

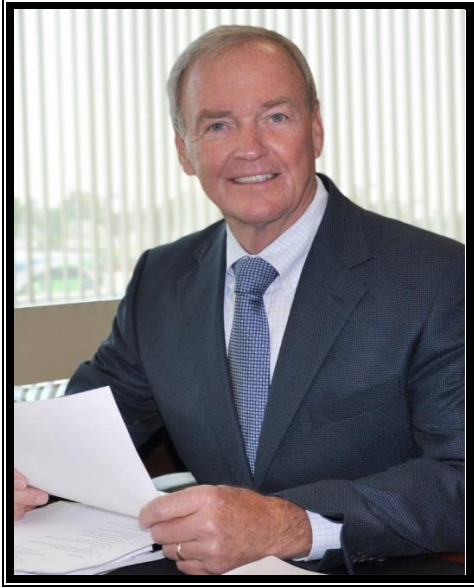
CONNECTING OUR COMMUNITY



OmniTrans, San Bernardino, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2019





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, 2019. The financial statements are presented in conformity with general accepted accounting principles and were audited in accordance with general accepted auditing standards by a firm of licensed certified public accountants.

FY 19 brought about new challenges as Omnitrans submission of a second Financial White Paper that continued to emphasize the need for an Omnitrans/SBCTA Ad Hoc Committee to discuss a strategic approach to bring service levels in line with future funding projections and to identify future capital funding sources to address the unfunded mandated brought about by the requirements of the Innovative Clean Transit (ICT) Regulation. The formation of the Ad Hoc Committee proved highly productive in developing a strategy to reduce service levels and increase operational funding. This strategy ensures operational sustainability through 2040. SBCTA and Omnitrans staff are working to identify the capital funding sources required for infrastructure and equipment costs resulting from the ICT Regulation.

With significant operational changes on the horizon, Omnitrans continues to excel at identifying, and implementing, internal cost savings measures and new revenue streams to offset operating costs. The cost cutting programs included the purchase of 28 CNG ACCESS vehicles and the repowering of sixty 40' buses that will yield additional fuel savings while reducing our carbon footprint and increasing revenue through the Low Carbon Standard Fuel Program. Marketing efforts established a partnership with the Inland Empire Health Plan Agency that is forecasted to increase fare revenue in FY20 by 29 percent (\$2million).

These efforts, coupled with Omnitrans' commitment to explore more non-traditional services such as micro-transit to complement fixed route services are planned for inclusion in our FY21 Annual Management Plan. By all measures, Omnitrans is, and will always be an organization that is efficient, effective, and fiscally responsible.

OMNITRANS

San Bernardino, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019
(With Independent Auditor's Report Thereon)



Prepared by the Finance Department

DONALD WALKER
Director of Finance

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Erin Rogers, Deputy General Manager

CONNECTING OUR COMMUNITY



INTRODUCTORY SECTION



January 28, 2020

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, 2019.

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.

Eide Bailly, 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, 2019, 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, 2019 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

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 sixteen (16) times. These prior awards and the one that we are currently seeking this year evidence the significant improvements regarding the strengthening of internal controls and our compliance with stringent GFOA standards for professional financial reporting. Omnitrans' system of internal control is supported by written policies and procedures and is continually reviewed, evaluated and modified to meet current needs.

Local Economy

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

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

Economists new forecast call out a lack of housing supply and weak rates of homebuilding, particularly within the single-family market, as the most urgent challenge to economic growth in the Inland Empire (IE). Even though local housing stock falls seriously short of demand, residential building permits in the region (both single-family and multifamily) declined by 8.2% in the first half of 2019 compared to the same period one year ago.

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 FTA and California 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.

- Recently the California Air Resources Board (ARB) adopted the Innovative Clean Transit regulation the ICT regulation, which has been in development since spring 2015 requires large transit agencies to begin purchasing zero-emission buses (ZEBs) as soon as 2023, with the goal of transitioning all transit buses in California to zero-emission technology by 2040. The regulation initially impacts standard transit buses, postponing the ZEB purchase mandate for non-standard buses (i.e. articulated, cutaway, over-the-road coaches) until at least 2026.

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, 2018. 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 sixteenth time receiving this award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR.

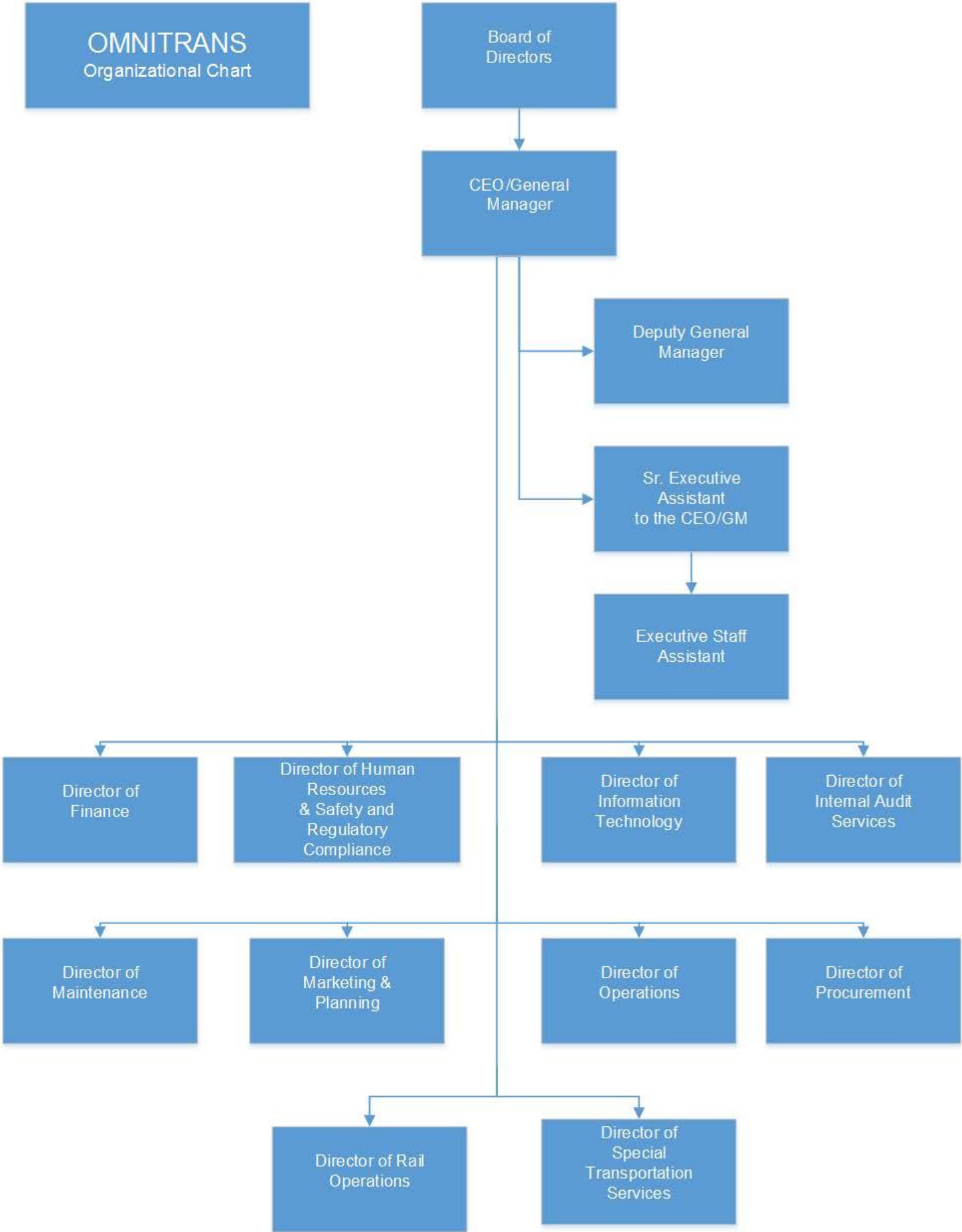
Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the Finance Department staff, with special thanks to Mae Sung, Accounting Manager and Maurice Mansion, Treasury Manager. We wish also to express our appreciation to P. Scott Graham,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

Respectfully submitted,



Donald Walker
Director of Finance, OMNITRANS

OMNITRANS
Organizational Chart



OMNITRANS SENIOR LEADERSHIP TEAM

P. Scott Graham
CEO/General Manager

Erin Rogers
Deputy General Manager

Donald Walker
Director of Finance

Suzanne Pfeiffer
Director of Human Resources & Safety and Regulatory Compliance

Jacob Harms
Director of Information Technology

(Vacant)
Director of Internal Audit Services

Connie Raya
Director of Maintenance

Wendy S. Williams
Director of Marketing & Planning

Shawn Brophy
Director of Operations

Eugenia Pinheiro
Interim Director of Procurement

Trischelle Baysden
Director of Rail Operations

Douglas Stanley
Director of Special Transportation Services

OMNITRANS BOARD OF DIRECTORS



Chair
David Avila
Yucaipa



Vice Chair John
Dutrey
Montclair



Supervisor
Curt Hagman
County



Supervisor
Dawn Rowe
County



Supervisor
Josie Gonzales
County



Supervisor
Janice Rutherford
County



Eunice Ulloa
Chino



Cynthia Moran
Chino Hills



Frank Navarro
Colton



John Roberts
Fontana



Darcy McNaboe
Grand Terrace



Penny Lilburn
Highland



Ron Dailey
Loma Linda



Alan Wapner
Ontario



Paul Foster
Redlands



Deborah Robertson
Rialto



Sam Spagnolo
Rancho Cucamonga



John Valdivia
San Bernardino



Debbie Stone
Upland



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Omnitrans
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

PROFILE OF OMNITRANS

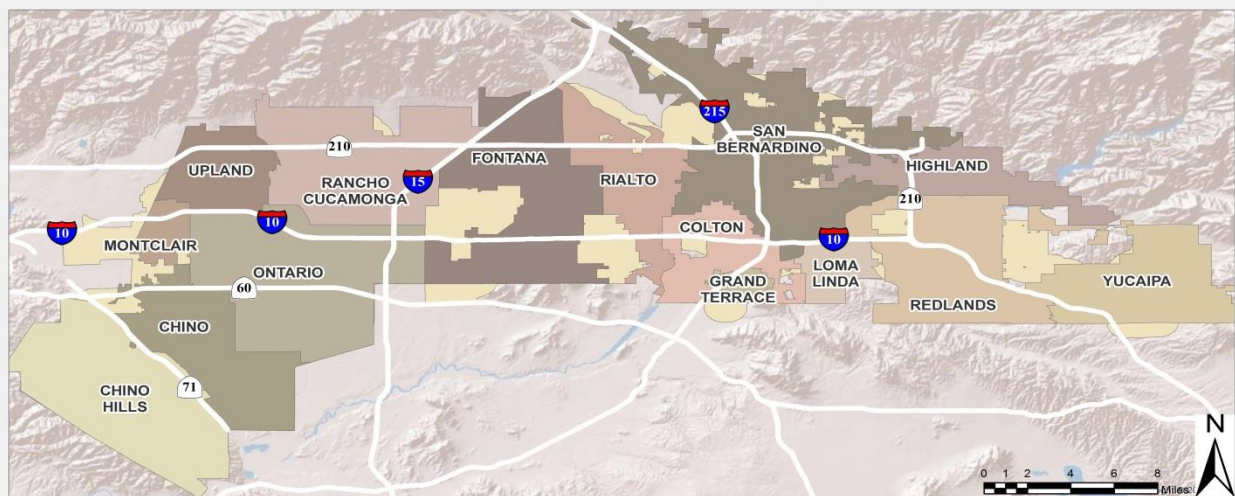
Omnitrans was founded in 1976 under a Joint Powers Agreement to provide transportation service to the San Bernardino Valley. Omnitrans is the major public transportation provider in the San Bernardino Valley, with a service area of approximately 456 square miles, serving fifteen municipalities, and many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

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

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

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

Service Area Map



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

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

As of June 2019, Omnitrans had a budgeted staff of 692 employees to provide its services. The CEO/General Manager is responsible for the day-to-day management of the Agency and acts as the liaison to the Board of Directors and each of the committees. Reporting to the CEO/General Manager are the following departments:

1. Executive Office / Internal Audit Services
2. Human Resources & Safety Regulatory Compliance
3. Special Transportation Services
4. Rail
5. Maintenance
6. Marketing & Planning
7. Operations
8. Finance
9. Procurement
10. Information Technology

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

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

sbX Bus Rapid Transit

- The sbX Green line is a Bus Rapid Transit Line that serves the E Street Corridor in the cities of San Bernardino and Loma Linda.
- During FY2019, the sbX Green Line operated on weekdays from 5:00 AM with the last trip departing at 10:08 PM. It offers 10-minute peak service 6:00 AM to 9:00 AM and 3:00 PM to 6:00 PM. Off-peak service frequency is 15 minutes. Saturday service was added during the year with sbX running every 20 minutes between 6:20 AM to 8:23 PM.
- 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.
- From May 2017 through September 2019, Omnitrans operated freeway express Route 208 to connect Yucaipa and Redlands with local bus and commuter rail service at the San Bernardino Transit Center. The route operated morning and evening commute hours only.

