

CONNECTING OUR COMMUNITY



OmniTrans, San Bernardino, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

With Comparative Totals for 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) for Fiscal Year (FY) ended June 30, 2020. 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.

At this time last year, we knew FY2020 would be time of change and bring about new challenges for Omnitrans, but never did we imagine anything of the magnitude of what has occurred. We find ourselves, along with the rest of the country and the world, navigating a global pandemic and its' devastating public health and economic impacts. We came into this year focused on developing a plan to align service levels with forecasted funding levels to ensure the long-term financial sustainability of the agency. This culminated with the Board

approved, ConnectForward service plan. In addition to implementing elements of this plan, because of the pandemic we have further reduced service levels to align with the steep ridership decline it has caused.

While the current health crisis certainly presents challenges, it also presents opportunities. The agency remains focused on the dual objectives of service resumption and ensuring long-term financial sustainability and stewardship. We will strategically and prudently increase service as ridership and demand for service resumes. The ConnectForward Plan enhanced regional transit connections to Metrolink and Riverside County with new direct service connecting Ontario and Eastvale and service to the Coachella Valley via Sunline Transit, and renewed our commitment to our customers, more than half of whom are taking essential trips to work during the pandemic.

We recognize the pandemic has accelerated a disruption that was already occurring in our industry with transit ridership declining and demand for more personalized service in the new era of transportation network companies (TNC's) along with regional travel and commuting pattern changes in light of increased remote working arrangements. As such, work on a new five-year Strategic Plan is underway which will consider the transportation priorities of the region and the communities we serve as we develop a refined vision and mission for the agency.

During FY2020, the COVID-19 crisis has forced the agency to innovate on all levels of the organization to respond to the changing needs of employees and customers. OmniRide, Omnitrans' first microtransit pilot project was implemented in Chino and Chino Hills. This on-demand, technology enabled service, allows customers to plan and book their trip using an app. To further use of contactless payment, Omnitrans mobile payment app, Token Transit, was integrated with the Transit app, which allows customers to plan, pay and track their trip on one app. In addition, the agency continues its on-going efforts to meet the requirements of the California Air Resource Board Innovative Clean Transit (ICT) Regulation. Omnitrans expects delivery of the first four zero emission, battery electric buses in early 2021, which initiates the plan to transition to a zero-emission fleet by 2040.

Ultimately, Omnitrans is about providing valued public transit services to the San Bernardino Valley. We could not do this without people - our Board Members and our employees. I want to personally thank the members of the Omnitrans Board of Directors for their leadership, guidance, and support. I also want to thank our employees, our front-line, essential workers for their commitment to keep service operating during the pandemic for those who need it the most. Omnitrans is an organization that is focused on the future and committed to excellence, innovation, financial and environmental stewardship. While we know uncertainties lie ahead, we are poised to rise to the challenge.

Sincerely,

Erin Rogers

CEO/General Manager

OMNITRANS

San Bernardino, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020
With Comparative Totals for June 30, 2019
(With Independent Auditor's Report Thereon)



Prepared by the Finance Department

DONALD WALKER
Director of Finance

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INTRODUCTORY SECTION



January 22, 2021

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

California Government Code section 6505 require that Omnitrans publish within twelve 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, 2020.

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, 2020, 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, 2020 are fairly represented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

continued on next page

Omnitrans • 1700 West Fifth Street • San Bernardino, CA 92411
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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

The regional Gross Domestic Product (GDP) numbers for the Metropolitan Statistical Area (MSA) of San Bernardino County and Riverside County (Inland Empire) suggest that the worst is behind us with unemployment rates falling. The Inland Empire is in the middle when compared with other large MSAs across California. Many industries have recovered some shutdown-related job losses, certain sectors may reverse course as recent surges in COVID-19 cases have triggered renewed business closures. Public Health experts suggest we are not yet in the dreaded second wave, but still in the echo of the first wave because we have been less vigilant with respect to social distancing, wearing face masks, and thoughtful setups at work in response to coronavirus fatigue.

Almost two-thirds of the Inland Empire's employment losses occurred in the five sectors that largely provide services in face-to-face settings: leisure and hospitality, other services, retail trade, health and education and professional and business services. San Bernardino and Riverside counties were generating an average of over 43,000 new jobs prior to the pandemic. Overall, the pandemic has dramatically upended nearly every aspect of life, however the resilience of the Inland Empire and its diverse population indicates the region will recover.

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

Omnitrans was honored to receive the prestigious American Public Transportation Association 2019 Bus and Rail Safety and Security Excellence Gold Award. The award recognizes public transit providers for innovative and proactive safety and security programs. Agencies are evaluated on effectiveness, benefit level, innovation, and transferability, and the Gold Award is given to the organization with the best overall safety or security programs.

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, 2019. 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. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR.

Omnitrans' Procurement Department received the Achievement of Excellence in Procurement (AEP) award for 2020. The AEP is awarded annually by the National Procurement Institute (NPI) to public and non-profit organizations throughout the United States and Canada who demonstrate innovation, professionalism, productivity, leadership and e-procurement excellence.

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 Joseph Mercurio, Accounting Manager and Maurice Mansion, Treasury Manager. We wish also to express our appreciation to Erin Rogers, our CEO/General Manager, and Nicole Ramos, Director of Marketing and Communications 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,

A handwritten signature in blue ink, appearing to read "D. Walker", followed by a horizontal line.

Donald Walker
Director of Finance, OMNITRANS

OMNITRANS
Organizational Chart

**Board of
Directors**

**CEO/
General
Manager**

Deputy General
Manager
(Vacant)

Sr. Executive
Assistant
to the CEO/GM

Executive Staff
Assistant

Director of
Finance

Director of
Human
Resources

Director of
Information
Technology

Director of
Maintenance

Director of
Marketing &
Communications

Director of
Operations

Director of
Procurement

Director of
Safety, Security
& Regulatory
Compliance

Director of Rail
Operations

Director of
Special
Transportation
Services

Director of
Strategic
Development

OMNITRANS SENIOR LEADERSHIP TEAM

Erin Rogers
CEO/General Manager

(Vacant)
Deputy General Manager

Donald Walker
Director of Finance

Suzanne Pfeiffer
Director of Human Resources

Alex Chen
Director of Information Technology

Connie Raya
Director of Maintenance

Nicole Ramos
Director of Marketing & Communications

Shawn Brophy
Director of Operations

Art Torres
Director of Procurement

Trischelle Baysden
Director of Rail Operations

Jerome Rogers
Director of Safety, Security & Regulatory Compliance

Aaron Moore
Director of Special Transportation Services

Jeremiah Bryant
Director of Strategic Development

Omnitrans Board of Directors



CHAIR – David Avila
City of Yucaipa



VICE CHAIR – John Dutrey
City of Montclair



Supervisor – Curt Hagman
County of San Bernardino



Supervisor – Janice Rutherford
County of San Bernardino



Supervisor – Josie Gonzales
County of San Bernardino



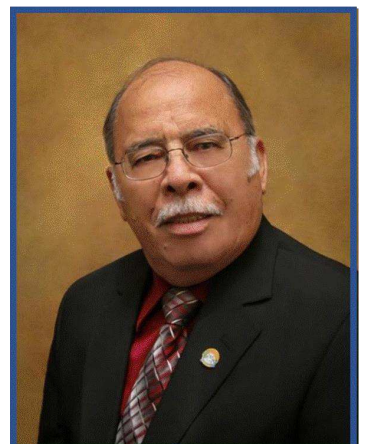
Supervisor – Dawn Rowe
County of San Bernardino



Member – Eunice Ulloa
City of Chino



Member – Cynthia Moran
City of Chino Hills



Member – Frank Navarro
City of Colton

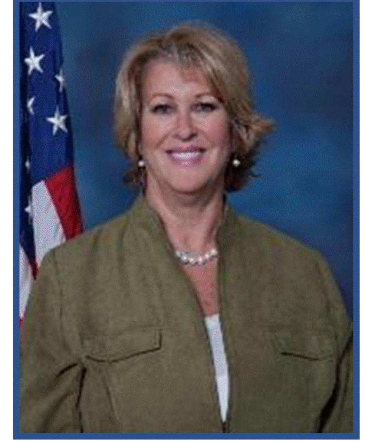
Omnitrans Board of Directors



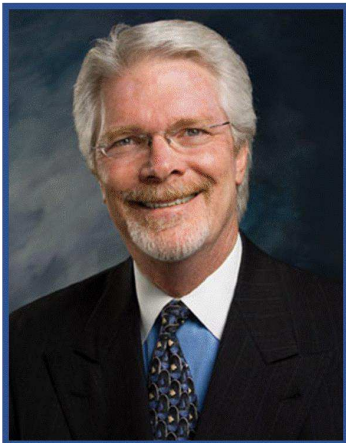
Member – John B. Roberts, Jr.
City of Fontana



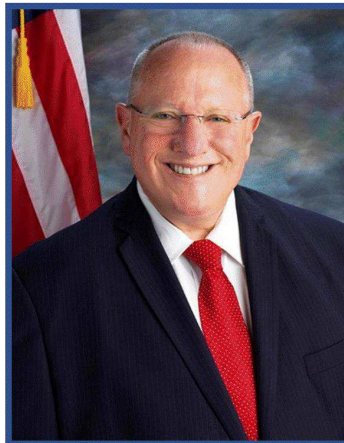
Member – Darcy McNaboe
City of Grand Terrace



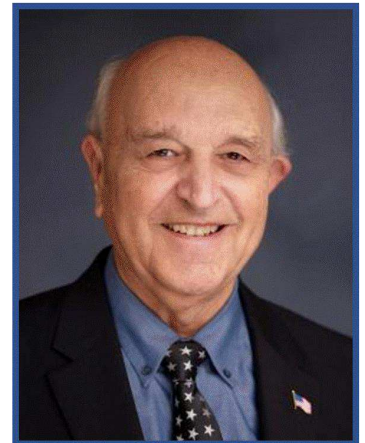
Member – Penny Lilburn
City of Highland



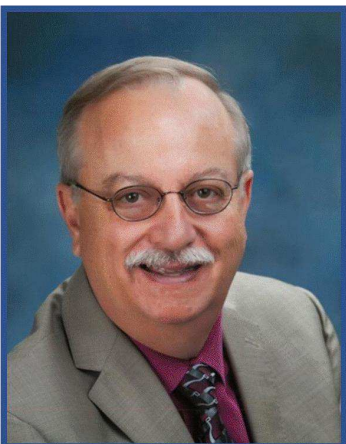
Member – Ron Dailey
City of Loma Linda



Member – Alan D. Wapner
City of Ontario



Member – Sam Spagnolo
City of Rancho Cucamonga



Member – Paul Foster
City of Redlands



Member – Deborah Robertson
City of Rialto



Member – John Valdivia
City of San Bernardino



Member – Debbie Stone
City of 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, 2019

Christopher P. Morrell

Executive Director/CEO

GENERAL INFORMATION

PROFILE OF OMNITRANS

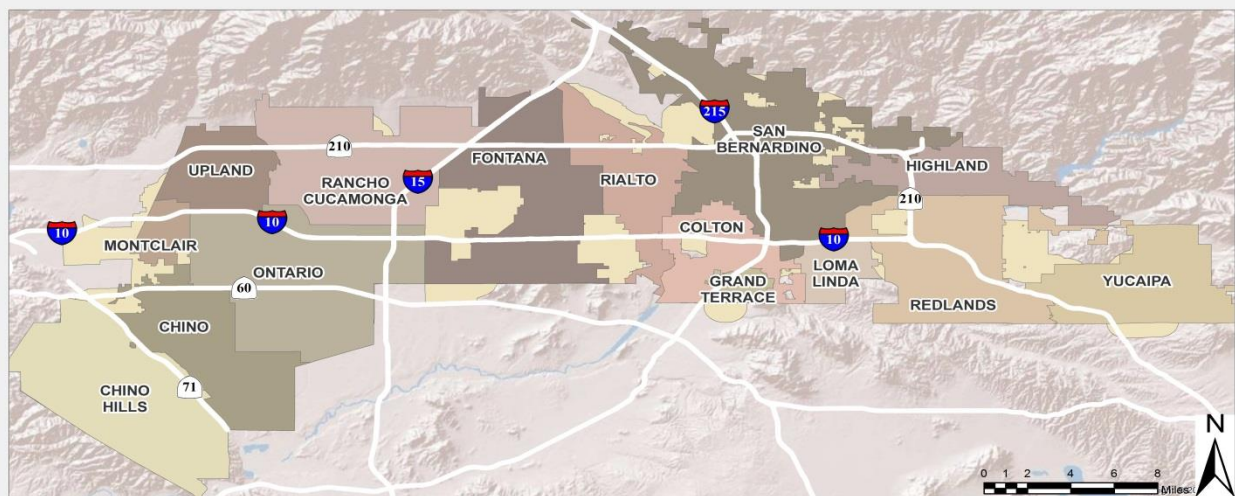
Omnitrans was founded in 1976 under a Joint Powers Agreement to provide transportation service to the San Bernardino Valley. Omnitrans is the major public transportation provider in the San Bernardino Valley, with a service area of approximately 456 square miles, serving fifteen municipalities, and many 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 to 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 2020, Omnitrans had staff of 529 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
2. Finance
3. Human Resources
4. Information Technology
5. Maintenance
6. Marketing & Communications
7. Operations
8. Procurement
9. Rail
10. Safety & Security
11. Special Transportation Services
12. Strategic Development

