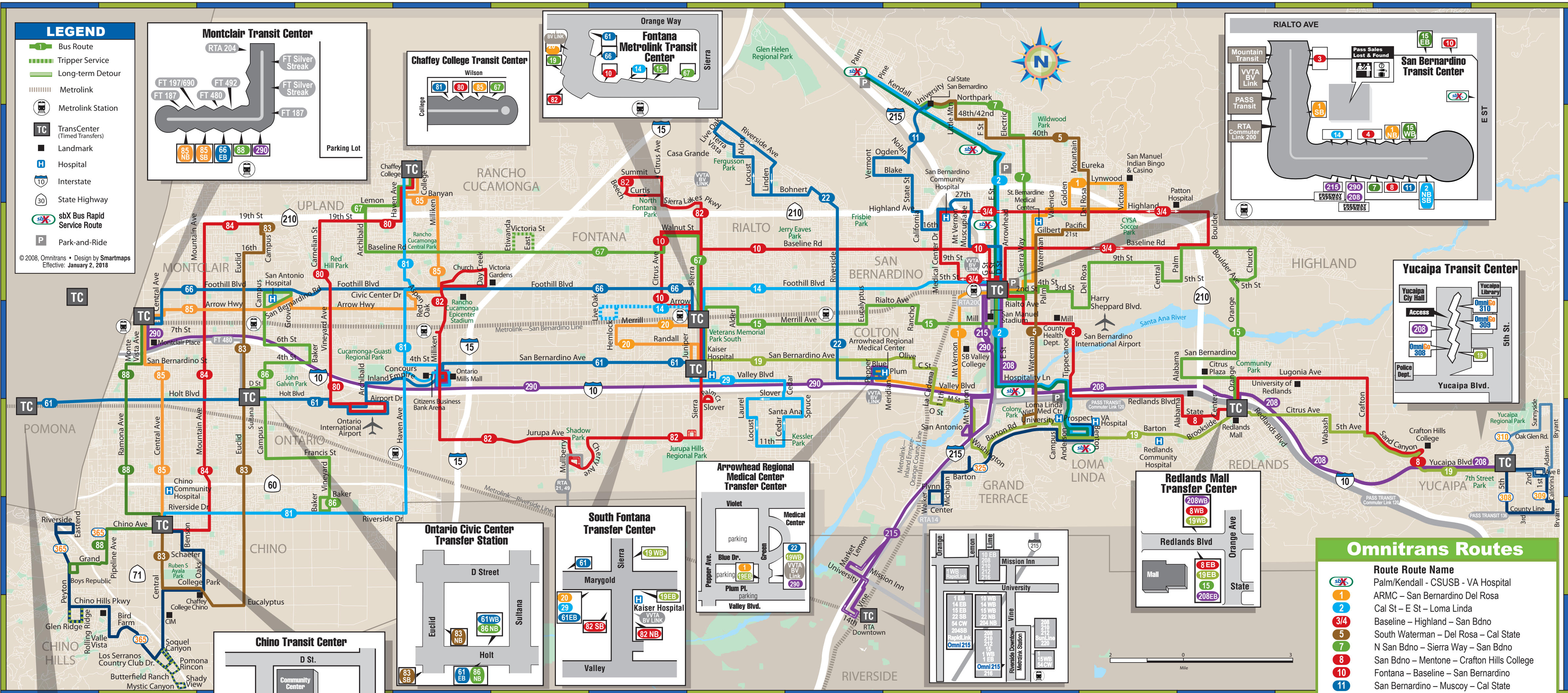

** Depreciation & Other cost consist of depreciation, purchased transportation, leases and rentals, donation to other agency, and capital purchases charged to operating.

Source: Finance Department

OPERATING INFORMATION
CAPITAL ASSETS BY FUNCTION

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Fixed route					
Buses	175	173	177	167	179
Paratransit					
Paratransit buses	95	102	101	106	106
Paratransit vans	6	10	10	10	10
Support vehicles					
Vans, cars & trucks	35	52	49	42	43
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fixed route					
Buses	172	186	191	199	188
Paratransit					
Paratransit buses	96	126	122	144	109
Paratransit vans	10	10	9	6	0
Support vehicles					
Vans, cars & trucks	37	37	40	43	68

Source: Finance Department.

Connecting Our Community.

Effective Date: January 2, 2028

1-800-9-OMNIBUS • (1-800-966-6428) • www.omnitrans.org

Customer Information

**For complete route and schedule information call:
1-800-9-OMNIBUS (1-800-966-6428) www.omnitrans.org**

**For Metrolink schedule and fare information,
call 1-800-371-5465 or visit metrolinktrains.com**

Boarding the bus

- Please get to the bus stop a few minutes before the bus is scheduled to arrive, and wait next to the Omnitrans bus stop sign. The bus will pull over at the closest safe place to stop, and then you can board the bus.
- Please have exact change for your bus fare ready. Omnitrans drivers do not carry change.
- Please do not smoke, drink or eat on the bus.

Getting off the bus

- Let your driver know that you'd like to exit the bus at the next stop by pressing the rubber strip near the bus windows.
- Please exit the bus through the rear doors. For your safety, please don't step into the rear stairwell until the bus has stopped.

Fare Information

Same pass, same price for sbX, Omnitrans and OmniGo service

DAY PASS: If you take more than two buses a day, you can save money with a one-day pass.

7-DAY PASS: For frequent riders, a new way to save! Available at pass sales outlets and on board.

31-DAY PASS: If you're a regular rider, this is the best value! Available at pass outlets.

FARE	Cash	Day Pass	7-Day Pass	31-Day Pass	Proof of Eligibility
Full Fare	\$1.75	\$5.00	\$18.00	\$55.00	None
Senior (Age 62+) Disability Medicare	75¢	\$2.25	\$8.00	\$27.50	Omnitrans Senior I.D., Omnitrans isability Card, American w/Disabilities Act Card, Medicaid Card (State benefit cards not accepted as proof of eligibility for discounted fare), DMV I.D. Card/Drivers License, Medicare Card
Veterans	75¢	\$2.25	\$8.00	\$27.50	San Bernardino County Dept. of Veterans Affairs Military Veteran ID, US Dept. of Veterans Affairs Health ID, Department of Defense Retiree Card, DMV ID/Drivers license with Veteran designation, Transit Agency Veterans ID cards
Youth	\$1.75	\$5.00	\$14.00	\$41.00	Persons 18 years and younger. School ID or proof of age.
Go Smart Partner Schools:	Prepaid - Show your student ID California State University San Bernardino, Chaffey College, Crafton Hills College, San Bernardino Valley College, Art Institute of California-Inland Empire.				
Children (46" tall and under)	Free	Free	Free	Free	Limit 2 per fare paying rider

Omnitrans Routes

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

Routes and schedules are subject to change without notice.



OmniTrans
1700 W Fifth Street
San Bernardino, CA 92411