Local Fixed Route Service

- As of June 30, 2019, and in accordance with the Operational Standards for the provision of service, Omnitrans operates 26 traditional local fixed routes and five OmniGo local community circulator routes in addition to sbX and Freeway Express routes described above.
- Routes operate at 15- to 70-minute intervals depending on passenger demand and density of activity along the route.
- All routes operate Monday through Friday with service beginning at 3:23 AM and ending at 11:41 PM. On Saturdays there are 24 routes and four OmniGo circulators in operation with service beginning at 4:50 AM and ending at 10:54 PM. On Sundays there are 22 routes and four OmniGo circulators in service which begin at 5:05 AM and end at 8:37 PM.
- Coordinated local fixed-route service with Foothill Transit, Riverside Transit Agency, 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.

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 nine Metrolink Stations located in San Bernardino, Rialto, Fontana, Rancho Cucamonga, Upland, Montclair, East Ontario, Riverside 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).

FY19 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	60	30
3	3	Baseline - Highland - San Bernardino CCW	15	20	20
4	4	Baseline - Highland - San Bernardino CW	15	20	20
5	5	South Waterman - Del Rosa - Cal State	30	60	60
6	7	N. San Bernardino - Sierra Way - San Bernardino	30/60	60	60
7	8	San Bernardino - Mentone – Crafton Hills	30/60	60	60
8	10	Fontana - Baseline - San Bernardino	30/60	60	60
9	11	San Bernardino - Muscoy - Cal State	30/60	60	60
10	14	Fontana - Foothill - San Bernardino	15	15	15
11	15	Fontana - San Bndo/Highland - Redlands	30	60	60
12	19	Fontana –Colton-Redlands--Yucaipa	30	60	60
13	20	Fontana Metrolink - Via Hemlock - Kaiser	60	60	60
14	22	North Rialto - Riverside Ave - ARMC	30	60	60
15	29	Bloomington - Valley Blvd - Kaiser	60	60	*
16/17	308/309	OmniGo: Yucaipa	30/60	30	60
18	310	OmniGo: Yucaipa	30/60	*	*
19	325	OmniGo: Grand Terrace	70	70	70
20	208	Yucaipa-Redlands-San Bernardino	Peak Only	*	*
21	215	San Bernardino – Riverside	20/30	30/60	30/60
22	290	San Bernardino-ARMC-Ontario Mills-Montclair Transit Center	30/60/120	*	*
23	61	Fontana-Ontario Mills-Pomona	15	15	15
24	66	Fontana-Foothill Blvd.-Montclair	15/30	30	30
25	67	Chaffey-Baseline-Fontana	60	*	*
26	80	Ontario International Airport-Vineyard-Chaffey College	60	60	60
27	81	Chino-Haven-Chaffey College	30/60	60	*
28	82	Rancho Cucamonga-Fontana-Sierra Lakes	60	65	65
29	83	Upland-Euclid-Chino	60	60	60
30	84	Upland-Mountain Ave-Chino	60	60	60
31	85	Chino-Montclair-Chaffey College	30	60	60
32	86	S. Ontario-Campus-San Antonio Hospital	60	*	*
33	88	Chino Hills-Ramona Ave-Montclair	60	60	60
34	365	OmniGo: Chino Hills	60	60	60
35	sbX	Green Line	10/15	20	*

* No Saturday or Sunday Service (as applicable)



David Avila, Omnitrans Board of Directors Chairman





Left to right: David Avila - Omnitrans Board Chair, Alissa Konove – Undersecretary CSTA, Paul Foster – Mayor of Redlands, Darcy McNaboe – Mayor of Grand Terrace, Pete Aguilar – US Representative CA 31st District, Ray Tellis – FTA, Henry Nickel – SB City Council Member, and Stephanie Wiggins – CEO Metrolink

FINANCIAL SECTION



Independent Auditor's 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, 2019, 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.

Auditor's 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, 2019, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, and the schedule of contributions as listed in the table of contents 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 of Omnitrans as of and for the year ended June 30, 2018, were audited by Vavrinek, Trine, Day & Co., LLP, who joined Eide Bailly LLP on July 22, 2019 and whose report dated January 31, 2019, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2020, on our consideration of Omnitrans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Omnitrans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Omnitrans' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 28, 2020

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, 2019.

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 2019, the Statement of Net Position presents total assets of \$207.3 million. This is a decrease of \$14.7 million or 6.6% below the close of the previous fiscal year-end.
- Total assets at fiscal year-end 2019 decreased from \$295.1 million to \$282.2 million or 4.4%. Delays in the approval and access to federal grants used for operations and the transfer of capital assets to the City of San Bernardino associated with the 10th through Highland Pavement Rehabilitation Project account for the reduction.
- Total liabilities at fiscal year-end 2019 increased \$572.8 thousand or 0.7% above the previous fiscal year. Decreases in current liabilities were offset by increases in long-term liabilities.
- Total revenues for fiscal year-end June 30, 2019 were \$108.8 million compared to \$114.0 for the previous fiscal year. This is \$5.2 million or 4.6% decrease in revenue compared to the previous year.
- Total expenses for fiscal year-end 2019 excluding depreciation were \$105.7 million compared to \$89.2 million for the previous fiscal year. This is an increase of \$16.4 million or 18.4%. The expenses include \$6.8 million associated with the transfer of capital assets to the City of San Bernardino.
- Depreciation for fiscal year-end 2019 was \$18.8 million compared to \$16.5 million for the previous fiscal year. This is an increase of \$2.3 million or 13.6%.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements

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

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

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

The statement of revenues, expenses and change in net position present information regarding how the Agency net position changed during the fiscal years ended June 30, 2019 and 2018. 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 2019 with fiscal year 2018. For additional information regarding the Agencies financial activities for fiscal year ended June 30, 2019, readers are encouraged 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, 2019 were \$108.8 million compared to \$114.0 million for the previous fiscal year-end. This is a \$5.2 million or 4.6% decrease compared to last fiscal year-end. The increase of \$15.1 million in Federal and local operating grants was offset by a \$19.4 million decrease in Capital assistance in fiscal year 2019.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Interest income for the Agency consists of quarterly return on investment with the Local Agency Investment Fund (LAIF). The LAIF program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office at no additional cost. Total interest income for fiscal year ended June 30, 2019 was \$315.4 thousand compared to \$167.5 thousand for the previous fiscal year-end.

There were no revenues from the Compressed Natural Gas (CNG) fuel tax credit for fiscal year ended June 30, 2019. The Alternative Fuel Tax Credit ended December 31, 2017. There is pending legislation extending the tax credits at their current level (\$0.50 per gallon on alternative fuels) for 2018 and 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OMNITRANS' Revenues

		<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Passenger fares	\$	13,168,821	12,677,056	491,765	3.9
Advertising revenue		774,189	598,078	176,111	29.4
Other Transportation Revenue		55,673	38,680	16,993	43.9
Federal and local operating grants		84,857,421	69,716,169	15,141,252	21.7
Capital assistance		9,607,036	29,021,713	(19,414,677)	(66.9)
Interest Income		315,357	167,494	147,863	88.3
CNG fuel tax credit		0	1,434,406	(1,434,406)	
Other non-operating revenues/(expenses)		<u>21,422</u>	<u>352,633</u>	<u>(331,211)</u>	<u>(93.9)</u>
Total Revenues	\$	<u>108,799,919</u>	<u>114,006,229</u>	<u>(5,206,310)</u>	<u>(4.6)</u>

Expenses

Total expenses for fiscal year-end 2019 were \$124.5 million compared to \$105.8 million for the previous fiscal year end. This is an 18.7 million or 17.7% increase in total expenses. Included in total expenses is depreciation (\$18.8 million) and Donation to Other Agency (\$6.8 million).

Wages, salaries, and benefits increased from \$52.6 million for fiscal year-end 2018 to \$55.2 million for fiscal year-end 2019. This is an increase of \$2.7 million or 5.2%. The increase in cost is associated with Omnitrans' role as the Consolidated Transportation Services Agency (CTSA) for San Bernardino valley. The previous CTSA, Valley Transportation Services (VTrans) was dissolved in fiscal year 2018.

Purchase transportation services for fiscal year-end 2019 was \$10.8 million compared to \$8.9 million for the previous year. This is a \$1.8 million increase or 20.3%. The five (5) year Agreement for Purchase Transportation Services was amended in fiscal year 2019 (year 4 of 5) requiring the contractor to provide Commercial General Liability and Auto Coverage throughout the remainder of the Agreement.

General and administrative expenses increased \$3.9 million or 32.4% compared to the previous fiscal year. Total general and administrative expenses for fiscal year-end 2019 were \$16.0 million compared to \$12.1 million for the previous fiscal year. Included in general and administrative expenses is a write-off of \$3.1 million in receivables for Medi-Cal reimbursements for non-emergency transportation service provided by Access.

Capital purchases for fiscal year-end 2019 decreased \$1.2 million compared to the previous year-end due to fewer purchases with capital funds met the threshold for capitalization and depreciated over their useful life.

Omnitrans, as a direct grantee of FTA funding, is responsible for complying with specific FTA requirements. San Bernardino County Transportation Authority (SBCTA) conducts the solicitation, evaluation, and selection process for FTA funds. However, Omnitrans does participate in the evaluation process as well, and is solely responsible for project management

MANAGEMENT'S DISCUSSION AND ANALYSIS

oversight for sub-recipients. The pass-through to other agencies represents federal and local reimbursements to sub-recipients for cost incurred on approved projects. Pass-through payments to other agencies decreased \$836.2 thousand or 49.5% compared to the previous fiscal year-end.

Loss on disposal of capital assets increased \$1.3 million or 193.4% compared to the previous fiscal year. The reason for the increase is the disposal of the liquefied compressed natural gas (LCNG) fueling infrastructure which had a remaining book value of \$1.1 million. The LCNG fueling infrastructure had a 30-year useful life cycle.

Donation to Other Agency at fiscal year-end 2019 was \$6.8 million compared to no donations for the previous fiscal year. Omnitrans donated a total of \$6.8 million of capital assets consisting of \$6.5 million in cost associated with the 10th through Highland Pavement Rehabilitation Project and \$345.7 thousand in cost associated with the 5th Street bus stop.

<u>OMNITRANS' Expenses</u>				
	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Wages, salaries, and benefits	\$ 55,238,763	52,582,529	2,656,234	5.2
Purchased transportation services	10,764,903	8,947,264	1,817,639	20.3
General and administrative expenses	16,033,442	12,107,851	3,925,591	32.4
Materials and supplies	7,585,991	7,018,449	567,542	8.1
Capital purchases	973,017	2,214,425	(1,241,408)	(56.1)
Professional and technical services	3,783,575	2,831,694	951,881	33.6
Advertising and printing	893,427	861,668	31,759	3.7
Pass-through to other agencies	854,709	1,690,894	(836,185)	(49.5)
Pass-through to CTSA community partners	394,708	0	394,708	
Loss on disposal of capital assets	1,910,005	650,981	1,259,024	193.4
Depreciation	18,797,139	16,540,761	2,256,378	13.6
Miscellaneous	409,711	338,209	71,502	21.1
Donation to Other Agency	6,838,655	0	6,838,655	
Total Expenses	\$ <u>124,478,045</u>	<u>105,784,725</u>	<u>18,693,320</u>	17.7

Net Position

The Agency's total net position for fiscal year ending June 30, 2019 decreased \$14.7 million or 6.6% below fiscal year ended June 30, 2018. Total assets for the fiscal year decreased \$13.0 million or 4.4%. This is due primarily to the delay in federal grant funding used for preventive maintenance and the donation to other agency previously presented.