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:

Local Fixed Route Service

- Omnitrans operated at three different service levels during FY2020. Traditional service levels were operated prior to the COVID-19 pandemic. Service levels were reduced on March 23, 2020 following California's Stay at Home Orders. Based on ridership and activity data and long-term college and school closures, Omnitrans implemented a second service reduction on April 13, 2020. This second reduction brought Omnitrans' revenue hours down by approximately 45% compared to pre-COVID levels.
- The service reductions typically doubled headways so that routes that operated at 10-, 15-, 20-, or 30-minute headways operated half as frequently often as they did before. Routes

that operated at 60-minute headways, generally remained at 60-minutes. Service levels by route can be seen in the table below. Omnitrans generally maintained the hours of service and days of service in order to ensure that essential workers had access to vital transit services.

- Prior to the COVID-19 pandemic and in accordance with the Operational Standards for the provision of service, Omnitrans operated 26 traditional local fixed routes and five OmniGo local community circulator routes in addition to sbX and Freeway Express routes described below. Omnitrans suspended service on 5 routes at the April 13, 2020 service reduction. These routes generally served colleges and universities that had closed due to the pandemic.
- Routes typically 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 approximately 3:30 AM and ending at 11:30 PM. On Saturdays there are 24 routes and four OmniGo circulators are in operation with service beginning at approximately 4:45 AM and ending at 11:00 PM. On Sundays there are 22 routes and four OmniGo circulators in service which begin at approximately 5:00 AM and end at 8:30 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.

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 FY2020, the sbX Green Line operated on weekdays from 5:00 AM to 11:00 PM. Prior to the COVID pandemic, sbX operated 10-minute peak and 15-minute off-peak service on weekdays and 20-minute service on Saturdays. Omnitrans implemented two service reductions in response to the COVID-19 pandemic which brought weekday peak service to 20-minutes and off-peak to 30-minutes. Additionally, Saturday service was reduced to 40-minute service.
- The sbX Green Line is 15.7 miles long, with 5.4 miles of dedicated bus-only lanes. sbX has 16 named station locations and 23 platforms that offer enhanced amenities including level boarding, NexTrip arrival signs, ticket vending machines and custom shelters and benches.

Freeway Express Service

- Omnitrans operates two freeway express routes designed to allow for fast and efficient movement of passengers throughout our service area providing key connections to neighboring transit agencies.
- Route 215 is a cross-county service provided by Omnitrans that connects Downtown San Bernardino at the San Bernardino Transit Center to Downtown Riverside at the Riverside Transit Agency's Downtown Terminal. This route travels Interstate 215 and typically operates on 20/30-minute frequencies weekday and a 30-minute frequency on weekends.

These headways were expanded in response to the COVID-19 pandemic to 30/60-minute on weekdays and 60-minute 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 was temporarily suspended during the height of the COVID-19 pandemic.

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.

FY20 Fixed-Route Service Frequency by Route

| Route Count | Route | Route Name | Service Days/Frequency | | | | | |
|-------------|---------|---|------------------------|-------|----------|-------|--------|-------|
| | | | Weekday | | Saturday | | Sunday | |
| | | | Normal | COVID | Normal | COVID | Normal | COVID |
| 1 | 1 | ARMC - San Bernardino - Del Rosa | 15 | 30 | 30 | 60 | 30 | 60 |
| 2 | 2 | Cal State - E Street - Loma Linda | 60 | 60 | 60 | 60 | 30 | 60 |
| 3 | 3 | Baseline - Highland - San Bernardino CCW | 15 | 30 | 20 | 40 | 20 | 40 |
| 4 | 4 | Baseline - Highland - San Bernardino CW | 15 | 30 | 20 | 40 | 20 | 40 |
| 5 | 5 | South Waterman - Del Rosa - Cal State | 30 | 45 | 60 | 45 | 60 | 45 |
| 6 | 7 | N. San Bernardino - Sierra Way - San Bernardino† | 30/60 | 0 | 60 | 0 | 60 | 0 |
| 7 | 8 | San Bernardino - Mentone – Crafton Hills | 30/60 | 60 | 60 | 60 | 60 | 60 |
| 8 | 10 | Fontana - Baseline - San Bernardino | 30/60 | 60 | 60 | 60 | 60 | 60 |
| 9 | 12 | Fontana - Muscoy - Cal State | 60 | 60 | 60 | 60 | 60 | 60 |
| 10 | 14 | Fontana - Foothill - San Bernardino | 15 | 30 | 15 | 30 | 15 | 30 |
| 11 | 15 | Fontana - San Bernardino/Highland - Redlands | 30 | 60 | 60 | 60 | 60 | 60 |
| 12 | 19 | Fontana – Colton-Redlands--Yucaipa | 30 | 60 | 60 | 60 | 60 | 60 |
| 13 | 20 | Fontana Metrolink - Via Hemlock - Kaiser | 60 | 0 | 60 | 0 | 60 | 0 |
| 14 | 22 | North Rialto - Riverside Ave - ARMC | 30 | 60 | 60 | 60 | 60 | 60 |
| 15 | 29 | Bloomington - Valley Blvd - Kaiser | 60 | 60 | 60 | 60 | * | * |
| 16/17 | 308/309 | OmniGo: Yucaipa† | 30/60 | 60 | 30 | 30 | 60 | 30 |
| 18 | 310 | OmniGo: Yucaipa | 30/60 | 60 | * | * | * | * |
| 19 | 325 | OmniGo: Grand Terrace | 70 | 70 | 65 | 65 | 65 | 65 |
| 20 | 215 | San Bernardino – Riverside | 20/30 | 30/60 | 30/60 | 60 | 30/60 | 60 |
| 21 | 290 | San Bernardino-ARMC-Ontario Mills-Montclair Transit Center† | 30/60/120 | 0 | * | * | * | * |
| 22 | 61 | Fontana-Ontario Mills-Pomona | 15 | 30 | 15 | 30 | 15 | 30 |

| | | | | | | | | |
|----|-----|---|-------|-------|----|----|----|----|
| 23 | 66 | Fontana-Foothill Blvd.-Montclair | 15/30 | 30 | 30 | 60 | 30 | 60 |
| 24 | 67 | Chaffey-Baseline-Fontana† | 60 | 0 | * | * | * | * |
| 25 | 80 | Ontario International Airport-Vineyard-Chaffey College† | 60 | 0 | 60 | 0 | 60 | 0 |
| 26 | 81 | Chino-Haven-Chaffey College | 30/60 | 60 | 60 | 60 | * | * |
| 27 | 82 | Rancho Cucamonga-Fontana-Sierra Lakes | 60 | 60 | 65 | 65 | 65 | 65 |
| 28 | 83 | Upland-Euclid-Chino | 60 | 60 | 60 | 60 | 60 | 60 |
| 29 | 84 | Upland-Mountain Ave-Chino | 60 | 60 | 60 | 60 | 60 | 60 |
| 30 | 85 | Chino-Montclair-Chaffey College | 30 | 60 | 60 | 60 | 60 | 60 |
| 31 | 86 | S. Ontario-Campus-San Antonio Hospital | 60 | 60 | * | * | * | * |
| 32 | 88 | Chino Hills-Ramona Ave-Montclair | 60 | 60 | 60 | 60 | 60 | 60 |
| 33 | 365 | OmniGo: Chino Hills | 60 | 60 | 60 | 60 | 60 | 60 |
| 34 | sbX | Green Line | 10/15 | 20/30 | 20 | 40 | * | * |

* No Saturday or Sunday Service (as applicable)

† Route suspended during COVID-19 pandemic

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 ten Metrolink Stations located in San Bernardino (2), 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.

OmniAccess

- 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.
- OmniAccess operates during the same days and hours as fixed route buses within a ¾ mile range of routes.
- Who can ride Access? – Those persons with an Omnitrans (or other transit agency) ADA certification ID card. Persons with an Omnitrans Disability card. Personal Care Attendants providing personal care to an ADA certified rider. Companions (Adult accompanying person with a disability) and/or Children of a qualified Adult ADA certified rider. (Maximum of two children 46" tall and under may ride free. Children under age 6 and/or under 60 pounds must travel in a rider supplied child restraint device).



FINANCIAL SECTION



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, 2020, 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, 2020, 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 CEO's message, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

We have previously audited Omnitrans' 2019 financial statements upon which we expressed an unmodified opinion in our report dated January 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 22, 2021, on our consideration of Omnitrans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Omnitrans' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Omnitrans' internal control over financial reporting and compliance.



Rancho Cucamonga, California
January 22, 2021

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, 2020.

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 2020, the Statement of Net Position presents total net position of \$208.7 million. This is an increase of \$1.3 million or 0.6% above the close of the previous fiscal year-end.
- Total assets at fiscal year-end 2020 increased from \$282.2 million to \$302.6 million an increase of \$20.4 million or 7.2%. The increase in Cash & Equivalents and Investments accounts for most of the increase.
- Total liabilities at fiscal year-end 2020 increased \$19.9 million or 23.7% above the previous fiscal year. Increases in Accounts Payable, Unearned Revenue and Net Pension Liability accounts for most of the increase.
- Total revenues for fiscal year-end June 30, 2020 were \$144.8 million compared to \$108.8 million for the previous fiscal year. This is a \$36.0 million or 33.1% increase in revenue compared to the previous year.
- Total expenses for fiscal year-end 2020 excluding depreciation were \$124.2 million compared to \$105.7 million for the previous fiscal year. This is an increase of \$18.6 million or 17.6%. The expenses include costs associated with the Redlands Passenger Rail Project (Arrow).
- Depreciation for fiscal year-end 2020 was \$19.3 million compared to \$18.8 million for the previous fiscal year. This is an increase of \$491.1 thousand or 2.6%.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements consist of two components: 1) Agency financial statements, and 2) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The statement of net position include information on all 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, 2020. 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.

The financial statements can be found on pages 12-15 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in Agency financial statements. The notes to the financial statements can be found on pages 16-39 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the Agency's pension liabilities to it employees.

Required supplementary information can be found on page 41 of this report.

Financial Statements Analysis

The following tables summarize revenues, expenses and changes in net position comparing fiscal year 2020 with fiscal year 2019. For additional information regarding the Agency's financial activities for fiscal year ended June 30, 2020, readers are encouraged to read this section in conjunction with the accompanying Notes to the Basic Financial Statements.

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

| | Fiscal Year <u>2020</u> | Fiscal Year <u>2019</u> | Increase (Decrease) | Percent Increase (Decrease) |
|-------------------------------|----------------------------|----------------------------|------------------------|-----------------------------------|
| Revenues: | | | | |
| Passenger fares | \$ 11,227,212 | 13,168,821 | (1,941,609) | (14.7) |
| Advertising revenues | 685,699 | 774,189 | (88,490) | (11.4) |
| Other transportation revenues | <u>69,755</u> | <u>55,673</u> | <u>14,082</u> | 25.3 |
| Total revenues | <u>11,982,666</u> | <u>13,998,683</u> | <u>(2,016,017)</u> | (14.4) |
| Expenses: | | | | |
| Depreciation and amortization | 19,288,208 | 18,797,139 | 491,069 | 2.6 |
| Other operating expenses | <u>91,888,124</u> | <u>95,682,829</u> | <u>(3,794,705)</u> | (4.0) |

| | | | | |
|--|-----------------------|---------------------|---------------------|---------|
| Total expenses | <u>111,176,332</u> | <u>114,479,968</u> | <u>(3,303,636)</u> | (2.9) |
| Nonoperating Revenue/(Expenses) | | | | |
| Fed. & local operating grants | 75,325,966 | 84,857,421 | (9,531,455) | (11.2) |
| Interest income | 846,858 | 315,357 | 531,501 | 168.5 |
| Pass-through to other agencies (Note 10) | (30,661,723) | (854,709) | (29,807,014) | 3,487.4 |
| Pass-through to CTSA community partners | (988,351) | (394,708) | (593,643) | 150.4 |
| Loss on disposal of capital assets | (709,129) | (1,910,005) | 1,200,876 | (62.9) |
| CNG fuel tax credit | 3,758,891 | - | 3,758,891 | |
| Donation to other agency | - | (6,838,655) | 6,838,655 | |
| Other nonoperating revenues (expenses) | <u>19,738</u> | <u>21,422</u> | <u>(1,684)</u> | (7.9) |
| Total nonoperating revenues | <u>47,592,250</u> | <u>75,196,123</u> | <u>(27,603,873)</u> | (36.7) |
| Income before capital contribution | <u>(51,601,416)</u> | <u>(25,285,162)</u> | <u>(26,316,254)</u> | 104.1 |
| Capital contributions | | | | |
| Capital assistance | 52,908,735 | 8,760,536 | 44,148,199 | 503.9 |
| Capital contribution (Note 5) | <u>-</u> | <u>846,500</u> | <u>(846,500)</u> | |
| Total capital contributions | <u>52,908,735</u> | <u>9,607,036</u> | <u>43,301,699</u> | 450.7 |
| Special Items: | | | | |
| Transfer of operations (Note 11) | <u>-</u> | <u>973,084</u> | <u>(973,084)</u> | |
| Change in net position | 1,307,319 | (14,705,042) | 16,012,361 | (108.9) |
| Net position, beginning of year | <u>207,343,494</u> | <u>222,048,536</u> | <u>(14,705,042)</u> | (6.6) |
| Net position, end of year | <u>\$ 208,650,813</u> | <u>207,343,494</u> | <u>1,307,319</u> | 0.6 |

Revenues and Expenses

Revenues

Omnitrans total revenues for fiscal year ending June 30, 2020 were \$144.8 million compared to \$108.8 million for the previous fiscal year-end. This is a \$36.4 million or 33.1% increase compared to last fiscal year-end. Capital Assistance increased \$43.3 million over the previous year attributed to ongoing construction of the Redlands Passenger Rail Project managed by San Bernardino County Transportation Authority (SBCTA).

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 received include the following:

- Measure I - the ½ cent sales tax collected throughout San Bernardino County for transportation improvements.
- Local Transportation Fund (LTF) - Transportation Development Act (TDA) earmark ¼ percent of the state sales tax for transit.
- Urbanized Area Formula Program (5307) - transit capital and operating assistance in urbanized areas and for transportation-related planning.
- Congestion Mitigation and Air Quality Improvement (CMAQ) - established to support surface transportation projects and other related efforts that contribute air quality improvements and provide congestion relief.
- Job Access and Reverse Commute (JARC) – established to improve access to transportation services to employment and employment related activities for welfare recipients and eligible low-income individuals and to transport residents of urbanized areas and non-urbanized areas to suburban employment opportunities.
- New Freedom - a formula grant program aims to provide additional tools to overcome existing barriers facing Americans with disabilities seeking integration into the work force available to people with disabilities beyond the requirements of the Americans with Disabilities Act of 1990 (ADA).
- State Transit Assistance Fund (STAF) - derived from sales tax on gasoline and diesel fuel, this funding is an allocation to local transit agencies to fund a portion of the operations and capital costs associated with local mass transportation programs.
- Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) - created by Proposition 1B, is funding available to transit operators over a ten-year period. PTMISEA funds may be used for transit rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or rolling stock (buses and rail cars) procurement, rehabilitation, or replacement.
- The Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress in March 2020. The CARES Act provides for payments to state, local, and tribal governments navigating the impact of the COVID-19 outbreak.

Passenger fares at fiscal year end June 30, 2020 was \$11.2 million compared to \$13.2 million for the previous fiscal year. This is a reduction of \$1.9 million or 14.7%. The reduction in passenger fares can be attributed to COVID-19 and the decline in ridership experienced throughout the public transit industry.

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, 2020 was \$846.9 thousand compared to \$315.4 thousand for the previous fiscal year-end.

Revenues from the Compressed Natural Gas (CNG) fuel tax credit for fiscal year ended June 30, 2020 was \$3.8 million. The Alternative Fuel Tax Credit ended December 31, 2017 but was retroactively extended through December 31, 2020.

| <u>OMNITRANS' Revenues</u> | | | | |
|---|----------------------------|----------------------------|-------------------------------|--|
| | Fiscal Year <u>2020</u> | Fiscal Year <u>2019</u> | Increase <u>(Decrease)</u> | Percent Increase <u>(Decrease)</u> |
| Passenger fares | \$ 11,227,212 | 13,168,821 | (1,941,609) | (14.7) |
| Advertising revenue | 685,699 | 774,189 | (88,490) | (11.4) |
| Other Transportation Revenue | 69,755 | 55,673 | 14,082 | 25.3 |
| Federal and local operating grants | 75,325,966 | 84,857,421 | (9,531,455) | (11.2) |
| Capital assistance | 52,908,735 | 9,607,036 | 43,301,699 | 450.7 |
| Interest Income | 846,858 | 315,357 | 531,501 | 168.5 |
| CNG fuel tax credit | 3,758,891 | 0 | 3,758,891 | |
| Other non-operating revenues/(expenses) | <u>19,738</u> | <u>21,422</u> | <u>(1,684)</u> | <u>(7.9)</u> |
| Total Revenues | \$ <u>144,842,854</u> | <u>108,799,919</u> | <u>36,042,935</u> | 33.1 |

Expenses

Total expenses for fiscal year-end June 30, 2020 were \$143.5 million compared to \$124.5 million for the previous fiscal year end. This is a \$19.1 million or 15.3% increase in total expenses. Included in total expenses is depreciation (\$19.3 million). Also included in expenses is a \$30.7 million pass-through to other agencies. The majority of the pass-through was associated with ongoing construction of the Redlands Passenger Rail Project managed by SBCTA.

Wages, salaries, and benefits increased from \$55.2 million for fiscal year-end 2019 to \$56.5 million for fiscal year-end 2020. This is an increase of \$1.3 million or 2.4%. Also included in the \$56.5 million expenses is \$5.5 million for the change in the net pension liability.

Purchase transportation services for fiscal year-end June 30, 2020 was \$10.2 million compared to \$10.8 million for the previous year. This is a \$591.8 thousand decrease or 5.5%.

General and administrative expenses decreased \$1.7 million or 10.6% compared to the previous fiscal year. Total general and administrative expenses for fiscal year-end June 30, 2020 were \$14.3 million compared to \$16.0 million for the previous fiscal year.

Capital purchases for fiscal year-end June 30, 2020 decreased \$309.9 thousand compared to the previous year-end due to fewer purchases with capital funds that met the threshold for capitalization.

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

oversight for sub-recipients. The pass-through to other agencies represents federal and local reimbursements to sub-recipients for cost incurred on approved projects. Pass-through payments to other agencies increased \$29.8 million or 3,487.4% compared to the previous fiscal year-end. The significant increase is construction costs associated with the Redlands Passenger Rail Project managed by SBCTA. The project is expected to be completed in FY 2022.

Loss on disposal of capital assets decreased \$1.2 million or 62.9% compared to the previous fiscal year. The previous fiscal year included disposal of the liquefied compressed natural gas (LCNG) fueling infrastructure.

There were no Donation to Other Agency for fiscal year ending June 30, 2020 compared to \$6.8 million for the previous fiscal year. The previous fiscal year costs included \$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.

OMNITRANS' Expenses

| | Fiscal Year <u>2020</u> | Fiscal Year <u>2019</u> | Increase <u>(Decrease)</u> | Percent Increase <u>(Decrease)</u> |
|---|----------------------------|----------------------------|-------------------------------|--|
| Wages, salaries, and benefits | \$ 56,513,919 | 55,238,763 | 1,275,156 | 2.4 |
| Purchased transportation services | 10,173,138 | 10,764,903 | (591,765) | (5.5) |
| General and administrative expenses | 14,331,182 | 16,033,442 | (1,702,260) | (10.6) |
| Materials and supplies | 6,222,214 | 7,585,991 | (1,363,777) | (18.0) |
| Capital purchases | 663,133 | 973,017 | (309,884) | (31.8) |
| Professional and technical services | 2,864,494 | 3,783,575 | (919,081) | (24.3) |
| Advertising and printing | 775,404 | 893,427 | (118,023) | (13.2) |
| Pass-through to other agencies | 30,661,723 | 854,709 | 29,807,014 | 3,487.4 |
| Pass-through to CTSA community partners | 988,351 | 394,708 | 593,643 | 150.4 |
| Loss on disposal of capital assets | 709,129 | 1,910,005 | (1,200,876) | (62.9) |
| Depreciation | 19,288,208 | 18,797,139 | 491,069 | 2.6 |
| Miscellaneous | 344,640 | 409,711 | (65,071) | (15.9) |
| Donation to Other Agency | - | 6,838,655 | (6,838,655) | (100.0) |
| Total Expenses | \$ <u>143,535,535</u> | <u>124,478,045</u> | <u>19,057,490</u> | 15.3 |

Net Position

The Agency's total net position as of June 30, 2020 increased \$1.3 million or 0.6% compared to June 30, 2019. Total assets increased \$20.4 million or 7.2%. This is due primarily to increases in cash, investments, and receivables of \$7.7 million, \$7.0 million, and \$7.7 million, respectively.

Total liabilities increased \$19.9 million or 23.7% compared to the previous fiscal year-end. Current liabilities increased \$12.1 million or 38.2% and long-term liabilities increased \$7.8 million or 14.9%.

OMNITRANS' Statement of Net Position

| | Fiscal Year <u>2020</u> | Fiscal Year <u>2019</u> | Increase (Decrease) | Percent Increase (Decrease) |
|--|----------------------------|----------------------------|------------------------|-----------------------------------|
| Assets: | | | | |
| Current and other assets | \$ 68,782,302 | 45,680,787 | 23,101,515 | 50.6 |
| Capital Assets | <u>233,793,602</u> | <u>236,473,270</u> | <u>(2,679,668)</u> | (1.1) |
| Total Assets | <u>302,575,904</u> | <u>282,154,057</u> | <u>20,421,847</u> | 7.2 |
| Deferred outflow of resources: | | | | |
| Deferred amount on pensions | <u>12,029,810</u> | <u>11,667,224</u> | <u>362,586</u> | 3.1 |
| Total Deferred outflow of resources | <u>12,029,810</u> | <u>11,667,224</u> | <u>362,586</u> | 3.1 |
| Liabilities: | | | | |
| Current Liabilities | 43,693,417 | 31,617,139 | 12,076,278 | 38.2 |
| Long-term Liabilities | <u>60,260,661</u> | <u>52,432,423</u> | <u>7,828,238</u> | 14.9 |
| Total Liabilities | <u>103,954,078</u> | <u>84,049,562</u> | <u>19,904,516</u> | 23.7 |
| Deferred inflow of resources: | | | | |
| Deferred amount on pension (Note 8) | <u>2,000,823</u> | <u>2,428,225</u> | <u>(427,402)</u> | (17.6) |
| Total Deferred inflow of resources | <u>2,000,823</u> | <u>2,428,225</u> | <u>(427,402)</u> | (17.6) |
| Net Position: | | | | |
| Net investment in capital assets | 202,666,266 | 200,270,564 | 2,395,702 | 1.2 |
| Restricted - Capital projects | 4,864,626 | 4,812,857 | 51,769 | 1.1 |
| Restricted - CTSA activities | 5,418,603 | 11,016,293 | (5,597,690) | (50.8) |
| Unrestricted | <u>(4,298,682)</u> | <u>(8,756,220)</u> | <u>4,457,538</u> | (50.9) |
| Total Net Position | \$ <u>208,650,813</u> | <u>207,343,494</u> | <u>1,307,319</u> | 0.6 |

Capital Assets and Debt Administration

Capital Assets

At June 30, 2020, the Agency had a total of \$202.7 million invested in capital assets. This total represents an overall increase of \$2.4 million or 1.2% above the prior fiscal year-end total of \$200.3 million. Increases in building and improvements, operations, and construction in progress were offset by accumulated depreciation.