Total liabilities increased \$572.8 thousand or 0.7% compared to the previous fiscal year-end. Current liabilities decreased \$1.1 million or 3.5% and long-term liabilities increased \$1.7 million or 3.4%.

Deferred inflows of resources related to pension as required by GASB 68 decreased \$941.8 thousand below the previous fiscal year. For fiscal year ended June 30, 2019 deferred inflows of resources was \$2.4 million. The \$2.4 million is the sum of deferred inflows of resources based on

MANAGEMENT'S DISCUSSION AND ANALYSIS

changes of assumptions and differences between expected and actual experience. In addition, deferred outflows of resources include contribution made subsequent to the measurement date changes of assumptions, differences between expected and actual experience, and the net difference between projected and actual earnings on the pension plan investments. Additional information regarding the Agency's net pension liability can be found in Note 8 in the Notes to the Basic Financial Statements.

OMNITRANS' Statement of Net Position

		<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Assets:					
Current and other assets	\$	81,883,493	77,010,988	4,872,505	6.3
Net Capital Assets		<u>200,270,564</u>	<u>218,134,323</u>	<u>(17,863,759)</u>	(8.2)
Total Assets		<u>282,154,057</u>	<u>295,145,311</u>	<u>(12,991,254)</u>	(4.4)
Deferred outflow of resources:					
Deferred amount on pensions		<u>11,667,224</u>	<u>13,749,944</u>	<u>(2,082,720)</u>	(15.1)
Total Deferred outflow of resources		<u>11,667,224</u>	<u>13,749,944</u>	<u>(2,082,720)</u>	(15.1)
Liabilities:					
Current Liabilities		31,617,139	32,749,979	(1,132,840)	(3.5)
Long-term Liabilities		<u>52,432,423</u>	<u>50,726,736</u>	<u>1,705,687</u>	3.4
Total Liabilities		<u>84,049,562</u>	<u>83,476,715</u>	<u>572,847</u>	0.7
Deferred inflow of resources:					
Deferred amount on pension (Note 8)		<u>2,428,225</u>	<u>3,370,004</u>	<u>(941,779)</u>	(27.9)
Total Deferred inflow of resources		<u>2,428,225</u>	<u>3,370,004</u>	<u>(941,779)</u>	(27.9)
Net Position:					
Net investment in capital assets		200,270,564	218,134,323	(17,863,759)	(8.2)
Restricted - Capital projects		4,812,857	3,914,213	898,644	23.0
Restricted - CTSA activities		11,016,293	0	11,016,293	
Unrestricted		<u>(8,756,220)</u>	<u>0</u>	<u>(8,756,220)</u>	
Total Net Position	\$	<u>207,343,494</u>	<u>222,048,536</u>	<u>(14,705,042)</u>	(6.6)

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 fiscal years 2019 and 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>	Increase (Decrease)	Percent Increase (Decrease)
Revenues:				
Passenger fares	\$ 13,168,821	12,677,056	491,765	3.9
Advertising revenues	774,189	598,078	176,111	29.4
Other transportation revenues	<u>55,673</u>	<u>38,680</u>	<u>16,993</u>	43.9
Total revenues	<u>13,998,683</u>	<u>13,313,814</u>	<u>684,869</u>	5.1
Expenses:				
Depreciation and amortization	18,797,139	16,540,761	2,256,378	13.6
Other operating expenses	<u>95,682,829</u>	<u>86,902,089</u>	<u>8,780,740</u>	10.1
Total expenses	<u>114,479,968</u>	<u>103,442,850</u>	<u>11,037,118</u>	10.7
Nonoperating Revenue/(Expenses)				
Fed. & local operating grants	84,857,421	69,716,169	15,141,252	21.7
Interest income	315,357	167,494	147,863	88.3
Pass-through to other agencies (Note 10)	(854,709)	(1,690,894)	836,185	(49.5)
Pass-through to CTSA community partners	(394,708)	0	(394,708)	
Loss on disposal of capital assets	(1,910,005)	(650,981)	(1,259,024)	193.4
CNG fuel tax credit	0	1,434,406	(1,434,406)	
Donation to other agency	(6,838,655)	0	(6,838,655)	
Other nonoperating revenues (expenses)	<u>21,422</u>	<u>352,633</u>	<u>(331,211)</u>	(93.9)
Total nonoperating revenues	<u>75,196,123</u>	<u>69,328,827</u>	<u>5,867,296</u>	8.5
Income before capital contribution	<u>(25,285,162)</u>	<u>(20,800,209)</u>	<u>(4,484,953)</u>	21.6
Capital contributions				
Capital assistance	8,760,536	29,021,713	(20,261,177)	(69.8)
Capital contribution (Note 5)	<u>846,500</u>	<u>0</u>		
Total capital contributions	<u>9,607,036</u>	<u>29,021,713</u>	<u>(20,261,177)</u>	(69.8)
Special Items:				
Transfer of operations (Note 11)	<u>973,084</u>	<u>0</u>	<u>973,084</u>	
Change in net position	(14,705,042)	8,221,504	(22,926,546)	(278.9)
Net position, beginning of year	<u>222,048,536</u>	<u>213,827,032</u>	<u>8,221,504</u>	3.8
Net position, end of year	\$ <u><u>207,343,494</u></u>	<u><u>222,048,536</u></u>	<u><u>(14,705,042)</u></u>	(6.6)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the Agency had a total of \$200.3 million net investment in capital assets. This total represents an overall decrease of \$17.9 million or 8.2% below the prior fiscal year-end total of \$218.1 million. Significant increases in operations, furniture and office equipment was offset by decreases in buildings and improvements, construction in progress, and accumulated depreciation.

OMNITRANS' Capital Assets (net of accumulated depreciation)

		Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>	Increase (Decrease)	Percent Increase (Decrease)
Buildings and improvements	\$	145,228,968	150,033,799	(4,804,831)	(3.2)
Operations equipment		133,782,814	123,974,589	9,808,225	7.9
Furniture and office equipment		49,822,725	39,994,416	9,828,309	24.6
Construction in progress		20,661,288	48,078,086	(27,416,798)	(57.0)
Land		5,505,423	4,658,923	846,500	18.2
Accumulated depreciation		<u>(154,730,654)</u>	<u>(148,605,490)</u>	<u>(6,125,164)</u>	4.1
Total capital assets	\$	<u><u>200,270,564</u></u>	<u><u>218,134,323</u></u>	<u><u>(17,863,759)</u></u>	(8.2)

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, 2019, the Agency had \$13.2 million in long-term liabilities compared to \$12.5 million at June 30, 2018. The June 30, 2019 balance increased \$669.1 thousand or 5.3%. Claims payable increased \$574.4 or 6.7% and Compensated absences increased \$94.8 thousand or 2.4%.

OMNITRANS' Long-Term Liabilities

		Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>	Increase (Decrease)	Percent Increase (Decrease)
Claims payable	\$	9,152,354	8,577,993	574,361	6.7
Compensated absences		<u>4,043,967</u>	<u>3,949,214</u>	<u>94,753</u>	2.4
Total long-term liabilities	\$	<u><u>13,196,321</u></u>	<u><u>12,527,207</u></u>	<u><u>669,114</u></u>	5.3

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, 2019 increased proportionately due to Omnitrans being designated as a Consolidated Transportation Services Agency (CTSA) by the San Bernardino County Transportation Authority (SBCTA). The challenge going forward is containing cost, and providing safe, dependable, and quality public transit service at sustainable levels.

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

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

Contacting the Agency's Financial Management

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

OMNITRANS

STATEMENT OF NET POSITION

JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
ASSETS:		
CURRENT ASSETS:		
Cash and equivalents	\$ 16,760,571	\$ 16,267,331
Investments	1,610,222	8,874,083
Receivables:		
Accounts, net of allowances	245,023	2,036,860
Intergovernmental	23,926,679	21,904,820
Inventory	2,699,471	2,490,974
Prepaid items	438,821	352,177
TOTAL CURRENT ASSETS	<u>45,680,787</u>	<u>51,926,245</u>
NONCURRENT ASSETS:		
Restricted cash and equivalents - West Valley Connector Project	149,384	25,084,743
Restricted investments - West Valley Connector Project	25,037,029	-
Restricted investments - CTSA	11,016,293	-
Capital assets, not depreciated (Note 5)	26,166,711	52,737,009
Capital assets, depreciated, net (Note 5)	174,103,853	165,397,314
TOTAL NONCURRENT ASSETS	<u>236,473,270</u>	<u>243,219,066</u>
TOTAL ASSETS	<u>282,154,057</u>	<u>295,145,311</u>
DEFERRED OUTFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	<u>11,667,224</u>	<u>13,749,944</u>
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	6,312,951	6,482,825
Accrued salaries and benefits	3,213,612	3,035,530
Unearned revenue	16,012,180	16,437,200
Compensated absences payable - current portion (Note 4)	1,986,267	2,857,201
Claims payable - current portion (Note 4)	4,092,129	3,937,223
TOTAL CURRENT LIABILITIES	<u>31,617,139</u>	<u>32,749,979</u>
NONCURRENT LIABILITIES:		
Project advances (Note 9)	20,224,172	20,069,334
Compensated absences payable (Note 4)	2,057,700	1,092,013
Claims payable (Note 4)	5,060,225	4,640,770
Net pension liability (Note 8)	25,090,326	24,924,619
TOTAL NONCURRENT LIABILITIES	<u>52,432,423</u>	<u>50,726,736</u>
TOTAL LIABILITIES	<u>84,049,562</u>	<u>83,476,715</u>
DEFERRED INFLOW OF RESOURCES:		
Deferred amount on pensions (Note 8)	<u>2,428,225</u>	<u>3,370,004</u>
NET POSITION:		
Net investment in capital assets	200,270,564	218,134,323
Restricted for:		
Capital projects	4,812,857	3,914,213
CTSA activities	11,016,293	-
Unrestricted	(8,756,220)	-
TOTAL NET POSITION	<u>\$ 207,343,494</u>	<u>\$ 222,048,536</u>

See accompanying notes to basic financial statements.

OMNITRANS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
OPERATING REVENUES:		
Passenger fares	\$ 13,168,821	\$ 12,677,056
Advertising revenue	774,189	598,078
Other transportation revenue	55,673	38,680
TOTAL OPERATING REVENUES	13,998,683	13,313,814
OPERATING EXPENSES:		
Salaries and benefits	55,238,763	52,582,529
Purchased transportation services	10,764,903	8,947,264
General and administrative	16,033,442	12,107,851
Materials and supplies	7,585,991	7,018,449
Capital purchases	973,017	2,214,425
Professional and technical services	3,783,575	2,831,694
Advertising and printing	893,427	861,668
Depreciation	18,797,139	16,540,761
Miscellaneous	409,711	338,209
TOTAL OPERATING EXPENSES	114,479,968	103,442,850
OPERATING INCOME/(LOSS)	(100,481,285)	(90,129,036)
NONOPERATING REVENUES/(EXPENSES):		
Federal and local operating grants	84,857,421	69,716,169
Interest income	315,357	167,494
Pass-through to sub-recipients (Note 10)	(854,709)	(1,690,894)
Pass-through to CTSA community partners	(394,708)	-
Loss on disposal of capital assets	(1,910,005)	(650,981)
CNG fuel credit	-	1,434,406
Donation to other agency (Note 5)	(6,838,655)	-
Other nonoperating revenues	21,422	352,633
TOTAL NONOPERATING REVENUES/(EXPENSES)	75,196,123	69,328,827
INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS AND SPECIAL ITEMS	(25,285,162)	(20,800,209)
CAPITAL CONTRIBUTIONS:		
Capital assistance	8,760,536	29,021,713
Capital contribution (Note 5)	846,500	-
TOTAL CAPITAL CONTRIBUTIONS	9,607,036	29,021,713
SPECIAL ITEMS:		
Transfer of operations (Note 11)	973,084	-
CHANGE IN NET POSITION	(14,705,042)	8,221,504
NET POSITION, BEGINNING OF YEAR	222,048,536	213,827,032
NET POSITION, END OF YEAR	\$ 207,343,494	\$ 222,048,536

See accompanying notes to basic financial statements.

OMNITRANS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 13,998,683	\$ 11,856,550
Nonoperating miscellaneous receipts	21,422	1,787,039
Cash payments to suppliers for goods and services	(40,909,081)	(34,100,048)
Cash payments to employees for services	(53,084,919)	(49,062,941)
Net cash used for operating activities	(79,973,895)	(69,519,400)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Federal, state, and local operating grants	86,417,090	69,716,169
Pass-through payments to other agencies	(1,249,417)	(1,690,894)
Special item, transfer of operations	973,084	-
Net cash provided by non-capital financing activities	86,140,757	68,025,275
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(8,603,372)	(22,475,829)
Capital grants received	6,468,495	46,317,622
Net cash (used) provided by capital and related financing activities	(2,134,877)	23,841,793
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	7,263,861	1,619,308
Purchase of investments	(36,053,322)	-
Interest received	315,357	167,494
Net cash (used) provided by investing activities	(28,474,104)	1,786,802
Net (decrease) increase in cash and cash equivalents	(24,442,119)	24,134,470
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	41,352,074	17,217,604
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 16,909,955	\$ 41,352,074
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO AMOUNTS REPORTED ON STATEMENT OF NET POSITION:		
Cash and equivalents	\$ 16,760,571	\$ 16,267,331
Restricted cash and equivalents	149,384	25,084,743
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 16,909,955	\$ 41,352,074

(Continued)

See accompanying notes to basic financial statements.

OMNITRANS

STATEMENT OF CASH FLOWS (CONTINUED)

YEAR ENDED JUNE 30, 2019 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2018)

	2019	2018
RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:		
Operating loss	\$ (100,481,285)	\$ (90,129,036)
Adjustments to net cash used by operating activities:		
Depreciation	18,797,139	16,540,761
Nonoperating miscellaneous income	21,422	1,787,039
Decrease (increase) in accounts receivable	-	(1,457,264)
(Increase) in inventory	(208,497)	(31,222)
(Increase) decrease in prepaid items	(86,644)	307,062
(Decrease) in accounts payable	(169,874)	(56,328)
Increase in salaries and benefits payable	178,082	208,133
Increase in net pension liability	165,707	4,275,719
Decrease (increase) in deferred outflows of resources related to pension	2,082,720	(2,257,040)
Decrease in deferred inflows of resources related to pension	(941,779)	(287,131)
Increase (decrease) in compensated absences payable	94,753	(1,676)
Increase in claims payable	574,361	1,581,583
NET CASH USED FOR OPERATING ACTIVITIES	<u>\$ (79,973,895)</u>	<u>\$ (69,519,400)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Capital contributions	<u>\$ 846,500</u>	<u>\$ 2,773,425</u>
Donation to other agency	<u>\$ 6,838,655</u>	<u>\$ -</u>
Special item, transfer of operations, capital assets	<u>\$ 232,168</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

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

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

Basis of Accounting

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

Classification of Revenues and Expenses

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

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

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

Cash and Cash Equivalents

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

Restricted Cash and Cash Equivalents

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

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Fair Value Measurement

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

Omnitrans categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Allowance for Doubtful Accounts

Omnitrans provides an allowance for doubtful accounts for all accounts deemed uncollectible. As of June 30, 2019, 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 cost and will be consumed in the course of Omnitrans' operations. The value of parts and fuel held in storage as of June 30, 2019 was \$2,699,471.

Capital Assets

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

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

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

Deferred Outflows/Inflows of Resources

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

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Omnitrans reports deferred outflows/inflows on pensions.

Project Advances

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

Compensated Absences

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

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

Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned. Total compensated absences payable was \$4,043,967 at June 30, 2019.

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.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal, State and Local Grants

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

Pass-Through Activities

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

Pension

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

Net Position

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

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

As of June 30, 2019, Omnitrans reported \$4,812,857 of restricted net position for the local share of sale proceeds from land sold that is to be restricted to a certain project by the FTA. Refer to Note #9 for additional information.

As of June 30, 2019, Omnitrans reported \$11,016,293 of restricted net position for funds restricted as to the use for activities related to Omnitrans’ status as the Consolidated Transportation Services Agency (CTSA) in San Bernardino County, California.

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 or restricted net position listed above.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates/Reclassifications

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

New Accounting Pronouncements

Effective in this Fiscal Year

Governmental Accounting Standard No. 83

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

Governmental Accounting Standard No. 88

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

Effective in Future Fiscal Years

Governmental Accounting Standard No. 84

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

Governmental Accounting Standard No. 87

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

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective in Future Fiscal Years (Continued)

Governmental Accounting Standard No. 89

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

Governmental Accounting Standard No. 90

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

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Omnitrans has not determined the effect on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$	9,200
Deposits with financial institutions		16,751,371
Investments		1,610,222
Restricted deposits with financial institutions		149,384
Restricted investments		36,053,322
	\$	<u>54,573,499</u>

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

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

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

Level 2 — Inputs to the valuation methodology include:

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

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

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, 2019. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Omnitrans’ management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

Deposits and withdrawals in the California Local Agency Investment Fund (LAIF) are made on the basis of \$1 and not fair value. Accordingly, Omnitrans’ proportionate share of investments in LAIF at June 30, 2019 of \$37,163,589 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. Of the \$37,163,589 investments in LAIF, \$25,037,029 is restricted for the West Valley Connector Project and \$11,016,293 is restricted for Consolidated Transportation Services Agency activities.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Omnitrans has the following recurring fair value measurements as of June 30, 2019:

	Balance at June 30, 2019	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)
Investment by Fair Value Level				
Negotiable Certificates of Deposit	\$ 499,955		\$ 499,955	
Total Investments by Fair Value Level	\$ 499,955	\$ -	\$ 499,955	\$ -
LAIF	37,163,589			
Total Investments	<u>\$ 37,663,544</u>			

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	\$65 million

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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	
Local Agency Investment Fund	\$ 37,163,589		\$ 37,163,589
Negotiable Certificates of Deposit	499,955	\$ -	499,955
Total Cash Investments	<u>\$ 37,663,544</u>	<u>\$ -</u>	<u>\$ 37,663,544</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	\$ 37,163,589	(1)		\$ 37,163,589
Negotiable Certificates of Deposit	499,955	(1)		499,955
Total	<u>\$ 37,663,544</u>		<u>\$ -</u>	<u>\$ 37,663,544</u>

(1) Not Applicable

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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, 2019, Omnitrans had deposits held at one bank that were \$17,227,739 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 of \$37,163,589 is available for withdrawal and 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.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

Transportation Development Act Assistance

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

To be eligible for TDA funds, Omnitrans must maintain a ratio of passenger fares to operating costs of not less than 20.00 percent for general public transit service and 10.00 percent for specialized service for the elderly and handicapped. After considering certain cost exemption provisions of the TDA and supplementing fare revenues with local funds in accordance with section 99268.19 of the TDA, Omnitrans ratios for the fiscal year ended June 30, 2019 were 24.13 percent for general public transit service, and 14.44 percent for specialized service for the elderly and handicapped. Omnitrans' ratios for the fiscal year ended June 30, 2019 were calculated as follows:

	General Transit	Special Transit	Total
Operating expenses	\$ 95,443,285	\$ 18,168,237	\$ 113,611,522
Less: Depreciation	(17,157,061)	(1,640,078)	(18,797,139)
Adjusted operating expenses	<u>\$ 78,286,224</u>	<u>\$ 16,528,159</u>	<u>\$ 94,814,383</u>
 Fare revenue	 \$ 12,150,136	 \$ 1,445,314	 \$ 13,595,450
 Local Funds (Measure I) used by the operator to supplement fare box revenues to satisfy the fare ratio as permitted by section 99268.19	 <u>6,645,506</u>	 <u>906,205</u>	 <u>7,551,711</u>
Adjusted fare revenue	<u>\$ 18,795,642</u>	<u>\$ 2,351,519</u>	<u>\$ 21,147,161</u>
 Fare ratio	 <u>24.01%</u>	 <u>14.23%</u>	 <u>22.30%</u>
 Total fare ratio pursuant to P.U.C. Sections 99405(c)	 20.00%	 10.00%	 20.00%

In accordance with 6633.2 of the TDA, if fare revenues are insufficient to meet the applicable ratio of fare revenues to operating cost, an operator may satisfy this requirement by supplementing its fare revenues with local funds pursuant to section 99268.19. Local funds are revenues derived from taxes imposed by the operator or by a county transportation commission. Omnitrans applies its Measure I Operating assistance grants to supplement its revenues. In accordance with 6633.5 of the TDA, for an operator that provides both services to elderly and disabled persons, and services to the general public, either its services to elderly and disabled persons shall meet the 10 percent ratio specified in 6633.5 of the TDA, or its services combined shall meet the fare ratio specified in section 99405(c).

In accordance with 6634 of the TDA, an operator may not receive TDA funds in an amount that exceeds its actual operating costs. For purposes of the farebox revenue calculation above, operating costs are expenses exclusive of the cost of depreciation, vehicle lease cost, and expenses for capital below Omnitrans' capitalization threshold. For the fiscal year ended June 30, 2019, Omnitrans recognized operating revenue for TDA funds in the amount of \$46,962,475.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

Measure I

County voters approved Measure I, supporting the half-cent sales tax in the incorporated and unincorporated areas of the County for the 20-year period between April 1, 1990 and March 31, 2010. On November 4, 2004, the voter of the County approved San Bernardino County Transportation Authority Ordinance 04-01, extending the half cent sales tax for 30 years to March 31, 2040.

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

Measure I CTSA

Omnitrans is the designated Consolidated Transportation Services Agency (CTSA) in the County of San Bernardino, California (County). As the CTSA, Omnitrans receives 2% of the Measure I Senior/Disabled funds collected in the Valley portion of the County.

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, 2019, Proposition 1B cash receipts and cash disbursements were as follows:

Unspent Proposition 1B funds as of June 30, 2018	\$ 15,622,451
Proposition 1B expenses incurred during the fiscal year ended June 30, 2019	(3,800,994)
Interest revenue earned on unspent Proposition 1B funds during the fiscal year ended June 30, 2019	83,876
Change in fair market value of investments held during the year ended June 30, 2019	15,088
	<u>\$ 11,920,421</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, 2019.

OMNITRANS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 3 – FEDERAL STATE AND LOCAL GRANTS (CONTINUED)

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

Federal Assistance	\$ 14,534,115
LTF	42,820,819
STAF	4,141,656
Measure I	7,551,711
Measure I Demand Response	322,061
Measure I Rail	390,439
Measure I CTSA	12,416,618
Low Carbon Fuel Standard (Operating)	1,613,852
Low Carbon Transit Operating Program	663,409
Other	402,741
	<u>\$ 84,857,421</u>

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

Federal Assistance	\$ 4,436,561
LTF	67,999
STAF	470,723
CalTrans	3,785,253
	<u>\$ 8,760,536</u>

NOTE 4 – LONG-TERM LIABILITIES

During the year ended June 30, 2019, in addition to Net Pension Liability discussed in Note 8, Omnitrans had the following changes in long-term liabilities:

	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019	Due Within One Year	Amount Due Beyond One Year
Compensated absences	\$ 3,949,214	\$ 2,513,915	\$ (2,419,162)	\$ 4,043,967	\$ 1,986,267	\$ 2,057,700
Claims payable	8,577,993	5,223,757	(4,649,396)	9,152,354	4,092,129	5,060,225
Total Long-Term Liabilities	<u>\$ 12,527,207</u>	<u>\$ 7,737,672</u>	<u>\$ (7,068,558)</u>	<u>\$ 13,196,321</u>	<u>\$ 6,078,396</u>	<u>\$ 7,117,925</u>

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 5 – CAPITAL ASSETS

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019
CAPITAL ASSETS, NOT DEPRECIATED:				
Land	\$ 4,658,923	\$ 846,500	\$ -	\$ 5,505,423
Construction in progress	48,078,086	8,068,214	(35,485,012)	20,661,288
Total assets, not depreciated	52,737,009	8,914,714	(35,485,012)	26,166,711
CAPITAL ASSETS, DEPRECIATED:				
Buildings and improvements	150,033,799	1,259,284	(6,064,115)	145,228,968
Operations equipment	123,974,589	18,397,500	(8,589,275)	133,782,814
Furniture and office equipment	39,994,416	9,922,400	(94,091)	49,822,725
Total capital assets, depreciated	314,002,804	29,579,184	(14,747,481)	328,834,507
LESS ACCUMULATED DEPRECIATED FOR:				
Buildings and improvements	(45,070,643)	(5,869,126)	4,946,966	(45,992,803)
Operations equipment	(66,156,076)	(10,849,647)	7,630,919	(69,374,804)
Furniture and office equipment	(37,378,771)	(2,078,366)	94,090	(39,363,047)
Total accumulated depreciation	(148,605,490)	(18,797,139)	12,671,975	(154,730,654)
Total capital assets, depreciation, net	165,397,314	10,782,045	(2,075,506)	174,103,853
Capital assets, net	\$ 218,134,323	\$ 19,696,759	\$ (37,560,518)	\$ 200,270,564

Depreciation expense for the year ended June 30, 2019 was \$18,797,139.