OMNITRANS' Capital Assets (net of accumulated depreciation)

| | Fiscal Year <u>2020</u> | Fiscal Year <u>2019</u> | Increase (Decrease) | Percent Increase (Decrease) |
|--------------------------------|----------------------------|----------------------------|------------------------|-----------------------------------|
| Buildings and improvements | \$ 146,427,664 | 145,228,968 | 1,198,696 | 0.8 |
| Operations equipment | 137,391,768 | 133,782,814 | 3,608,954 | 2.7 |
| Furniture and office equipment | 50,264,190 | 49,822,725 | 441,465 | 0.9 |
| Construction in progress | 25,682,383 | 20,661,288 | 5,021,095 | 24.3 |
| Land | 5,505,423 | 5,505,423 | 0 | 0.0 |
| Accumulated depreciation | <u>(162,605,162)</u> | <u>(154,730,654)</u> | <u>(7,874,508)</u> | 5.1 |
| Total capital assets | \$ <u>202,666,266</u> | <u>200,270,564</u> | <u>2,395,702</u> | 1.2 |

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

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, 2020 increased proportionately due to ongoing contractual obligations. The challenge going forward is containing cost, and providing safe, dependable, and quality public transit service at sustainable levels during the COVID-19 pandemic.

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.

Statement of Net Position
June 30, 2020 (with Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| Assets: | | |
| Current Assets: | | |
| Cash and Equivalents | \$ 24,506,172 | \$ 16,760,571 |
| Investments | 8,626,121 | 1,610,222 |
| Receivables: | | |
| Accounts, Net of Allowances | 3,048,272 | 245,023 |
| Intergovernmental | 28,672,888 | 23,926,679 |
| Inventory | 3,096,427 | 2,699,471 |
| Prepaid Items | 832,422 | 438,821 |
| Total Current Assets | <u>68,782,302</u> | <u>45,680,787</u> |
| Noncurrent Assets: | | |
| Restricted Cash and Equivalents - West Valley Connector Project | 150,783 | 149,384 |
| Restricted Investments - West Valley Connector Project | 25,557,950 | 25,037,029 |
| Restricted Investments - CTSA | 5,418,603 | 11,016,293 |
| Capital Assets, Not Depreciated (Note 5) | 31,187,806 | 26,166,711 |
| Capital Assets, Depreciated, Net (Note 5) | 171,478,460 | 174,103,853 |
| Total Noncurrent Assets | <u>233,793,602</u> | <u>236,473,270</u> |
| Total Assets | <u>302,575,904</u> | <u>282,154,057</u> |
| Deferred Outflow of Resources: | | |
| Deferred Outflows Related to Pensions (Note 8) | <u>12,029,810</u> | <u>11,667,224</u> |
| Liabilities: | | |
| Current Liabilities: | | |
| Accounts Payable | 11,427,597 | 6,312,951 |
| Accrued Salaries and Benefits | 1,419,091 | 3,213,612 |
| Unearned Revenue | 23,963,311 | 16,012,180 |
| Compensated Absences Payable - | | |
| Current Portion (Note 4) | 1,934,727 | 1,986,267 |
| Claims Payable - Current Portion (Note 7) | 4,948,691 | 4,092,129 |
| Total Current Liabilities | <u>43,693,417</u> | <u>31,617,139</u> |
| Noncurrent Liabilities: | | |
| Unearned Revenue (Note 9) | 20,693,324 | 20,224,172 |
| Compensated Absences Payable (Note 4) | 1,616,606 | 2,057,700 |
| Claims Payable (Note 7) | 6,553,220 | 5,060,225 |
| Net Pension Liability (Note 8) | 31,397,511 | 25,090,326 |
| Total Noncurrent Liabilities | <u>60,260,661</u> | <u>52,432,423</u> |
| Total Liabilities | <u>103,954,078</u> | <u>84,049,562</u> |
| Deferred Inflow of Resources: | | |
| Deferred Inflows Related to Pensions (Note 8) | <u>2,000,823</u> | <u>2,428,225</u> |
| Net Position: | | |
| Net Investment in Capital Assets | 202,666,266 | 200,270,564 |
| Restricted for: | | |
| Capital Projects | 4,864,626 | 4,812,857 |
| CTSA Activities | 5,418,603 | 11,016,293 |
| Unrestricted | (4,298,682) | (8,756,220) |
| Total Net Position | <u>\$ 208,650,813</u> | <u>\$ 207,343,494</u> |

See accompanying notes to basic financial statements.

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2020 (with Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|---|-----------------------|-----------------------|
| Operating Revenues: | | |
| Passenger fares | \$ 11,227,212 | \$ 13,168,821 |
| Advertising revenue | 685,699 | 774,189 |
| Other transportation revenue | 69,755 | 55,673 |
| Total Operating Revenues | <u>11,982,666</u> | <u>13,998,683</u> |
| Operating Expenses: | | |
| Salaries and benefits | 56,513,919 | 55,238,763 |
| Purchased transportation services | 10,173,138 | 10,764,903 |
| General and administrative | 14,331,182 | 16,033,442 |
| Materials and supplies | 6,222,214 | 7,585,991 |
| Capital purchases | 663,133 | 973,017 |
| Professional and technical services | 2,864,494 | 3,783,575 |
| Advertising and printing | 775,404 | 893,427 |
| Depreciation | 19,288,208 | 18,797,139 |
| Miscellaneous | 344,640 | 409,711 |
| Total Operating Expenses | <u>111,176,332</u> | <u>114,479,968</u> |
| Operating Income/(Loss) | <u>(99,193,666)</u> | <u>(100,481,285)</u> |
| Nonoperating Revenues/(Expenses): | | |
| Federal and local operating grants | 75,325,966 | 84,857,421 |
| Interest income | 846,858 | 315,357 |
| Pass-through to sub-recipients (Note 10) | (30,661,723) | (854,709) |
| Pass-through to CTSA community partners | (988,351) | (394,708) |
| Loss on disposal of capital assets | (709,129) | (1,910,005) |
| CNG fuel credit | 3,758,891 | - |
| Donation to other agency (Note 5) | - | (6,838,655) |
| Other nonoperating revenues | 19,738 | 21,422 |
| Total Nonoperating Revenues/(Expenses) | <u>47,592,250</u> | <u>75,196,123</u> |
| Income/(Loss) Before Capital Contributions and Special Items | <u>(51,601,416)</u> | <u>(25,285,162)</u> |
| Capital Contributions: | | |
| Capital assistance | 52,908,735 | 8,760,536 |
| Capital contribution (Note 5) | - | 846,500 |
| Total Capital Contributions | <u>52,908,735</u> | <u>9,607,036</u> |
| Special Items: | | |
| Transfer of operations (Note 11) | - | 973,084 |
| Change in Net Position | 1,307,319 | (14,705,042) |
| Net Position, Beginning of Year | <u>207,343,494</u> | <u>222,048,536</u> |
| Net Position, End of Year | <u>\$ 208,650,813</u> | <u>\$ 207,343,494</u> |

See accompanying notes to basic financial statements.

Statement of Cash Flows

Year Ended June 30, 2020 (with Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|---|---------------|---------------|
| Cash Flows from Operating Activities: | | |
| Cash received from customers | \$ 11,982,666 | \$ 13,998,683 |
| Nonoperating miscellaneous receipts | 3,778,629 | 21,422 |
| Cash payments to suppliers for goods and services | (31,050,116) | (40,909,081) |
| Cash payments to employees for services | (50,934,320) | (53,084,919) |
| Net cash used for operating activities | (66,223,141) | (79,973,895) |
| Cash Flows from Noncapital Financing Activities: | | |
| Federal, state, and local operating grants | 72,522,717 | 86,417,090 |
| Pass-through payments to other agencies | (31,650,074) | (1,249,417) |
| Special item, transfer of operations | - | 973,084 |
| Net cash provided by non-capital financing activities | 40,872,643 | 86,140,757 |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition and construction of capital assets | (22,393,039) | (8,603,372) |
| Capital grants received | 56,582,809 | 6,468,495 |
| Net cash provided by (used) capital and related financing activities | 34,189,770 | (2,134,877) |
| Cash Flows from Investing Activities: | | |
| Proceeds from sales and maturities of investments | 5,076,769 | 7,263,861 |
| Purchase of investments | (7,015,899) | (36,053,322) |
| Interest received | 846,858 | 315,357 |
| Net cash used by investing activities | (1,092,272) | (28,474,104) |
| Net increase (decrease) in cash and cash equivalents | 7,747,000 | (24,442,119) |
| Cash and Cash Equivalents, Beginning of Year | 16,909,955 | 41,352,074 |
| Cash and Cash Equivalents, End of Year | \$ 24,656,955 | \$ 16,909,955 |
| Reconciliation of Cash and Cash Equivalents to Amounts Reported on Statement of Net Position: | | |
| Cash and equivalents | \$ 24,506,172 | \$ 16,760,571 |
| Restricted cash and equivalents | 150,783 | 149,384 |
| Cash and Cash Equivalents, End of Year | \$ 24,656,955 | \$ 16,909,955 |

(Continued)

See accompanying notes to basic financial statements.

Omnitrans

Statement of Cash Flows (Continued)
Year Ended June 30, 2020 (with Comparative Totals for June 30, 2019)

| | 2020 | 2019 |
|---|-----------------|------------------|
| Reconciliation of Operating Loss to Net | | |
| Cash used for Operating Activities: | | |
| Operating loss | \$ (99,193,666) | \$ (100,481,285) |
| Pension expense | 5,517,197 | 1,306,648 |
| Adjustments to net cash used by operating activities: | | |
| Depreciation | 19,288,208 | 18,797,139 |
| Nonoperating miscellaneous income | 3,778,629 | 21,422 |
| (Increase) in inventory | (396,956) | (208,497) |
| (Increase) decrease in prepaid items | (393,601) | (86,644) |
| (Decrease) in accounts payable | 5,114,646 | (169,874) |
| Increase in salaries and benefits payable | (1,794,521) | 178,082 |
| Increase (decrease) in compensated absences payable | (492,634) | 94,753 |
| Increase in claims payable | 2,349,557 | 574,361 |
| Net Cash used for Operating Activities | \$ (66,223,141) | \$ (79,973,895) |
| Noncash Investing, Capital, and Financing Activities: | | |
| Capital contributions | \$ - | \$ 846,500 |
| Donation to other agency | \$ - | \$ 6,838,655 |
| Special item, transfer of operations, capital assets | \$ - | \$ 232,168 |

See accompanying notes to basic financial statements.

Note 1 – Summary of Significant Accounting Policies**Nature of Business**

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

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

Basis of Accounting

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

Classification of Revenues and Expenses

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

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

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

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid 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.

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.

Inventories

Inventories consist of operations vehicles' parts and fuel in storage held for consumption. The parts and fuel in storage are stated at the lower of cost or market and will be consumed in the course of Omnitrans' operations. The value of parts and fuel held in storage as of June 30, 2020 was \$3,096,427.

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:

| <u>Category</u> | <u>Number of Years</u> |
|--------------------------------|----------------------------|
| Buildings and improvements | 5 to 30 |
| Operations equipment | 3 to 12 |
| Furniture and office equipment | 3 to 20 |

Deferred Outflows/Inflows of Resources

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

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

Omnitrans reports deferred outflows of resources and deferred inflows of resources related to pensions.

Unearned Revenue-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. The revenue associated with the use of the advances will be recognized when all eligibility requirements have been met.

Compensated Absences

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

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

Accumulated unpaid vacation and vested sick leave pay is recorded as an expense and a liability at the time the benefit is earned. Total compensated absences payable was \$3,551,333 at June 30, 2020.

Prior Year Data

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

Federal, State and Local Grants

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

Pass-Through Activities

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

Pension

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

Net Position

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

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

As of June 30, 2020, Omnitrans reported \$4,864,626 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, 2020, Omnitrans reported \$5,418,603 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.