During the year ended June 30, 2019, Omnitrans donated a total of \$6,838,655 of construction in progress to the City of San Bernardino. The total donation consisted of \$6,492,908 of construction cost incurred for the 10th through Highland Pavement Rehabilitation Project and \$345,747 for construction cost related to the 5th street bus stop. The donations are reported on the statement of revenues, expenses, and changes in net position as donation to other agency under non-operating revenues (expenses).

During the year ended June 30, 2019, SBCTA donated land to Omnitrans in the amount of \$846,500. The amount is reported on the statement of revenues, expenses, and changes in net position as capital contributions under non-operating revenues (expenses).

NOTE 6 – OPERATING LEASES

Omnitrans leases facilities and tires under noncancelable operating leases. Total costs for such leases were \$544,005 during the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Total
2020	\$ 673,037
2021	515,792
2022	532,489
Total	\$ 1,721,318

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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, 2019, were estimated to be \$9,152,354 and were based on an IBNR study performed in fiscal year 2018-2019. 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
2018	\$ 6,996,410	\$ 4,601,076	\$ (3,019,493)	\$ 8,577,993
2019	8,577,993	5,223,757	(4,649,396)	\$ 9,152,354

Omnitrans IBNR confidence level was 50 percent for the years ended June 30, 2019 and 2018, 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, 2019, 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, 2019

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, 2019 are summarized as follows:

	Miscellaneous	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
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%	7.25%
Required employer contribution rates	13.65%	7.25%

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	417
Inactive employees entitled to but not yet receiving benefits	469
Active employees	665
Total	<u>1,551</u>

Contributions

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

For the year ended June 30, 2019, Omnitrans contributed the following:

	<u>Miscellaneous</u>
Contributions - employer	\$ 4,795,768

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2017 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	Varies by Entry Age & Service
Mortality	(1)
Post Retirement Benefit Increase	(2)

(1) Derived using CalPERS Membership Data for all Funds

(2) Contract COLA up to 2.0% until Purchasing Power Protection Allowance
Floor on Purchasing Power applies, 2.50% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the probabilities of mortality on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP 2016 published by the Society of Actuaries. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions

For the June 30, 2018 measurement date, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 8 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund (“PERF”). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB Statement 68 section.

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

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

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

Asset Class	Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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, 2018	<u>\$ 176,062,698</u>	<u>\$ 151,138,079</u>	<u>\$ 24,924,619</u>
Changes in the year:			
Service Cost	\$ 5,937,322		\$ 5,937,322
Interest on the total pension liability	12,594,016		12,594,016
Changes in assumptions	(1,592,446)		(1,592,446)
Differences between expected and actual experience	2,130,851		2,130,851
Plan to Plan Resource Movement		\$ (378)	378
Contribution - employer		4,312,649	(4,312,649)
Contribution - employee		2,490,292	(2,490,292)
Net investment income		12,784,235	(12,784,235)
Benefit payments, including refunds of employee contributions	(6,859,350)	(6,859,350)	
Administrative Expense		(235,515)	235,515
Other Miscellaneous Income/(Expense)		(447,247)	447,247
Net changes	<u>12,210,393</u>	<u>12,044,686</u>	<u>165,707</u>
Balance at June 30, 2019	<u><u>\$ 188,273,091</u></u>	<u><u>\$ 163,182,765</u></u>	<u><u>\$ 25,090,326</u></u>

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

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

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 51,058,475
Current Discount Rate	7.15%
Net Pension Liability	\$ 25,090,326
1% Increase	8.15%
Net Pension Liability	\$ 3,574,502

Pension Plan Fiduciary Net Position

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

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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, 2019, Omnitrans recognized pension expense of \$6,102,414. At June 30, 2019, 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	\$ 4,795,768	
Changes of assumptions	4,901,244	\$ (1,259,079)
Differences between expected and actual experience	1,598,138	(1,169,146)
Differences between projected and actual earnings on pension plan investments	372,074	
Total	<u>\$ 11,667,224</u>	<u>\$ (2,428,225)</u>

The amount of \$4,795,768 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 in the subsequent fiscal year. Amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30,	
2020	\$ 3,749,702
2021	2,452,886
2022	(1,355,478)
2023	(403,879)
Total	<u>\$ 4,443,231</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.

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

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, 2019	Unexpended Commitments
Facilities Future Expansion and Remodel	\$ 3,775,040	\$ 2,625,295	\$ 1,149,745
Computer Software and Hardware	1,371,921	636,979	734,942
Holt Bus Rapid Transit	8,380,684	7,814,143	566,541
Vehicle & Shop Equipment	12,364,546	9,584,871	2,779,675
Total major components of construction in progress	<u>\$ 25,892,191</u>	<u>\$ 20,661,288</u>	<u>\$ 5,230,903</u>

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

To fund its commitment for the Project, Omnitrans reported \$25,084,743 of restricted cash and equivalents that were from the sale of real property acquired with local and federal funds during the year ending June 30, 2018. The balance of the restricted cash and equivalents and investments for the Project as of June 30, 2019 was \$149,384 and \$25,037,029, respectively. The sale was authorized by the FTA and the FTA authorized the subsequent use of the federal share of the sale proceeds for use towards Omnitrans' commitment to the Project. The federal share of the sale proceeds are reported as project advances on the Statement of Net Position. Omnitrans will reduce the liability as the proceeds are applied to one or more FTA approved capital grants for the Project.

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 10 – PASS-THROUGH GRANTS

Pass-through activity for the year ended June 30, 2019 is summarized as follows:

Central City Lutheran	\$	13,194
City of Colton		9,573
City of Loma Linda		1,706
City of Montclair		356
City of Rialto		324,265
City of San Bernardino		12,120
County of San Bernardino		5,245
Inland Empire United Way		16,207
OPARC		75,352
Pomona Valley Community Services		61,633
SBCTA		332,871
Victor Valley Transportation Services		2,187
	\$	<u>854,709</u>

NOTE 11 – TRANSFER OF OPERATIONS

In February 2016, SBCTA approved the orderly transition of Valley Transportation Services' (V-Trans) operations as the Consolidated Transportation Services Agency (CTSA) to Omnitrans. On October 22, 2018, Omnitrans officially accepted the surplus assets of V-Trans. V-Trans surplus assets consisted mainly of cash, shop equipment, and leasehold improvements at the leased maintenance facility. In addition to the surplus assets, Omnitrans also assumed the lease for the maintenance facility. As a result of the transfer, Omnitrans recognized the following assets, liabilities, and net position:

Transferred Assets	Carrying Values
Cash and cash equivalents	\$ 9,908,992
Accounts receivable	52,900
Inventory	1,487
Deposits	8,605
Other assets	46,016
Capital assets net of accumulated depreciation	232,168
Total Transferred Assets	<u>10,250,168</u>
Transferred Liabilities	
Accrued expenses	86,663
Unearned revenue	9,190,421
Total Transferred Liabilities	<u>9,277,084</u>
Special Item	<u>\$ 973,084</u>

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NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2019

NOTE 11 – TRANSFER OF OPERATIONS (CONTINUED)

As a result of the transfer, Omnitrans assumed a maintenance facility lease. The following is a schedule, by year, of future minimum lease payments under the maintenance facility lease at June 30, 2019:

Year Ending June 30,	Lease Payments
2020	\$ 62,813
2021	64,697
2022	66,638
2023	68,637
2024	17,285
Total	<u>\$ 280,070</u>

The unearned revenue of the transferor entity was for amounts received subsequent to the entity's cessation of the entity's status as the CTSA in the County which occurred in February 2016. The timing of the cessation of the transferor entity's dissolution and transfer of assets and operations to Omnitrans was extended beyond the date of the transferor entity's CTSA status due to the length of time taken to satisfy numerous administrative requirements to complete the transfer to Omnitrans. Omnitrans recognized the transferor's unearned CTSA revenue upon receipt of the assets that resulted from the transfer of operations.

REQUIRED SUPPLEMENTARY INFORMATION

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REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 5,937,322	\$ 5,619,063	\$ 4,952,455	\$ 4,752,183	\$ 5,032,912
Interest on the total pension liability	12,594,016	11,757,906	11,122,864	10,405,272	9,875,147
Changes of assumptions	(1,592,466)	10,060,448		(2,654,537)	
Difference between expected and actual experience	2,130,851	(1,848,982)	(813,650)	(3,304,350)	
Benefit payments, including refunds of employee contributions	(6,859,350)	(5,901,950)	(5,239,568)	(4,887,764)	(4,033,818)
Net change in total pension liability	12,210,373	19,686,485	10,022,101	4,310,804	10,874,241
Total pension liability - beginning	176,062,698	156,376,213	146,354,112	142,043,308	131,169,067
Total pension liability - ending (a)	\$ 188,273,071	\$ 176,062,698	\$ 156,376,213	\$ 146,354,112	\$ 142,043,308
Plan fiduciary net position					
Contributions - employer	\$ 4,312,649	\$ 4,049,916	\$ 3,500,671	\$ 3,095,406	\$ 2,857,424
Contributions - employee	2,490,292	2,329,577	2,067,151	2,010,360	1,892,148
Net investment income	12,784,235	15,133,615	734,228	2,966,348	19,522,988
Benefit payments, including refunds of employee contribution	(6,859,350)	(5,901,950)	(5,239,568)	(4,887,764)	(4,033,818)
Plan to plan resource movement	(378)			7,386	
Administrative Expense	(235,515)	(200,392)	(82,121)	(151,602)	
	(447,247)				
Net change in plan fiduciary net position	12,044,686	15,410,766	980,361	3,040,134	20,238,742
Plan fiduciary net position - beginning	151,138,079	135,727,313	134,746,952	131,706,818	111,468,076
Plan fiduciary net position - ending (b)	\$ 163,182,765	\$ 151,138,079	\$ 135,727,313	\$ 134,746,952	\$ 131,706,818
Plan net pension liability - ending (a)-(b)	\$ 25,090,306	\$ 24,924,619	\$ 20,648,900	\$ 11,607,160	\$ 10,336,490
Plan fiduciary net position as a percentage of the total pension liability	86.67%	85.84%	86.80%	92.07%	92.72%
Covered payroll	34,587,684	32,039,361	30,655,864	28,606,926	29,286,654
Plan net pension liability as percentage of covered payroll	72.54%	77.79%	67.36%	40.57%	35.29%

Notes to Schedule:

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS YEAR ENDED JUNE 30, 2019

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,795,768	\$ 4,265,223	\$ 4,041,753	\$ 3,481,193	\$ 3,283,410
Contribution in relation to the actuarially determined contributions	4,795,768	4,265,223	4,041,753	3,481,193	3,283,410
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 35,625,315	\$ 34,587,684	\$ 32,039,361	\$ 30,655,864	\$ 28,606,926
Contribution as a percentage of covered payroll	13.46%	12.33%	12.61%	11.36%	11.48%

Notes to Schedule

Valuation date	June 30, 2017	June 30, 2016	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:

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

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

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	44
These schedules contain trend information to help the reader understand how the OmniTrans financial performance and well-being has changed over time.	
Revenue Capacity	48
These schedules contain information to help the reader assess OmniTrans' most significant local revenue source, passenger fares.	
The Economy and Economic Outlook	55
These schedules offer demographic and economic indicator to help the reader understand the environment within OmniTrans' financial activities take place.	
Operating Information	56
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.	

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net investment in capital assets	\$ 114,540,764	119,480,534	136,703,207	206,992,298
Less: Debt offsetting capital assets	<u>(251,129)</u>	<u>(114,308)</u>	<u>(590,371)</u>	<u>(425,391)</u>
Total net investment in capital assets	114,289,635	119,366,226	136,112,836	206,566,907
Restricted	-	-	-	-
Unrestricted net position	<u>29,320,746</u>	<u>14,717,794</u>	<u>8,548,071</u>	<u>8,547,756</u>
Total net position	<u><u>\$ 143,610,381</u></u>	<u><u>134,084,020</u></u>	<u><u>144,660,907</u></u>	<u><u>215,114,663</u></u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net investment in capital assets	\$ 245,580,650	196,610,392	204,298,178	212,850,236
Less: Debt offsetting capital assets	<u>(268,269)</u>	<u>(129,101)</u>	-	-
Total net investment in capital assets	245,312,381	196,481,291	204,298,178	212,850,236
Restricted	-	-	-	-
Unrestricted net position	<u>9,379,178</u>	<u>(5,263,020)</u>	<u>7,896,427</u>	<u>976,796</u>
Total net position	<u><u>\$ 254,691,559</u></u>	<u><u>191,218,271</u></u>	<u><u>212,194,605</u></u>	<u><u>213,827,032</u></u>

	<u>2018</u>	<u>2019</u>
Net investment in capital assets	\$ 218,134,323	200,270,564
Less: Debt offsetting capital assets	<u>-</u>	<u>-</u>
Total net investment in capital assets	218,134,323	200,270,564
Restricted - Capital projects	3,914,213	4,812,857
Restricted - CTSA activities	-	11,016,293
Unrestricted net position	<u>-</u>	<u>(8,756,220)</u>
Total net position	<u><u>\$ 222,048,536</u></u>	<u><u>207,343,494</u></u>

Source: Finance Department

CHANGES IN NET POSITION

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating Revenues:				
Passenger fares	\$ 14,242,013	14,538,747	14,536,931	14,317,987
Advertising revenues	849,585	909,176	805,904	481,994
Other transportation revenues	39,752	41,802	39,819	39,819
Total revenues	<u>\$ 15,131,350</u>	<u>15,489,725</u>	<u>15,382,654</u>	<u>14,839,800</u>
Operating Expenses:				
Depreciation and amortization	10,999,458	12,772,455	17,070,294	16,678,098
Other operating expenses	67,501,900	66,529,837	69,206,132	70,539,078
Total expenses:	<u>\$ 78,501,358</u>	<u>79,302,292</u>	<u>86,276,426</u>	<u>87,217,176</u>
Non-operating Revenues/(Expenses):				
Federal & local operating grants	48,085,804	52,675,797	47,875,811	54,087,458
Interest income	243,098	74,302	52,727	24,915
Interest expense	(6,835)	(6,590)	(3,980)	(8,349)
Pass-through to other agencies	(3,031,642)	(18,754,320)	(620,108)	(2,254,293)
Donation to other agency				
Other non-operating revenues (expenses)	(299,568)	(719,668)	(246,487)	1,409,847
Total non-operating revenues	<u>\$ 44,990,857</u>	<u>33,269,521</u>	<u>47,057,963</u>	<u>53,259,578</u>
Income before capital contribution	<u>(18,379,151)</u>	<u>(30,543,046)</u>	<u>(23,835,809)</u>	<u>(19,117,798)</u>
Capital Contributions				
Capital assistance	\$ 33,438,207	21,016,685	34,412,696	89,571,554
Contributions from other agencies	0	0	0	0
Total capital contributions	<u>\$ 33,438,207</u>	<u>21,016,685</u>	<u>34,412,696</u>	<u>89,571,554</u>
Change in net position	\$ 15,059,056	(9,526,361)	10,576,887	70,453,756
Net position, beginning of year	<u>\$ 128,551,325</u>	<u>143,610,381</u>	<u>134,084,020</u>	<u>144,660,907</u>
Prior Period Adjustment				
Net Position, Beginning Of Year, As Restated				
Net position, end of year	<u>\$ 143,610,381</u>	<u>134,084,020</u>	<u>144,660,907</u>	<u>215,114,663</u>

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

Source: Finance Department

CHANGES IN NET POSITION

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Operating Revenues:				
Passenger fares	\$ 14,368,317	15,015,499	13,809,102	12,956,556
Advertising revenues	485,327	532,322	673,669	596,098
Other transportation revenues	41,978	54,440	57,832	62,779
Total revenues	<u>\$ 14,895,622</u>	<u>15,602,261</u>	<u>14,540,603</u>	<u>13,615,433</u>
Operating Expenses:				
Depreciation and amortization	14,899,383	12,742,411	15,222,998	16,762,307
Other operating expenses	65,839,285	71,365,710	70,670,842	79,318,693
Total expenses:	<u>\$ 80,738,668</u>	<u>84,108,121</u>	<u>85,893,840</u>	<u>96,081,000</u>
Non-operating Revenues/(Expenses):				
Federal & local operating grants	50,785,745	55,090,857	68,179,717	63,623,628
Interest income	44,311	43,486	172,124	52,757
Interest expense	(4,580)	(2,426)	(927)	0
Pass-through to other agencies	(4,459,471)	(1,297,931)	(11,531,009)	(14,232,126)
Donation to other agency		(72,050,046)		(27,910)
Other non-operating revenues (expenses)	118,187	1,032,590	1,107,516	922,850
Total non-operating revenues	<u>\$ 46,484,192</u>	<u>(17,183,470)</u>	<u>57,927,421</u>	<u>50,339,199</u>
Income before capital contribution	<u>(19,358,854)</u>	<u>(85,689,330)</u>	<u>(13,425,816)</u>	<u>(32,126,368)</u>
Capital Contributions				
Capital assistance	\$ 58,935,750	37,167,461	34,402,150	35,816,686
Contributions from other agencies	0	0	0	0
Total capital contributions	<u>\$ 58,935,750</u>	<u>37,167,461</u>	<u>34,402,150</u>	<u>35,816,686</u>
Change in net position	\$ 39,576,896	(48,521,869)	20,976,334	3,690,318
Net position, beginning of year	<u>\$ 215,114,663</u>	<u>254,691,559</u>	<u>191,218,271</u>	<u>212,194,605</u>
Prior Period Adjustment		<u>(14,951,419)</u>		<u>(2,057,891)</u>
Net Position, Beginning Of Year, As Restated		<u>239,740,140</u>	<u>191,218,271</u>	<u>210,136,714</u>
Net position, end of year	<u>\$ 254,691,559</u>	<u>191,218,271</u>	<u>212,194,605</u>	<u>213,827,032</u>

Source: Finance Department

CHANGES IN NET POSITION

Operating Revenues:	2018	2019
Passenger fares	\$ 12,677,056	13,168,821
Advertising revenues	598,078	774,189
Other transportation revenues	38,680	55,673
Total revenues	<u>\$ 13,313,814</u>	<u>13,998,683</u>
Operating Expenses:		
Depreciation and amortization	16,540,761	18,797,139
Other operating expenses	86,902,089	95,682,829
Total expenses:	<u>\$ 103,442,850</u>	<u>114,479,968</u>
Non-operating Revenues/(Expenses):		
Federal & local operating grants	69,716,169	84,857,421
Interest income	167,494	315,357
Interest expense	0	0
Pass-through to other agencies	(1,690,894)	(854,709)
Pass-through to CTSA community partners	0	(394,708)
Donation to other agency	0	(6,838,655)
Loss on disposal of capital assets	(650,981)	(1,910,005)
CNG fuel tax credit	1,434,406	0
Other non-operating revenues (expenses)	352,633	21,422
Total non-operating revenues	<u>\$ 69,328,827</u>	<u>75,196,123</u>
Income before capital contribution	<u>(20,800,209)</u>	<u>(25,285,162)</u>
Capital Contributions		
Capital assistance	\$ 29,021,713	8,760,536
Capital contributions	0	846,500
Total capital contributions	<u>\$ 29,021,713</u>	<u>9,607,036</u>
Special Items		
Transfer of operations (Note 11)	0	973,084
Change in net position	<u>\$ 8,221,504</u>	<u>(14,705,042)</u>
Net position, beginning of year	<u>\$ 213,827,032</u>	<u>222,048,536</u>
Prior Period Adjustment	0	0
Net Position, Beginning Of Year, As Restated	<u>213,827,032</u>	<u>222,048,536</u>
Net position, end of year	<u>\$ 222,048,536</u>	<u>207,343,494</u>

Source: Finance Department

REVENUE SOURCE

Passenger Fares - Individuals	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
F/R Full Fares - Cash				
F/R Senior/Disable Fare - Cash	\$4,715,996	\$4,756,220	\$4,564,607	\$4,512,614
F/R 1-Day & 7 Day Full Fare - Pass	297,986	334,730	360,603	383,045
F/R 1-Day & 7 Day S/D Fare - Pass	3,626,533	3,540,698	3,478,828	3,386,969
F/R 7-Day Youth Pass	666,085	716,572	712,770	770,747
F/R 31-Day Full Fare - Pass (less: discount)	417,670	446,094	340,581	356,291
F/R 31-Day Youth Fare-Pass	1,423,947	1,354,296	1,125,569	1,083,657
F/R 31-Day Senior Fare - Pass	1,239,874	1,247,839	909,534	1,014,034
F/R 31-Day Disability Fare - Pass	0	0	0	0
University Passes	479,601 *	542,878	571,416	591,712
VET - Cash	0	0	736,134	531,763
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	0	0	0	0
Access Base Fare - Cash	49,419	51,325	100,098	54,326
Access Base Fare (3 zones) - Ticket	158,044	166,246	144,141	142,900
Access Additional (1 zone) - Ticket	1,023,493	1,183,363	1,248,892	1,275,349
Access Monthly Subscription Zone - Pass	4,059	12,989	17,071	10,927
Total Passenger Fares	<u>16,075</u>	<u>13,340</u>	<u>12,905</u>	<u>8,410</u>
	<u>\$14,118,782</u>	<u>\$14,366,590</u>	<u>\$14,323,149</u>	<u>\$14,122,744</u>
Special Transit Fares - Group				
F/R 1 - Trip Full Fare - Ticket				
OmniLink (Yucaipa) - Cash	41,475	57,705	67,330	42,516
OmniLink (Chino Hills) - Cash	50,305	26,859	20,777	19,396
OmniLink S/D Fare - Ticket	20,570	10,017	8,914	7,629
OmniLink Full Fare - Ticket	5,994	5,535	4,199	1,701
OmniLink Youth Fare - Ticket	459	0	54	0
OmniGo - Fares	4,428	2,934	2,304	2,340
Total Special Transit Fares	<u>69,107</u>	<u>69,107</u>	<u>110,204</u>	<u>121,661</u>
Total Fares	<u>\$123,231</u>	<u>\$172,157</u>	<u>\$213,782</u>	<u>\$195,243</u>
	<u><u>\$14,242,013</u></u>	<u><u>\$14,538,747</u></u>	<u><u>\$14,536,931</u></u>	<u><u>\$14,317,987</u></u>