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. Pension amounts adjustments to net cash used by operating activities in the Statement of Cash Flows of the prior year have been reclassified to conform to the current year presentation.

New Accounting Pronouncements

Effective in Current Year

Governmental Accounting Standard No. 95

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Omnitrans adopted this Statement during the current fiscal year. As a result of adopting this statement, all Statements that were originally scheduled to be effective during the year ending June 30, 2020 have been deferred to fiscal years after the year ending June 30, 2020. The revised effective dates of future accounting pronouncements are described below.

Effective in Future 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, 2019. Omnitrans has not determined its 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 ending June 30, 2022 and subsequent. Omnitrans has not determined its effect of this Statement.

Governmental Accounting Standard No. 89

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of this Statement is 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, 2020. Omnitrans has not determined its 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, 2019. Omnitrans has not determined its effect on the financial statements.

Governmental Accounting Standard No. 91

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, 2021. Omnitrans has not determined its effect on the financial statements.

Governmental Accounting Standard No. 92

GASB Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for periods ending June 30, 2022 and subsequent. Omnitrans has not determined its effect on the financial statements.

Governmental Accounting Standard No. 93

GASB Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The primary objectives of this Statement are to address the accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is effective for periods ending June 30, 2022 and subsequent. Omnitrans has not determined its effect on the financial statements.

Governmental Accounting Standard No. 94

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment*. The primary objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). This Statement is effective for periods beginning after June 15, 2022. Omnitrans has not determined its effect on the financial statements.

Governmental Accounting Standard No. 96

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*. The primary objectives of this Statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. Omnitrans has not determined the effect of this Statement.

Governmental Accounting Standard No. 97

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021 for requirements that are related to the accounting and financial reporting for Section 457 plans. The remaining sections are effective immediately. Omnitrans has not determined the effect of this Statement.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2020 consist of the following:

| | |
|---|----------------------|
| Cash on hand | \$ 9,200 |
| Deposits with financial institutions | 24,496,972 |
| Investments with LAIF | 8,626,121 |
| Restricted deposits with financial institutions | 150,783 |
| Restricted investments with LAIF | 30,976,553 |
| | <u>\$ 64,259,629</u> |

Fair Value Measurements

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

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

Level 2 — Inputs to the valuation methodology include:

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

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

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, 2020. 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, 2020 of \$39,602,674 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. Of the \$39,602,674 investments in LAIF, \$25,557,950 is restricted for the West Valley Connector Project and \$5,418,603 is restricted for Consolidated Transportation Services Agency activities.

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 | Authorized By Investment Policy | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|------------------------------------|---------------------------------|------------------|---------------------------------|----------------------------------|
| Local Agency Bonds | Yes | 5 years | None | None |
| U.S. Treasury Obligations | Yes | 5 years | None | None |
| Federal Agency Securities | Yes | 5 years | None | None |
| Banker's Acceptances | Yes | 180 days | 40% | 30% |
| Commercial Paper | Yes | 270 days | 25% | 10% |
| Negotiable Certificates of Deposit | Yes | 5 years | 30% | None |
| Repurchase Agreements | Yes | 1 year | 20% | None |
| Medium - Term Notes | Yes | 5 years | 30% | None |
| Local Agency Investment Fund | Yes | N/A | None | \$65 million |

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.

Omnitrans' investment in LAIF has remaining investment maturity of 12 months or less and a fair value of \$39,602,674.

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. Omnitrans' investment in LAIF is unrated and is not subject to a minimum rating by the California Government Code, or Omnitrans' investment policy.

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, 2020, Omnitrans had deposits held at one bank that were \$24,291,522 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 \$39,602,674 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.

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, 2020 were 26.04 percent for general public transit service, and 24.03 percent for specialized service for the elderly and handicapped. Omnitrans' ratios for the fiscal year ended June 30, 2020 were calculated as follows:

| | General Transit | Special Transit | Total |
|---|----------------------|----------------------|----------------------|
| Operating expenses | \$ 91,820,179 | \$ 15,055,557 | \$ 106,875,736 |
| Less: Depreciation | (17,973,989) | (1,314,219) | (19,288,208) |
| Adjusted operating expenses | <u>\$ 73,846,190</u> | <u>\$ 13,741,338</u> | <u>\$ 87,587,528</u> |
| Fare revenue | \$ 10,713,776 | \$ 2,141,135 | \$ 12,854,911 |
| 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>8,516,663</u> | <u>1,161,363</u> | <u>9,678,026</u> |
| Adjusted fare revenue | <u>\$ 19,230,439</u> | <u>\$ 3,302,498</u> | <u>\$ 22,532,937</u> |
| Fare ratio | <u>26.04%</u> | <u>24.03%</u> | <u>25.73%</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, 2020, Omnitrans recognized operating revenue and capital assistances for TDA funds in the amounts of \$43,883,223 and \$1,207,068, respectively.

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 San Bernardino Valley. 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, 2020, Proposition 1B cash receipts and cash disbursements were as follows:

| | |
|--|---------------------|
| Unspent Proposition 1B funds as of June 30, 2019 | \$ 11,920,421 |
| Proposition 1B expenses incurred during the fiscal year ended June 30, 2020 | (2,897,102) |
| Interest revenue earned on unspent Proposition 1B funds during the fiscal year ended June 30, 2020 | 104,895 |
| Change in fair market value of investments held during the year ended June 30, 2020 | 45 |
| | <u>\$ 9,128,259</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, 2020.

CARES Act

The CARES Act provided the U.S. Department of Transportation \$36.1 billion in overall funding for various programs to provide relief from the COVID-19 pandemic, \$22.7 billion of which was allocated to the Federal Transit Administration. Omnitrans applied for and was awarded \$53,266,820 in CARES Act funds to support operating cost for the period of January 20, 2020 through June 30, 2023. The FTA will generally consider all expenses normally eligible under the Section 5307 and 5311 programs that are incurred on or after January 20, 2020 to be in response to economic or other conditions caused by COVID-19 and thus eligible under the CARES Act. For the fiscal year ended June 30, 2020, Omnitrans incurred eligible expenditures as a result of economic or other conditions caused by COVID-19 and recognized \$6,704,144 of CARES Act revenue.

State of Good Repair

Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017, was signed into law on April 28, 2017. SB1 includes a program that will provide additional revenues for transit infrastructure repair and service improvements. Funds are available for eligible transit maintenance rehabilitation and capital projects.

Operating Assistance

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

| | |
|--------------------------------------|----------------------|
| Federal Assistance | \$ 10,619,183 |
| LTF - TDA | 40,121,961 |
| STAF - TDA | 3,761,262 |
| CARES Act-Federal | 6,704,144 |
| Measure I | 9,678,026 |
| Measure I Demand Response | 195,618 |
| Measure I Rail | 353,274 |
| Measure I CTSA | 957,377 |
| Low Carbon Fuel Standard (Operating) | 2,385,924 |
| Low Carbon Transit Operating Program | 300,733 |
| Other | 248,464 |
| | <u>\$ 75,325,966</u> |

Capital Contributions

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

| | |
|--------------------------------------|----------------------|
| Federal Assistance | \$ 47,633,563 |
| LTF - TDA | 205,646 |
| STAF - TDA | 1,001,422 |
| Prop 1B | 2,897,102 |
| State of Good Repair | 680,774 |
| Low Carbon Fuel Standard (Operating) | 398,507 |
| Other | 91,721 |
| | <u>\$ 52,908,735</u> |

Note 4 – Long-Term Liabilities

During the year ended June 30, 2020, in addition to Net Pension Liability discussed in Note 8, Omnitrans had the following changes in long-term liabilities:

| | Balance at June 30, 2019 | Additions | Deletions | Balance at June 30, 2020 | Due Within One Year | Amount Due Beyond One Year |
|-----------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|------------------------|-------------------------------|
| Compensated absences | \$ 4,043,967 | \$ 1,659,910 | \$ (2,152,544) | \$ 3,551,333 | \$ 1,934,727 | \$ 1,616,606 |
| Claims payable | 9,152,354 | 6,592,673 | (4,243,116) | 11,501,911 | 4,948,691 | 6,553,220 |
| Total Long-Term Liabilities | <u>\$ 13,196,321</u> | <u>\$ 8,252,583</u> | <u>\$ (6,395,660)</u> | <u>\$ 15,053,244</u> | <u>\$ 6,883,418</u> | <u>\$ 8,169,826</u> |

Note 5 – Capital Assets

| | Balance at June 30, 2019 | Additions | Retirements | Balance at June 30, 2020 |
|--|-----------------------------|----------------------|------------------------|-----------------------------|
| Capital Assets, Not Depreciated: | | | | |
| Land | \$ 5,505,423 | \$ - | \$ - | \$ 5,505,423 |
| Construction in progress | 20,661,288 | 21,793,920 | (16,772,825) | 25,682,383 |
| Total assets, not depreciated | 26,166,711 | 21,793,920 | (16,772,825) | 31,187,806 |
| Capital Assets, Depreciated: | | | | |
| Buildings and improvements | 145,228,968 | 1,198,696 | - | 146,427,664 |
| Operations equipment | 133,782,814 | 16,503,317 | (12,894,363) | 137,391,768 |
| Furniture and office equipment | 49,822,725 | 441,465 | - | 50,264,190 |
| Total capital assets, depreciated | 328,834,507 | 18,143,478 | (12,894,363) | 334,083,622 |
| Less Accumulated Depreciated for: | | | | |
| Buildings and improvements | (45,992,803) | (5,994,706) | - | (51,987,509) |
| Operations equipment | (69,374,804) | (11,226,349) | 11,413,700 | (69,187,453) |
| Furniture and office equipment | (39,363,047) | (2,067,153) | - | (41,430,200) |
| Total accumulated depreciation | (154,730,654) | (19,288,208) | 11,413,700 | (162,605,162) |
| Total capital assets, depreciable, net | 174,103,853 | (1,144,730) | (1,480,663) | 171,478,460 |
| Capital assets, net | <u>\$ 200,270,564</u> | <u>\$ 20,649,190</u> | <u>\$ (18,253,488)</u> | <u>\$ 202,666,266</u> |

Note 6 – Operating Leases

Omnitrans leases facilities and tires under noncancelable operating leases. Total costs for such leases were \$679,735 during the year ended June 30, 2020. The future minimum lease payments for these leases are as follows:

| Year Ending June 30, | Lease Payments |
|-------------------------|---------------------|
| 2021 | \$ 593,884 |
| 2022 | 612,521 |
| 2023 | 75,334 |
| 2024 | 17,285 |
| Total | <u>\$ 1,299,024</u> |

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 and discounted at an assumed two percent interest rate. The outstanding claims at June 30, 2020, were estimated to be \$11,501,911 and were based on an IBNR study performed in fiscal year 2019-2020. 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 |
|-------------------------|--------------------------------|-------------------------|-------------------|--------------------------|
| 2019 | \$ 8,577,993 | \$ 5,223,757 | \$ (4,649,396) | \$ 9,152,354 |
| 2020 | \$ 9,152,354 | \$ 6,592,673 | \$ (4,243,116) | \$ 11,501,911 |

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, 2020, 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.

Employment Related Practices Liability: Omnitrans is self-insured for employment related practices liability claims up to \$100,000 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, 2020 are summarized as follows:

| | <u>Miscellaneous</u> | |
|---|------------------------|------------------------|
| | <u>Prior to</u> | <u>On or after</u> |
| Hire Date | <u>January 1, 2013</u> | <u>January 1, 2013</u> |
| Normal benefit formula | 2% @ 55 | 2% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Earliest 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% |

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Plan:

| | <u>Miscellaneous</u> |
|--|----------------------|
| Inactive employees or beneficiaries currently receiving benefits | 444 |
| Inactive employees entitled to but not yet receiving benefits | 469 |
| Active employees | 662 |
| Total | <u>1,575</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. Required employer contribution rates during the year ended June 30, 2020 for classic and PEPRAs members was 14.68 percent and 7.78 percent, respectively.

For the year ended June 30, 2020, Omnitrans contributed \$5,288,892 to the plan.

A. 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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

| | |
|----------------------------------|-------------------------------|
| Valuation Date | June 30, 2018 |
| Measurement Date | June 30, 2019 |
| 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) The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 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.