REVENUE SOURCE

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Passenger Fares - Individuals				
F/R Full Fares - Cash	\$4,399,894	\$4,414,989	\$3,920,383	\$3,473,311
F/R Senior/Disable Fare - Cash	447,239	557,592	577,375	548,603
F/R 1-Day & 7 Day Full Fare - Pass	3,534,008	3,577,714	3,207,595	2,888,887
F/R 1-Day & 7 Day S/D Fare - Pass	813,797	893,643	861,302	849,267
F/R 7-Day Youth Pass	214,219	208,442	137,774	126,818
F/R 31-Day Full Fare - Pass (less: discount)	1,419,430	1,574,959	1,354,705	1,260,680
F/R 31-Day Youth Fare-Pass	524,795	579,142	485,891	506,414
F/R 31-Day Senior Fare - Pass	0	0	0	0
F/R 31-Day Disability Fare - Pass	560,936	622,658	650,869	599,932
University Passes	755,568	753,215	755,318	773,383
VET - Cash	0	13,154	23,564	13,665
VET 31-Day Pass	0	41,824	61,588	70,819
VET 7 Day Pass	0	12,490	16,560	19,362
VET 1 Day Pass	0	4,394	6,310	9,714
Metrolink Transfer	43,628	53,169	54,778	122,680
Access Base Fare - Cash	153,870	193,297	172,367	172,695
Access Base Fare (3 zones) - Ticket	1,291,015	1,452,471	1,466,273	1,448,556
Access Additional (1 zone) - Ticket	17,596	14,181	8,509	12,096
Access Monthly Subscription Zone - Pass	725	0	0	0
Total Passenger Fares	<u>\$14,176,720</u>	<u>\$14,967,334</u>	<u>\$13,761,161</u>	<u>\$12,896,882</u>
Special Transit Fares - Group				
F/R 1 - Trip Full Fare - Ticket	21,644	43,880	0	0
OmniLink (Yucaipa) - Cash	18,317	2,821	0	0
OmniLink (Chino Hills) - Cash	8,730	1,329	0	0
OmniLink S/D Fare - Ticket	851	81	0	0
OmniLink Full Fare - Ticket	0	0	0	0
OmniLink Youth Fare - Ticket	2,070	54	0	0
OmniGo - Fares	139,985	0	47,941	59,677
Total Special Transit Fares	<u>\$191,597</u>	<u>\$48,165</u>	<u>\$47,941</u>	<u>\$59,677</u>
Total Fares	<u><u>\$14,368,317</u></u>	<u><u>\$15,015,499</u></u>	<u><u>\$13,809,102</u></u>	<u><u>\$12,956,559</u></u>

REVENUE SOURCE

	<u>2018</u>	<u>2019</u>
Passenger Fares - Individuals		
F/R Full Fares - Cash	\$3,301,892	\$3,250,699
F/R Senior/Disable Fare - Cash	588,484	569,175
F/R 1-Day & 7 Day Full Fare - Pass	2,710,454	2,585,110
F/R 1-Day & 7 Day S/D Fare - Pass	836,285	806,385
F/R 7-Day Youth Pass	129,652	124,634
F/R 31-Day Full Fare - Pass (less: discount)	1,294,738	2,313,010
F/R 31-Day Youth Fare-Pass	478,183	461,947
F/R 31-Day Senior Fare - Pass	0	0
F/R 31-Day Disability Fare - Pass	571,081	522,033
University Passes	998,587	955,091
VET - Cash	13,479	15,475
VET 31-Day Pass	67,441	60,935
VET 7 Day Pass	18,884	17,576
VET 1 Day Pass	8,266	10,158
Metrolink Transfer	94,809	67,577
Access Base Fare - Cash	170,373	171,457
Access Base Fare (3 zones) - Ticket	1,330,100	1,161,937
Access Additional (1 zone) - Ticket	10,977	8,975
Access Monthly Subscription Zone - Pass	0	0
Total Passenger Fares	<u>\$12,623,685</u>	<u>\$13,102,174</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	53,371	66,647
Total Special Transit Fares	<u>\$53,371</u>	<u>\$66,647</u>
Total Fares	<u><u>\$12,677,056</u></u>	<u><u>\$13,168,821</u></u>

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

** Implemented GoSmart Student Pass Program.

*** OmniLink service rebranded as OmniGo.

Source: Finance Department

DEMOGRAPHICS AND STATISTICS SAN BERNARDINO COUNTY

Fiscal Year	(A) Population	(B) Personal Income (000)	(B / A) Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2010	2,048,217	66,241,386	32,341	30.3	415,549	13.7%
2011	2,053,348	67,807,711	33,023	30.9	417,202	13.5%
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	8.3%
2015	2,112,619	76,202,167	36,070	31.0	410,696	6.8%
2016	2,156,651	78,139,779	36,232	31.2	408,948	6.3%
2017	2,166,777	80,367,925	37,091	31.0	431,473	5.3%
2018	2,171,603	84,230,000	38,787	32.9	403,137	4.7%
2019	2,180,000	86,386,500	39,627	NA	395,420	4.3%

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

MAJOR EMPLOYERS OF SAN BERNARDINO COUNTY

Employer	Employees	% of Total Employment	Ranking									
			2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Arrowhead Regional Medical Center	10,000 - 20,000	-	1	-	-	-	-	-	-	-	-	-
Stater Brothers Markets, San Bernardino	10,000 - 20,000	1.4%	2	4	4	4	4	4	6	6	1	1
County of San Bernardino, San Bernardino	10,000 - 20,000	1.6%	3	3	3	3	3	3	1	1	3	3
Loma Linda University*	5,000 - 10,000	1.8%	6	1	1	1	1	1	3	3	6	6
San Bernardino City Unified School District	5,000 - 10,000	0.8%	4	9	9	9	9	9	5	5	-	-
Ontario International Airport, Ontario	5,000 - 10,000	1.0%	5	8	8	8	8	8	7	7	7	7
Kaiser Permanente	5,000 - 10,000	1.3%	7	5	5	5	5	5	9	9	9	9
Fontana Unified School District	1,000 - 5,000	-	8	-	-	-	-	-	-	-	-	-
San Manuel Band of Mission Indians	1,000 - 5,000	-	9	-	-	-	-	-	-	-	-	-
U.S. Marine Corps Air Ground Combat Center	1,000 - 5,000	1.7%	10	2	2	2	2	2	4	4	5	5

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

Source: San Bernardino Area Chamber of Commerce, U.S. Census Bureau, Inland SoCal, Economy.com

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

Industry Employment & Labor Force
Benchmark

TITLE	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Civilian Labor Force	1,864,100	1,861,900	1,877,900	1,894,200	1,909,100	1,949,200	1,975,900	2,013,500	2,033,200	2,040,000
Civilian Employment	1,609,200	1,610,400	1,649,600	1,697,800	1,750,900	1,816,100	1,850,600	1,906,500	1,937,800	1,952,800
Civilian Unemployment	254,900	251,500	228,300	196,400	158,100	133,100	125,400	107,000	95,400	87,200
Civilian Unemployment Rate	13.7%	13.5%	12.2%	10.4%	8.3%	6.8%	6.3%	5.3%	4.7%	4.3%
Total, All Industries	1,179,100	1,170,300	1,205,800	1,248,000	1,298,700	1,360,500	1,409,500	1,464,700	1,510,500	1,551,500
Total Farm	21,100	19,100	20,300	18,700	17,500	18,400	19,000	18,900	16,500	18,500
Total Nonfarm	1,158,000	1,151,200	1,185,500	1,229,300	1,281,200	1,342,100	1,390,500	1,445,800	1,494,000	1,533,000
Total Private	916,400	920,400	959,400	1,001,500	1,049,800	1,107,700	1,146,300	1,192,600	1,233,500	1,265,900
Goods Producing	147,900	146,200	152,100	157,500	169,700	182,700	191,900	199,100	202,300	209,300
Mining, Logging, and Construction	62,300	60,400	64,700	70,100	78,500	86,500	93,000	99,500	102,900	107,300
Mining and Logging	1,000	1,000	1,200	1,200	1,300	1,400	900	900	900	1,200
Construction	61,300	59,400	63,500	68,900	77,200	85,100	92,100	98,600	102,000	106,100
Construction of Buildings	10,600	10,700	10,800	11,300	12,500	13,700	14,700	15,000	14,700	16,200
Heavy & Civil Engineering Construction	8,200	8,900	10,400	10,000	10,400	11,700	12,100	12,600	12,000	12,900
Specialty Trade Contractors	42,500	39,800	42,300	47,600	54,300	59,700	65,300	71,000	75,300	77,000
Building Foundation & Exterior Contractors	12,400	10,800	11,700	12,500	14,800	16,800	18,600	22,400	24,500	25,100
Building Equipment Contractors	13,700	13,400	13,800	16,000	18,200	20,000	23,000	24,600	26,000	26,100
Building Finishing Contractors	10,400	9,900	10,500	12,300	14,000	15,400	15,800	15,600	16,400	18,200
Manufacturing	85,600	85,800	87,400	87,400	91,200	96,200	98,900	99,600	99,400	102,000
Durable Goods	55,600	56,400	57,300	57,300	60,100	63,400	64,600	64,600	65,000	64,700
Fabricated Metal Product Manufacturing	11,500	12,200	12,700	13,100	14,200	14,700	14,500	14,200	14,000	15,400
Nondurable Goods	30,000	29,400	30,100	30,100	31,100	32,800	34,300	35,000	34,400	37,300
Service Providing	1,010,100	1,005,000	1,033,400	1,071,800	1,111,500	1,159,400	1,198,600	1,246,700	1,291,700	1,323,700
Private Service Providing	768,500	774,200	807,300	844,000	880,100	925,000	954,400	993,500	1,031,200	1,056,600
Trade, Transportation & Utilities	268,300	272,200	284,500	295,500	309,800	326,900	338,800	359,000	375,900	379,000
Wholesale Trade	49,000	49,100	52,500	56,300	58,900	61,400	62,700	63,500	67,500	65,100
Merchant Wholesalers, Durable Goods	29,200	29,200	30,800	33,000	34,200	35,800	35,500	35,100	37,100	38,300
Merchant Wholesalers, Nondurable Goods	15,500	15,600	17,300	18,500	20,000	20,600	21,800	23,000	24,100	24,000
Retail Trade	153,900	155,600	159,300	162,300	166,500	171,200	174,400	178,700	182,700	178,900
Motor Vehicle & Parts Dealer	18,700	19,600	20,600	21,400	22,300	23,600	24,600	25,700	25,700	25,900
Automotive Parts, Accessories & Tire Stores	6,400	6,500	6,800	6,900	7,200	7,400	7,400	7,500	7,500	7,600
Building Material & Garden Equipment Stores	12,500	12,400	13,000	13,900	14,100	13,700	14,200	14,700	15,500	14,300
Food & Beverage Stores	32,700	30,700	30,700	30,800	32,600	33,600	34,000	33,700	34,100	34,800
Health & Personal Care Stores	9,100	9,300	9,600	9,900	10,200	10,400	10,600	11,300	11,400	11,700
Clothing & Clothing Accessories Stores	17,000	18,600	19,100	19,400	20,000	19,900	19,600	20,400	19,500	19,800
Clothing Stores	13,600	14,900	15,200	15,300	15,600	15,200	14,800	15,400	15,100	15,300
General Merchandise Stores	33,100	32,400	32,800	33,400	33,600	34,600	36,000	35,600	37,500	34,400
Transportation, Warehousing & Utilities	65,400	67,500	72,700	76,900	84,400	94,300	101,700	116,800	125,700	135,000
Utilities	5,800	5,800	5,800	5,700	5,500	5,300	5,300	5,000	5,100	5,000
Transportation & Warehousing	59,600	61,700	66,900	71,200	78,900	89,000	96,400	111,800	120,600	130,000
Truck Transportation	19,300	20,900	21,600	22,300	23,700	25,000	25,600	26,000	26,300	27,800
General Freight Trucking	14,700	15,500	16,100	16,700	17,900	19,600	19,900	20,200	20,800	22,000
Couriers & Messengers	7,900	7,800	7,900	8,100	8,600	9,600	9,500	11,000	13,700	14,800
Warehousing & Storage	19,300	22,200	24,500	26,000	31,400	38,100	44,800	58,200	65,700	67,800
Information	14,300	12,300	11,800	11,600	11,400	11,200	11,600	11,200	11,100	11,300
Publishing Industries (except Internet)	1,900	1,900	1,800	1,900	1,800	1,600	1,500	1,500	1,500	1,600
Telecommunications	6,800	5,700	5,400	5,500	5,600	5,400	5,500	5,500	5,600	5,400
Financial Activities	40,600	39,900	40,600	42,000	43,100	43,900	44,500	44,300	45,000	43,500
Finance & Insurance	25,100	25,300	25,800	26,300	26,800	26,900	26,600	26,000	26,900	24,300
Credit Intermediation & Related Activities	14,900	14,900	15,000	15,000	15,300	15,400	14,700	14,400	14,800	13,300
Depository Credit Intermediation	10,100	9,900	10,000	9,600	9,100	8,700	8,500	8,700	8,700	8,000
Nondepository Credit Intermediation	3,600	4,100	3,900	4,000	4,000	4,100	3,800	3,800	3,800	3,800
Insurance Carriers & Related	8,600	9,000	9,400	9,600	9,800	10,000	10,300	9,800	10,200	9,500
Insurance Carriers	3,800	4,100	4,300	4,500	4,400	4,400	4,200	3,900	4,000	3,200
Real Estate & Rental & Leasing	15,500	14,600	14,800	15,700	16,300	17,000	17,900	18,300	18,100	19,200
Real Estate	10,400	10,100	10,700	11,400	11,900	12,000	12,300	12,700	12,800	13,400
Professional & Business Services	122,900	123,200	128,000	130,900	134,900	144,200	142,400	144,000	152,500	152,200
Professional, Scientific & Technical Services	34,100	34,400	36,900	36,800	38,800	38,200	38,400	38,800	40,300	42,500
Management of Companies & Enterprises	8,500	8,200	8,000	8,400	8,300	8,900	9,300	8,300	8,300	8,000
Administrative & Support & Waste Services	80,300	80,600	83,100	85,700	87,800	97,100	94,700	96,900	103,900	101,700
Administrative & Support Services	77,600	77,600	79,700	81,900	84,000	93,200	91,200	93,100	100,200	97,600
Employment Services	37,300	36,500	37,300	37,600	39,700	47,700	42,700	42,400	47,200	41,800
Investigation & Security Services	9,900	10,800	11,100	11,900	12,600	12,900	14,000	15,000	15,600	16,400
Services to Buildings & Dwellings	16,100	16,200	17,000	17,600	17,800	18,600	19,300	19,500	19,600	21,000
Educational & Health Services	160,300	163,600	172,400	187,200	193,200	202,900	212,400	222,300	229,700	250,400
Educational Services	14,900	14,900	15,200	16,900	16,000	16,500	17,700	17,700	19,100	19,600
Colleges, Universities & Professional Schools	5,400	5,500	5,600	5,500	5,400	5,900	5,700	5,300	6,000	6,200
Health Care & Social Assistance	145,400	148,700	157,200	170,300	177,200	186,400	194,700	204,600	210,600	230,800
Ambulatory Health Care Services	51,200	53,100	57,200	58,700	61,700	64,700	66,900	70,400	71,400	79,400
Offices of Physicians	16,200	16,800	18,800	19,100	20,100	21,100	22,400	22,700	22,800	23,700
Hospitals	32,300	34,100	35,000	35,700	35,700	37,200	38,700	38,800	40,000	41,100
Nursing & Residential Care Facilities	20,400	21,300	22,300	23,000	24,300	24,900	25,600	25,700	26,600	28,000
Leisure & Hospitality	122,900	123,600	129,200	135,500	144,300	151,600	159,900	166,800	169,800	175,200
Arts, Entertainment & Recreation	14,900	14,300	14,700	15,900	16,800	17,400	18,300	18,700	19,900	19,300
Accommodation & Food Services	108,000	109,300	114,500	119,600	127,500	134,200	141,600	148,100	149,900	155,900
Accommodation	13,600	13,900	14,300	14,500	16,100	16,700	17,400	18,700	18,100	18,600
Food Services & Drinking Places	94,400	95,400	100,200	105,100	111,400	117,500	124,200	129,400	131,800	137,300
Restaurants	91,000	92,000	96,600	101,400	106,900	114,000	120,400	125,400	127,200	132,600
Full-Service Restaurants	39,300	40,200	42,700	44,100	45,800	47,600	49,400	50,400	51,300	50,800
Limited-Service Eating Places	51,700	51,800	53,900	57,300	61,100	66,400	71,000	75,000	75,900	81,800
Other Services	39,200	39,400	40,800	41,300	43,400	44,300	44,800	45,900	47,200	45,000
Repair & Maintenance	12,900	13,100	13,900	14,700	15,600	16,400	17,000	17,200	17,800	17,000
Personal & Laundry Services	9,800	9,700	10,500	10,500	10,900	11,500	12,000	12,600	12,900	13,300