(2) The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

B. Changes in the Net Pension Liability

The changes in the Net Pension Liability measured as of June 30, 2019 were as follows:

| | Increase (Decrease) | | |
|---|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2019 | \$ 188,273,091 | \$ 163,182,765 | \$ 25,090,326 |
| Changes in the year: | | | |
| Service Cost | \$ 6,192,874 | | \$ 6,192,874 |
| Interest on the total pension liability | 13,727,338 | | 13,727,338 |
| Differences between expected and actual experience | 4,435,739 | | 4,435,739 |
| Contribution - employer | | \$ 4,797,140 | (4,797,140) |
| Contribution - employee | | 2,594,545 | (2,594,545) |
| Net investment income | | 10,773,154 | (10,773,154) |
| Benefit payments, including refunds of employee contributions | (7,629,045) | (7,629,045) | |
| Administrative Expense | | (116,451) | 116,451 |
| Other Miscellaneous Income/(Expense) | | 378 | (378) |
| Net changes | 16,726,906 | 10,419,721 | 6,307,185 |
| Balance at June 30, 2020 | \$ 204,999,997 | \$ 173,602,486 | \$ 31,397,511 |

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 | \$ 59,339,489 |
| Current Discount Rate | 7.15% |
| Net Pension Liability | \$ 31,397,511 |
| 1% Increase | 8.15% |
| Net Pension Liability | \$ 8,233,886 |

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2020, Omnitrans recognized pension expense of \$10,806,089. At June 30, 2020, Omnitrans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Pension contributions subsequent to measurement date | \$ 5,288,892 | |
| Changes of assumptions | 2,321,642 | \$ (796,222) |
| Differences between expected and actual experience | 4,419,276 | (426,688) |
| Differences between projected and actual earnings on pension plan investments | - | (777,913) |
| Total | <u>\$ 12,029,810</u> | <u>\$ (2,000,823)</u> |

The amount of \$5,288,892 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, | Amount |
|------------------------|---------------------|
| 2021 | \$ 3,707,953 |
| 2022 | (100,411) |
| 2023 | 851,188 |
| 2024 | <u>281,365</u> |
| Total | <u>\$ 4,740,095</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.

Commitments

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

| Project | Amount Authorized | Cumulative Expenses June 30, 2020 | Unexpended Commitments |
|--|----------------------|---|---------------------------|
| Facilities Future Expansion and Remodel | \$ 3,563,047 | \$ 2,590,881 | \$ 972,166 |
| Computer Software and Hardware | 4,091,018 | 3,630,439 | 460,579 |
| Holt Bus Rapid Transit | 10,568,239 | 7,943,428 | 2,624,811 |
| Vehicle & Shop Equipment | 12,668,071 | 11,517,635 | 1,150,436 |
| Total major components of construction in progress | <u>\$ 30,890,375</u> | <u>\$ 25,682,383</u> | <u>\$ 5,207,992</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 received proceeds of \$25,084,743 from the sale of real property acquired with local and federal funds during the year ending June 30, 2018. The proceeds from the sale have been reported as restricted cash and investments in accordance with the agreement with the FTA and can only be used for the Project. The balance of the restricted cash and equivalents and investments for the Project as of June 30, 2020 was \$150,783 and \$25,557,950, 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 \$20,693,324 from the sale proceeds is reported as unearned revenue on the Statement of Net Position. Omnitrans will reduce the liability and recognize revenue as the proceeds are applied to one or more FTA approved capital grants for the Project.

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economies. Omnitrans is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to Omnitrans is not known.

Note 10 – Pass-Through Grants

Pass-through activity of federal awards to sub-recipients for which Omnitrans provides administrative oversight and determines sub-recipient eligibility for the year ended June 30, 2020 is summarized as follows:

| | |
|----------------------------------|-----------------------------|
| City of Rialto | \$ 844,573 |
| OPARC | 74,162 |
| Pomona Valley Community Services | 14,517 |
| SBCTA | <u>29,728,471</u> |
| | <u><u>\$ 30,661,723</u></u> |



REQUIRED SUPPLEMENTARY INFORMATION

Omnitrans
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last 10 Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | | | |
| Service cost | \$ 6,192,874 | \$ 5,937,322 | \$ 5,619,063 | \$ 4,952,455 | \$ 4,752,183 | \$ 5,032,912 |
| Interest on the total pension liability | 13,727,338 | 12,594,016 | 11,757,906 | 11,122,864 | 10,405,272 | 9,875,147 |
| Changes of assumptions | - | (1,592,446) | 10,060,448 | - | (2,654,537) | - |
| Difference between expected and actual experience | 4,435,739 | 2,130,851 | (1,848,982) | (813,650) | (3,304,350) | - |
| Benefit payments, including refunds of employee contributions | (7,629,045) | (6,859,350) | (5,901,950) | (5,239,568) | (4,887,764) | (4,033,818) |
| Net change in total pension liability | 16,726,906 | 12,210,393 | 19,686,485 | 10,022,101 | 4,310,804 | 10,874,241 |
| Total pension liability - beginning | 188,273,091 | 176,062,698 | 156,376,213 | 146,354,112 | 142,043,308 | 131,169,067 |
| Total pension liability - ending (a) | <u>\$ 204,999,997</u> | <u>\$ 188,273,091</u> | <u>\$ 176,062,698</u> | <u>\$ 156,376,213</u> | <u>\$ 146,354,112</u> | <u>\$ 142,043,308</u> |
| Plan fiduciary net position | | | | | | |
| Contributions - employer | \$ 4,797,140 | \$ 4,312,649 | \$ 4,049,916 | \$ 3,500,671 | \$ 3,095,406 | \$ 2,857,424 |
| Contributions - employee | 2,594,545 | 2,490,292 | 2,329,577 | 2,067,151 | 2,010,360 | 1,892,148 |
| Net investment income | 10,773,154 | 12,784,235 | 15,133,615 | 734,228 | 2,966,348 | 19,522,988 |
| Benefit payments, including refunds of employee contribution | (7,629,045) | (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 | (116,451) | (235,515) | (200,392) | (82,121) | (151,602) | - |
| Other Miscellaneous (Income)/Expense | 378 | (447,247) | - | - | - | - |
| Net change in plan fiduciary net position | 10,419,721 | 12,044,686 | 15,410,766 | 980,361 | 3,040,134 | 20,238,742 |
| Plan fiduciary net position - beginning | 163,182,765 | 151,138,079 | 135,727,313 | 134,746,952 | 131,706,818 | 111,468,076 |
| Plan fiduciary net position - ending (b) | <u>\$ 173,602,486</u> | <u>\$ 163,182,765</u> | <u>\$ 151,138,079</u> | <u>\$ 135,727,313</u> | <u>\$ 134,746,952</u> | <u>\$ 131,706,818</u> |
| Plan net pension liability - ending (a)-(b) | <u>\$ 31,397,511</u> | <u>\$ 25,090,326</u> | <u>\$ 24,924,619</u> | <u>\$ 20,648,900</u> | <u>\$ 11,607,160</u> | <u>\$ 10,336,490</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 84.68% | 86.67% | 85.84% | 86.80% | 92.07% | 92.72% |
| Covered payroll | \$ 35,625,315 | \$ 34,587,684 | \$ 32,039,361 | \$ 30,655,864 | \$ 28,606,926 | \$ 29,286,654 |
| Plan net pension liability as percentage of covered payroll | 88.13% | 72.54% | 77.79% | 67.36% | 40.57% | 35.29% |
| Measurement date | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 |

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) - 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.

(iv) - In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017.

Omnitrans
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 5,288,892 | \$ 4,795,768 | \$ 4,265,223 | \$ 4,041,753 | \$ 3,481,193 | \$ 3,283,410 |
| Contribution in relation to the actuarially determined contributions | 5,288,892 | 4,795,768 | 4,265,223 | 4,041,753 | 3,481,193 | 3,283,410 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 35,702,027 | \$ 35,625,315 | \$ 34,587,684 | \$ 32,039,361 | \$ 30,655,864 | \$ 28,606,926 |
| Contribution as a percentage of covered payroll | 14.81% | 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 | June 30, 2012 |
|----------------|---------------|---------------|---------------|---------------|---------------|---------------|

Methods and assumptions used to determine contribution rates:

Contribution actuarial valuation rates are calculated as of June 30, three years prior to the end of the fiscal year in which the contributions are reported.

| | |
|-------------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 30 Years as of the valuation date |
| Asset valuation method | 15-year smoothed market |
| Inflation | 2.625% |
| Salary increases | Varies by entry age and service |
| Investment rate of return | 7.375% 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.



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 | 45 |
| These schedules contain trend information to help the reader understand how the Omnitrans financial performance and well-being has changed over time. | |
| Revenue Capacity | 49 |
| These schedules contain information to help the reader assess Omnitrans' most significant local revenue source, passenger fares. | |
| The Economy and Economic Outlook | 56 |
| These schedules offer demographic and economic indicator to help the reader understand the environment within Omnitrans' financial activities take place. | |
| Operating Information | 57 |
| 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.

OMNITRANS
NET POSITION BY COMPONENT
LAST 10 YEARS

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-----------------------|--------------------|--------------------|--------------------|
| Net investment in capital assets | \$ 119,480,534 | 136,703,207 | 206,992,298 | 245,580,650 |
| Less: Debt offsetting capital assets | (114,308) | (590,371) | (425,391) | (268,269) |
| Total net investment in capital assets | <u>119,366,226</u> | <u>136,112,836</u> | <u>206,566,907</u> | <u>245,312,381</u> |
| Restricted | - | - | - | - |
| Unrestricted net position | <u>14,717,794</u> | <u>8,548,071</u> | <u>8,547,756</u> | <u>9,379,178</u> |
| Total net position | <u>\$ 134,084,020</u> | <u>144,660,907</u> | <u>215,114,663</u> | <u>254,691,559</u> |
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
| Net investment in capital assets | \$ 196,610,392 | 204,298,178 | 212,850,236 | 218,134,323 |
| Less: Debt offsetting capital assets | (129,101) | - | - | - |
| Total net investment in capital assets | <u>196,481,291</u> | <u>204,298,178</u> | <u>212,850,236</u> | <u>218,134,323</u> |
| Restricted - Capital projects | - | - | - | 3,914,213 |
| Restricted - CTSA activities | - | - | - | - |
| Unrestricted net position | <u>(5,263,020)</u> | <u>7,896,427</u> | <u>976,796</u> | <u>-</u> |
| Total net position | <u>\$ 191,218,271</u> | <u>212,194,605</u> | <u>213,827,032</u> | <u>222,048,536</u> |
| | <u>2019</u> | <u>2020</u> | | |
| Net investment in capital assets | \$ 200,270,564 | 202,666,266 | | |
| Less: Debt offsetting capital assets | - | - | | |
| Total net investment in capital assets | <u>200,270,564</u> | <u>202,666,266</u> | | |
| Restricted - Capital projects | 4,812,857 | 4,864,626 | | |
| Restricted - CTSA activities | 11,016,293 | 5,418,603 | | |
| Unrestricted net position | <u>(8,756,220)</u> | <u>(4,298,682)</u> | | |
| Total net position | <u>\$ 207,343,494</u> | <u>208,650,813</u> | | |

Source: Finance Department

OMNITRANS
CHANGES IN NET POSITION
LAST 10 YEARS

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|-----------------------|---------------------|---------------------|---------------------|
| Operating Revenues: | | | | |
| Passenger fares | \$ 14,538,747 | 14,536,931 | 14,317,987 | 14,368,317 |
| Advertising revenues | 909,176 | 805,904 | 481,994 | 485,327 |
| Other transportation revenues | 41,802 | 39,819 | 39,819 | 41,978 |
| Total revenues | <u>\$ 15,489,725</u> | <u>15,382,654</u> | <u>14,839,800</u> | <u>14,895,622</u> |
| Operating Expenses: | | | | |
| Depreciation and amortization | 12,772,455 | 17,070,294 | 16,678,098 | 14,899,383 |
| Other operating expenses | 66,529,837 | 69,206,132 | 70,539,078 | 65,839,285 |
| Total expenses: | <u>\$ 79,302,292</u> | <u>86,276,426</u> | <u>87,217,176</u> | <u>80,738,668</u> |
| Non-operating Revenues/(Expenses): | | | | |
| Federal & local operating grants | 52,675,797 | 47,875,811 | 54,087,458 | 50,785,745 |
| Interest income | 74,302 | 52,727 | 24,915 | 44,311 |
| Interest expense | (6,590) | (3,980) | (8,349) | (4,580) |
| Pass-through to other agencies | (18,754,320) | (620,108) | (2,254,293) | (4,459,471) |
| Donation to other agency | | | | |
| Other non-operating revenues (expenses) | (719,668) | (246,487) | 1,409,847 | 118,187 |
| Total non-operating revenues | <u>\$ 33,269,521</u> | <u>47,057,963</u> | <u>53,259,578</u> | <u>46,484,192</u> |
| Income before capital contribution | <u>(30,543,046)</u> | <u>(23,835,809)</u> | <u>(19,117,798)</u> | <u>(19,358,854)</u> |
| Capital Contributions | | | | |
| Capital assistance | \$ 21,016,685 | 34,412,696 | 89,571,554 | 58,935,750 |
| Contributions from other agencies | - | - | - | - |
| Total capital contributions | <u>\$ 21,016,685</u> | <u>34,412,696</u> | <u>89,571,554</u> | <u>58,935,750</u> |
| Special Items | | | | |
| Transfer of operations (Note 11) | - | - | - | - |
| Change in net position | <u>\$ (9,526,361)</u> | <u>10,576,887</u> | <u>70,453,756</u> | <u>39,576,896</u> |
| Net position, beginning of year | <u>\$ 143,610,381</u> | <u>134,084,020</u> | <u>144,660,907</u> | <u>215,114,663</u> |
| Prior Period Adjustment | | | | |
| Net Position, Beginning Of Year, As Restated | | | | |
| Net position, end of year | <u>\$ 134,084,020</u> | <u>144,660,907</u> | <u>215,114,663</u> | <u>254,691,559</u> |

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

Source: Finance Department

OMNITRANS
CHANGES IN NET POSITION
LAST 10 YEARS

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|------------------------|---------------------|---------------------|---------------------|
| Operating Revenues: | | | | |
| Passenger fares | \$ 15,015,499 | 13,809,102 | 12,956,556 | 12,677,056 |
| Advertising revenues | 532,322 | 673,669 | 596,098 | 598,078 |
| Other transportation revenues | 54,440 | 57,832 | 62,779 | 38,680 |
| Total revenues | <u>\$ 15,602,261</u> | <u>14,540,603</u> | <u>13,615,433</u> | <u>13,313,814</u> |
| Operating Expenses: | | | | |
| Depreciation and amortization | 12,742,411 | 15,222,998 | 16,762,307 | 16,540,761 |
| Other operating expenses | 71,365,710 | 70,670,842 | 79,318,693 | 86,902,089 |
| Total expenses: | <u>\$ 84,108,121</u> | <u>85,893,840</u> | <u>96,081,000</u> | <u>103,442,850</u> |
| Non-operating Revenues/(Expenses): | | | | |
| Federal & local operating grants | 55,090,857 | 68,179,717 | 63,623,628 | 69,716,169 |
| Interest income | 43,486 | 172,124 | 52,757 | 167,494 |
| Interest expense | (2,426) | (927) | - | - |
| Pass-through to other agencies | (1,297,931) | (11,531,009) | (14,232,126) | (1,690,894) |
| Pass-through to CTSA community partners | - | - | - | - |
| Donation to other agency | (72,050,046) | - | (27,910) | - |
| Loss on disposal of capital assets | - | - | - | (650,981) |
| CNG fuel tax credit | - | - | - | 1,434,406 |
| Other non-operating revenues (expenses) | 1,032,590 | 1,107,516 | 922,850 | 352,633 |
| Total non-operating revenues | <u>\$ (17,183,470)</u> | <u>57,927,421</u> | <u>50,339,199</u> | <u>69,328,827</u> |
| Income before capital contribution | <u>(85,689,330)</u> | <u>(13,425,816)</u> | <u>(32,126,368)</u> | <u>(20,800,209)</u> |
| Capital Contributions | | | | |
| Capital assistance | \$ 37,167,461 | 34,402,150 | 35,816,686 | 29,021,713 |
| Contributions from other agencies | - | - | - | - |
| Total capital contributions | <u>\$ 37,167,461</u> | <u>34,402,150</u> | <u>35,816,686</u> | <u>29,021,713</u> |
| Special Items | | | | |
| Transfer of operations (Note 11) | - | - | - | - |
| Change in net position | <u>\$ (48,521,869)</u> | <u>20,976,334</u> | <u>3,690,318</u> | <u>8,221,504</u> |
| Net position, beginning of year | <u>\$ 254,691,559</u> | <u>191,218,271</u> | <u>212,194,605</u> | <u>213,827,032</u> |
| Prior Period Adjustment | <u>(14,951,419)</u> | <u>-</u> | <u>(2,057,891)</u> | <u>0</u> |
| Net Position, Beginning Of Year, As Restated | <u>239,740,140</u> | <u>191,218,271</u> | <u>210,136,714</u> | <u>213,827,032</u> |
| Net position, end of year | <u>\$ 191,218,271</u> | <u>212,194,605</u> | <u>213,827,032</u> | <u>222,048,536</u> |

Source: Finance Department

OMNITRANS
CHANGES IN NET POSITION
LAST 10 YEARS

| | | |
|--|------------------------------|---------------------------|
| Operating Revenues: | <u>2019</u> | <u>2020</u> |
| Passenger fares | \$ 13,168,821 | 11,227,212 |
| Advertising revenues | 774,189 | 685,699 |
| Other transportation revenues | 55,673 | 69,755 |
| Total revenues | <u>\$ 13,998,683</u> | <u>11,982,666</u> |
| Operating Expenses: | | |
| Depreciation and amortization | 18,797,139 | 19,288,208 |
| Other operating expenses | 95,682,829 | 91,888,124 |
| Total expenses: | <u>\$ 114,479,968</u> | <u>111,176,332</u> |
| Non-operating Revenues/(Expenses): | | |
| Federal & local operating grants | 84,857,421 | 75,325,966 |
| Interest income | 315,357 | 846,858 |
| Interest expense | - | - |
| Pass-through to other agencies | (854,709) | (30,661,723) |
| Pass-through to CTSA community partners | (394,708) | (988,351) |
| Donation to other agency | (6,838,655) | - |
| Loss on disposal of capital assets | (1,910,005) | (709,129) |
| CNG fuel tax credit | - | 3,758,891 |
| Other non-operating revenues (expenses) | 21,422 | 19,738 |
| Total non-operating revenues | <u>75,196,123</u> | <u>47,592,250</u> |
| Income before capital contribution | <u>\$ (25,285,162)</u> | <u>(51,601,416)</u> |
| Capital Contributions | | |
| Capital assistance | \$ 8,760,536 | 52,908,735 |
| Capital contributions | 846,500 | 0 |
| Total capital contributions | <u>\$ 9,607,036</u> | <u>52,908,735</u> |
| Special Items | | |
| Transfer of operations (Note 11) | 973,084 | - |
| Change in net position | <u>\$ (14,705,042)</u> | <u>1,307,319</u> |
| Net position, beginning of year | <u>\$ 222,048,536</u> | <u>207,343,494</u> |
| Prior Period Adjustment | - | - |
| Net Position, Beginning Of Year, As Restated | <u>222,048,536</u> | <u>207,343,494</u> |
| Net position, end of year | <u><u>\$ 207,343,494</u></u> | <u><u>208,650,813</u></u> |

Source: Finance Department

**OMNITRANS
REVENUE SOURCE
LAST 10 YEARS**

| Passenger Fares - Individuals | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| F/R Full Fares - Cash | | | | |
| F/R Senior/Disable Fare - Cash | \$4,756,220 | \$4,564,607 | \$4,512,614 | \$4,399,894 |
| F/R 1-Day & 7 Day Full Fare - Pass | 334,730 | 360,603 | 383,045 | 447,239 |
| F/R 1-Day & 7 Day S/D Fare - Pass | 3,540,698 | 3,478,828 | 3,386,969 | 3,534,008 |
| F/R 7-Day Youth Pass | 716,572 | 712,770 | 770,747 | 813,797 |
| F/R 31-Day Full Fare - Pass (less: discount) | 446,094 | 340,581 | 356,291 | 214,219 |
| F/R 31-Day Youth Fare-Pass | 1,354,296 | 1,125,569 | 1,083,657 | 1,419,430 |
| F/R 31-Day Senior Fare - Pass | 1,247,839 | 909,534 | 1,014,034 | 524,795 |
| F/R 31-Day Disability Fare - Pass | - | - | - | - |
| University Passes | 542,878 | 571,416 | 591,712 ** | 560,936 |
| VET - Cash | - | 736,134 | 531,763 | 755,568 |
| VET 31-Day Pass | - | - | - | - |
| VET 7 Day Pass | - | - | - | - |
| VET 1 Day Pass | - | - | - | - |
| Metrolink Transfer | - | - | - | - |
| Access Base Fare - Cash | 51,325 | 100,098 | 54,326 | 43,628 |
| Access Base Fare (3 zones) - Ticket | 166,246 | 144,141 | 142,900 | 153,870 |
| Access Additional (1 zone) - Ticket | 1,183,363 | 1,248,892 | 1,275,349 | 1,291,015 |
| Access Monthly Subscription Zone - Pass | 12,989 | 17,071 | 10,927 | 17,596 |
| Total Passenger Fares - Individuals | <u>13,340</u> | <u>12,905</u> | <u>8,410</u> | <u>725</u> |
| | <u>\$14,366,590</u> | <u>\$14,323,149</u> | <u>\$14,122,744</u> | <u>\$14,176,720</u> |
| Special Transit Fares - Group | | | | |
| F/R 1 - Trip Full Fare - Ticket | | | | |
| OmniLink (Yucaipa) - Cash | 57,705 | 67,330 | 42,516 | 21,644 |
| OmniLink (Chino Hills) - Cash | 26,859 | 20,777 | 19,396 | 18,317 |
| OmniLink S/D Fare - Ticket | 10,017 | 8,914 | 7,629 | 8,730 |
| OmniLink Full Fare - Ticket | 5,535 | 4,199 | 1,701 | 851 |
| OmniLink Youth Fare - Ticket | - | 54 | - | - |
| OmniGo - Fares | 2,934 | 2,304 | 2,340 | 2,070 |
| Total Special Transit Fares | <u>69,107</u> | <u>110,204</u> | <u>121,661</u> | <u>139,985</u> |
| Total Fares | <u>\$172,157</u> | <u>\$213,782</u> | <u>\$195,243</u> | <u>\$191,597</u> |
| | <u><u>\$14,538,747</u></u> | <u><u>\$14,536,931</u></u> | <u><u>\$14,317,987</u></u> | <u><u>\$14,368,317</u></u> |

OMNITRANS
REVENUE SOURCE
LAST 10 YEARS

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Passenger Fares - Individuals | | | | |
| F/R Full Fares - Cash | 4,414,989 | 3,920,383 | 3,473,311 | 3,301,892 |
| F/R Senior/Disable Fare - Cash | 557,592 | 577,375 | 548,603 | 588,484 |
| F/R 1-Day & 7 Day Full Fare - Pass | 3,577,714 | 3,207,595 | 2,888,887 | 2,710,454 |
| F/R 1-Day & 7 Day S/D Fare - Pass | 893,643 | 861,302 | 849,267 | 836,285 |
| F/R 7-Day Youth Pass | 208,442 | 137,774 | 126,818 | 129,652 |
| F/R 31-Day Full Fare - Pass (less: discount) | 1,574,959 | 1,354,705 | 1,260,680 | 1,294,738 |
| F/R 31-Day Youth Fare-Pass | 579,142 | 485,891 | 506,414 | 478,183 |
| F/R 31-Day Senior Fare - Pass | - | - | - | - |
| F/R 31-Day Disability Fare - Pass | 622,658 | 650,869 | 599,932 | 571,081 |
| University Passes | 753,215 | 755,318 | 773,383 | 998,587 |
| VET - Cash | 13,154 | 23,564 | 13,665 | 13,479 |
| VET 31-Day Pass | 41,824 | 61,588 | 70,819 | 67,441 |
| VET 7 Day Pass | 12,490 | 16,560 | 19,362 | 18,884 |
| VET 1 Day Pass | 4,394 | 6,310 | 9,714 | 8,266 |
| Metrolink Transfer | 53,169 | 54,778 | 122,680 | 94,809 |
| Access Base Fare - Cash | 193,297 | 172,367 | 172,695 | 170,373 |
| Access Base Fare (3 zones) - Ticket | 1,452,471 | 1,466,273 | 1,448,556 | 1,330,100 |
| Access Additional (1 zone) - Ticket | 14,181 | 8,509 | 12,096 | 10,977 |
| Access Monthly Subscription Zone - Pass | - | - | - | - |
| Total Passenger Fares - Individuals | <u>\$14,967,334</u> | <u>\$13,761,161</u> | <u>\$12,896,882</u> | <u>\$12,623,685</u> |
| Special Transit Fares - Group | | | | |
| F/R 1 - Trip Full Fare - Ticket | 43,880 | - | - | - |
| OmniLink (Yucaipa) - Cash | 2,821 | - | - | - |
| OmniLink (Chino Hills) - Cash | 1,329 | - | - | - |
| OmniLink S/D Fare - Ticket | 81 | - | - | - |
| OmniLink Full Fare - Ticket | - | - | - | - |
| OmniLink Youth Fare - Ticket | 54 | - | - | - |
| OmniGo - Fares | - | 47,941 | 59,677 | 53,371 |
| Total Special Transit Fares | <u>\$48,165</u> | <u>\$47,941</u> | <u>\$59,677</u> | <u>\$53,371</u> |
| Total Fares | <u><u>\$15,015,499</u></u> | <u><u>\$13,809,102</u></u> | <u><u>\$12,956,559</u></u> | <u><u>\$12,677,056</u></u> |