TITLE	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Jun-18	Jun-19
Government	241,600	230,800	226,100	227,800	231,400	234,400	244,200	253,200	260,500	267,100
Federal Government	25,000	21,400	20,500	20,200	20,300	20,300	20,500	20,600	20,700	21,100
Department of Defense	6,300	6,400	5,900	5,800	5,800	5,800	5,700	5,600	5,700	5,800
Federal Government excluding Department of Defense	18,700	15,000	14,600	14,400	14,500	14,500	14,800	15,000	15,000	15,300
State & Local Government	216,600	209,400	205,600	207,600	211,100	214,100	223,700	232,600	239,800	246,000
State Government	29,900	30,100	28,900	28,400	28,800	29,200	30,200	30,900	33,200	33,000
State Government Education	10,900	11,600	11,200	11,400	11,800	12,000	12,800	13,400	15,300	14,700
State Government Excluding Education	19,000	18,500	17,700	17,000	17,000	17,200	17,400	17,500	17,900	18,300
Local Government	186,700	179,300	176,700	179,200	182,300	184,900	193,500	201,700	206,600	213,000
Local Government Education	107,100	103,000	102,400	105,400	107,700	110,000	116,500	122,300	125,200	130,300
Local Government Excluding Education	79,600	76,300	74,300	73,800	74,600	74,900	77,000	79,400	81,400	82,700
County	36,400	35,200	34,200	33,300	33,000	32,500	33,700	34,800	36,000	34,600
City	16,600	16,200	15,400	15,000	15,400	15,200	15,300	15,300	15,300	15,400
Special Districts plus Indian Tribes	26,500	24,900	24,700	25,500	26,200	27,200	28,000	29,300	30,100	32,700

Source: CA.Gov EDD Labor Market Info

THE ECONOMY AND ECONOMIC OUTLOOK

Omnitrans is located in San Bernardino County, and the county is part of the area known as the Inland Empire (IE) which 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.

The IE economy has been gaining momentum in recent years and although there has been a slowdown, based on everything that is happening today, economists believe there is nothing in the foreseeable future that would have a big enough or rapid enough impact to know the region into a downturn. Although there are long term threats caused by California's statewide housing shortage, which is helping drive labor shortages, the IE economy is expected to continue growing, but at a slower rate.

Like most places in California, rents have risen faster than incomes, and 1 in 3 households statewide now spend more than half their income on rent, leaving many families one rent increase or one missed paycheck away from losing their homes. The greatest job growth has been in coastal cities that have the highest housing costs, forcing workers to choose between paying more than they can afford for housing, commuting long distances for forgoing career opportunities because the cost of living is too high.

According to economic forecasters, as a region, the IE is building less than half the number of homes it will need to keep up with worker growth and population growth. This leaves many families renting a house or apartment and squeezing the number of actual for sale homes into higher demand on the marketplace. In the past, the "housing crisis" was defined as an "affordability" problem, but it is a housing-supply crisis".

Housing is at the root of the state's and the IE's problem. The consequences are apparent in the proliferation of tent cities, the growing number of mega commuters who travel 90 miles or more to work and the polls that show residents are increasingly losing hope for the future in California. There is some good news on the horizon. The Governor of California did deliver a big increase in funding this year – nearly \$3 billion for housing and homelessness.

The San Bernardino County economy used to prove an "unending" source of workers for the job markets in Los Angeles and Orange counties, but that has changed. Today, the IE's business community is having a hard time filling the jobs it has available. Local business leaders' "worker issue" is now turning into a "worker housing issue" whether they know it or not.

Number of Employees

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administration	5	5	5	5	3
Operation	473	445	438	443	450
Maintenance	111	99	102	101	100
Information Technology	10	6	6	5	5
Marketing	24	23	23	25	24
Planning	16	17	19	18	15
Human Resources	11	9	9	9	9
Safety & Security	4	4	4	3	3
Procurement	21	17	19	18	19
Finance	12	12	12	11	11
Integrated Project Mgmt. Oversight (IPMO)					
Rail					
Special Transportation Services					
Total	<u>687</u>	<u>637</u>	<u>637</u>	<u>638</u>	<u>639</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Administration	4	4	4	5	4
Operation	468	464	479	481	513
Maintenance	102	107	103	101	105
Information Technology	8	8	8	8	10
Marketing	29 *	30	30	32	32
Planning	0	0	0	0	0
Human Resources	9	9	10	13	11
Safety & Security	3	4	4	3	3
Procurement	18	20	18	18	18
Finance	12	12	12	11	11
Integrated Project Mgmt. Oversight (IPMO)	4 **	3	1	0 ****	0
Rail Service			2	2	2
Special Transportation Services		10 ***	13	13	14
Total	<u>657</u>	<u>671</u>	<u>684</u>	<u>687</u>	<u>723 *****</u>

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

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

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

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

***** Includes active & inactive (LOA, SDI, Workers' Comp., etc.) employees.

Source: Human Resources Department

OPERATING EXPENSES BY CATEGORY

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Personnel	\$26,628,484	\$24,869,713	\$25,280,131	\$25,718,114	\$25,505,890
Materials & Supplies	8,831,959	7,743,557	8,479,014	8,396,813	8,533,634
Casualty & Liability	4,233,360	4,674,142	5,100,830	6,525,076	1,146,301
Purchased Transportation	7,114,073	8,831,959	8,882,227	9,084,344	9,075,431
Depreciation & Other	<u>31,693,482</u>	<u>33,182,921</u>	<u>38,534,224</u>	<u>37,492,829</u>	<u>36,477,412</u>
Total Operating Expenses	<u><u>\$78,501,358</u></u>	<u><u>\$79,302,292</u></u>	<u><u>\$86,276,426</u></u>	<u><u>\$87,217,176</u></u>	<u><u>\$80,738,668</u></u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Personnel	\$26,313,115	\$28,621,780	\$31,716,325	\$33,842,292	\$34,946,187
Materials & Supplies	9,191,072	7,288,414	7,663,731	5,584,044	7,585,990
Casualty & Liability	2,851,520	3,107,806	6,379,626	7,869,167	7,812,623
Purchased Transportation	9,261,048	9,041,314	8,803,691	8,947,264	10,764,903
Depreciation & Other	<u>36,491,366</u>	<u>37,834,526</u>	<u>41,517,627</u>	<u>47,200,083</u>	<u>53,370,265</u>
Total Operating Expenses	<u><u>\$84,108,121</u></u>	<u><u>\$85,893,840</u></u>	<u><u>\$96,081,000</u></u>	<u><u>\$103,442,850</u></u>	<u><u>\$114,479,968</u></u>

Source: Finance Department

OPERATING EXPENSES BY FUNCTION

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Transportation	\$28,239,330	\$29,168,399	\$29,261,593	\$29,269,181	\$30,149,343
Maintenance	15,770,795	14,204,780	14,830,016	15,043,634	15,213,652
Risk Management *	4,233,360	4,674,142	5,100,830	6,525,076	1,146,301
Marketing	2,673,847	2,260,166	2,259,488	2,452,956	2,411,375
General Administration	7,226,877	7,835,246	8,052,766	6,887,007	8,473,242
Depreciation & Other **	20,357,148	21,159,558	26,771,733	27,039,322	23,344,755
Total Operating Expenses	<u>\$78,501,358</u>	<u>\$79,302,292</u>	<u>\$86,276,426</u>	<u>\$87,217,176</u>	<u>\$80,738,668</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Transportation	\$31,337,405	\$34,444,699	\$34,901,970	\$35,768,134	\$36,377,440
Maintenance	16,223,257	14,588,796	15,895,286	13,788,752	16,931,367
Risk Management *	2,851,520	3,107,806	6,379,626	7,869,167	7,812,623
Marketing	2,925,275	3,126,790	3,208,490	3,282,207	3,381,213
General Administration	8,147,166	6,615,304	9,315,612	13,341,246	11,354,192
Depreciation & Other **	22,623,498	24,010,445	26,380,016	29,393,344	38,623,133
Total Operating Expenses	<u>\$84,108,121</u>	<u>\$85,893,840</u>	<u>\$96,081,000</u>	<u>\$103,442,850</u>	<u>\$114,479,968</u>

* Risk Management consist of casualty and liability costs.

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

Source: Finance Department

CAPITAL ASSETS BY FUNCTION

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Fixed route					
Buses	177	167	179	172	186
Paratransit					
Paratransit buses	101	106	106	96	126
Paratransit vans	10	10	10	10	10
Support vehicles					
Vans, cars & trucks	49	42	43	37	37
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fixed route					
Buses	191	199	188	208	190
Paratransit					
Paratransit buses	122	144	109	137	137
Paratransit vans	9	6	0	0	0
Support vehicles					
Vans, cars & trucks	40	43	68	88	93

Source: Finance Department.