OMNITRANS
REVENUE SOURCE
LAST 10 YEARS

| | <u>2019</u> | <u>2020</u> |
|--|----------------------------|----------------------------|
| Passenger Fares - Individuals | | |
| F/R Full Fares - Cash | 3,250,699 | 2,690,880 |
| F/R Senior/Disable Fare - Cash | 569,175 | 478,431 |
| F/R 1-Day & 7-Day Full Fare - Pass | 2,585,110 | 1,776,965 |
| F/R 1-Day & 7-Day S/D Fare - Pass | 806,385 | 714,675 |
| F/R 1-Day & 7-Day Youth Pass | 124,634 | 93,529 |
| F/R 31-Day Full Fare - Pass (less: discount) | 2,313,010 | 2,455,560 |
| F/R 31-Day Youth Fare-Pass | 461,947 | 379,471 |
| F/R 31-Day Senior Fare - Pass | - | - |
| F/R 31-Day Disability Fare - Pass | 522,033 | 415,099 |
| University Passes | 955,091 | 905,180 |
| VET - Cash | 15,475 | 12,775 |
| VET 31-Day Pass | 60,935 | 48,460 |
| VET 7 Day Pass | 17,576 | 7,486 |
| VET 1 Day Pass | 10,158 | 9,535 |
| Metrolink Transfer | 67,577 | 90,080 |
| Access Base Fare - Cash | 171,457 | 139,051 |
| Access Base Fare (3 zones) - Ticket | 1,161,937 | 979,726 |
| Access Additional (1 zone) - Ticket | 8,975 | 6,985 |
| Access Monthly Subscription Zone - Pass | - | - |
| Total Passenger Fares - Individuals | <u>\$13,102,174</u> | <u>\$11,203,888</u> |
| Special Transit Fares - Group | | |
| F/R 1 - Trip Full Fare - Ticket | - | - |
| OmniLink (Yucaipa) - Cash | - | - |
| OmniLink (Chino Hills) - Cash | - | - |
| OmniLink S/D Fare - Ticket | - | - |
| OmniLink Full Fare - Ticket | - | - |
| OmniLink Youth Fare - Ticket | - | - |
| OmniGo - Fares | 66,647 | 23,324 |
| Total Special Transit Fares | <u>\$66,647</u> | <u>\$23,324</u> |
| Total Fares | <u><u>\$13,168,821</u></u> | <u><u>\$11,227,212</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

OMNITRANS**DEMOGRAPHICS AND STATISTICS SAN BERNARDINO COUNTY
LAST 10 YEARS**

| Fiscal Year | (A) Population | (B) Personal Income (000) | (B / A) Per Capita Personal Income | Median Age | School Enrollment | Unemployment Rate |
|-------------|-------------------|---------------------------------|--|------------|----------------------|----------------------|
| 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 | 2,180,085 | 86,386,500 | 39,625 | 33.8 | 395,420 | 4.3% |
| 2020 | 2,190,000 | 86,400,000 | 39,452 | NA | 407,268 | 14.3% |

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.

OMNITRANS

PRINCIPAL EMPLOYERS OF SAN BERNARDINO COUNTY LAST 10 YEARS

| Employer | Employees | % of Total Employment | Ranking | | | | | | | | | |
|---|-----------------|--------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
| Amazon Fulfillment Centers | 10,000 - 20,000 | - | 1 | - | - | - | - | - | - | - | - | - |
| Arrowhead Regional Medical Center | 10,000 - 20,000 | - | 2 | 1 | - | - | - | - | - | - | - | - |
| Stater Brothers Markets, San Bernardino | 10,000 - 20,000 | 1.4% | 3 | 2 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 1 |
| County of San Bernardino, San Bernardino | 10,000 - 20,000 | 1.6% | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 1 | 1 | 3 |
| Loma Linda University* | 5,000 - 10,000 | 1.8% | 5 | 6 | 1 | 1 | 1 | 1 | 1 | 3 | 3 | 6 |
| San Bernardino City Unified School District | 5,000 - 10,000 | 0.8% | 6 | 4 | 9 | 9 | 9 | 9 | 9 | 5 | 5 | - |
| Ontario International Airport, Ontario | 5,000 - 10,000 | 1.0% | 7 | 5 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 7 |
| Kaiser Permanente | 5,000 - 10,000 | 1.3% | 8 | 7 | 5 | 5 | 5 | 5 | 5 | 9 | 9 | 9 |
| Fontana Unified School District | 1,000 - 5,000 | - | 9 | 8 | - | - | - | - | - | - | - | - |
| San Manuel Band of Mission Indians | 1,000 - 5,000 | - | 10 | 9 | - | - | - | - | - | - | - | - |
| U.S. Marine Corps Air Ground Combat Center | 1,000 - 5,000 | 1.7% | 11 | 10 | 2 | 2 | 2 | 2 | 2 | 4 | 4 | 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

OMNITRANS

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

Industry Employment & Labor Force
Benchmark

| TITLE | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Civilian Labor Force | 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 | 2,059,300 |
| Civilian Employment | 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 | 1,765,300 |
| Civilian Unemployment | 251,500 | 228,300 | 196,400 | 158,100 | 133,100 | 125,400 | 107,000 | 95,400 | 87,200 | 294,000 |
| Civilian Unemployment Rate | 13.5% | 12.2% | 10.4% | 8.3% | 6.8% | 6.3% | 5.3% | 4.7% | 4.3% | 14.3% |
| Total, All Industries | 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 | 1,411,600 |
| Total Farm | 19,100 | 20,300 | 18,700 | 17,500 | 18,400 | 19,000 | 18,900 | 16,500 | 18,500 | 15,500 |
| Total Nonfarm | 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 | 1,396,100 |
| Total Private | 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 | 1,149,200 |
| Goods Producing | 146,200 | 152,100 | 157,500 | 169,700 | 182,700 | 191,900 | 199,100 | 202,300 | 209,300 | 196,300 |
| Mining, Logging, and Construction | 60,400 | 64,700 | 70,100 | 78,500 | 86,500 | 93,000 | 99,500 | 102,900 | 107,300 | 105,000 |
| Mining and Logging | 1,000 | 1,200 | 1,200 | 1,300 | 1,400 | 900 | 900 | 900 | 1,200 | 1,100 |
| Construction | 59,400 | 63,500 | 68,900 | 77,200 | 85,100 | 92,100 | 98,600 | 102,000 | 106,100 | 103,900 |
| Construction of Buildings | 10,700 | 10,800 | 11,300 | 12,500 | 13,700 | 14,700 | 15,000 | 14,700 | 16,200 | 16,500 |
| Heavy & Civil Engineering Construction | 8,900 | 10,400 | 10,000 | 10,400 | 11,700 | 12,100 | 12,600 | 12,000 | 12,900 | 12,500 |
| Specialty Trade Contractors | 39,800 | 42,300 | 47,600 | 54,300 | 59,700 | 65,300 | 71,000 | 75,300 | 77,000 | 74,900 |
| Building Foundation & Exterior Contractors | 10,800 | 11,700 | 12,500 | 14,800 | 16,800 | 18,600 | 22,400 | 24,500 | 25,100 | 19,900 |
| Building Equipment Contractors | 13,400 | 13,800 | 16,000 | 18,200 | 20,000 | 23,000 | 24,600 | 26,000 | 26,100 | 28,100 |
| Building Finishing Contractors | 9,900 | 10,500 | 12,300 | 14,000 | 15,400 | 15,800 | 15,600 | 16,400 | 18,200 | 16,400 |
| Manufacturing | 85,800 | 87,400 | 87,400 | 91,200 | 96,200 | 98,900 | 99,600 | 99,400 | 102,000 | 91,300 |
| Durable Goods | 56,400 | 57,300 | 57,300 | 60,100 | 63,400 | 64,600 | 64,600 | 65,000 | 64,700 | 59,300 |
| Fabricated Metal Product Manufacturing | 12,200 | 12,700 | 13,100 | 14,200 | 14,700 | 14,500 | 14,200 | 14,000 | 15,400 | 13,400 |
| Nondurable Goods | 29,400 | 30,100 | 30,100 | 31,100 | 32,800 | 34,300 | 35,000 | 34,400 | 37,300 | 32,000 |
| Service Providing | 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 | 1,199,800 |
| Private Service Providing | 774,200 | 807,300 | 844,000 | 880,100 | 925,000 | 954,400 | 993,500 | 1,031,200 | 1,056,600 | 952,900 |
| Trade, Transportation & Utilities | 272,200 | 284,500 | 295,500 | 309,800 | 326,900 | 338,800 | 359,000 | 375,900 | 379,000 | 363,700 |
| Wholesale Trade | 49,100 | 52,500 | 56,300 | 58,900 | 61,400 | 62,700 | 63,500 | 67,500 | 65,100 | 66,900 |
| Merchant Wholesalers, Durable Goods | 29,200 | 30,800 | 33,000 | 34,200 | 35,800 | 35,500 | 35,100 | 37,100 | 38,300 | 42,700 |
| Merchant Wholesalers, Nondurable Goods | 15,600 | 17,300 | 18,500 | 20,000 | 20,600 | 21,800 | 23,000 | 24,100 | 24,000 | 21,000 |
| Retail Trade | 155,600 | 159,300 | 162,300 | 166,500 | 171,200 | 174,400 | 178,700 | 182,700 | 178,900 | 156,400 |
| Motor Vehicle & Parts Dealer | 19,600 | 20,600 | 21,400 | 22,300 | 23,600 | 24,600 | 25,700 | 25,700 | 25,900 | 20,700 |
| Automotive Parts, Accessories & Tire Stores | 6,500 | 6,800 | 6,900 | 7,200 | 7,400 | 7,400 | 7,500 | 7,500 | 7,600 | 6,800 |
| Building Material & Garden Equipment Stores | 12,400 | 13,000 | 13,900 | 14,100 | 13,700 | 14,200 | 14,700 | 15,500 | 14,300 | 15,100 |
| Food & Beverage Stores | 30,700 | 30,700 | 30,800 | 32,600 | 33,600 | 34,000 | 33,700 | 34,100 | 34,800 | 35,900 |
| Health & Personal Care Stores | 9,300 | 9,600 | 9,900 | 10,200 | 10,400 | 10,600 | 11,300 | 11,400 | 11,700 | 10,800 |
| Clothing & Clothing Accessories Stores | 18,600 | 19,100 | 19,400 | 20,000 | 19,900 | 19,600 | 20,400 | 19,500 | 19,800 | 12,000 |
| Clothing Stores | 14,900 | 15,200 | 15,300 | 15,600 | 15,200 | 14,800 | 15,400 | 15,100 | 15,300 | 7,700 |
| General Merchandise Stores | 32,400 | 32,800 | 33,400 | 33,600 | 34,600 | 36,000 | 35,600 | 37,500 | 34,400 | 35,100 |
| Transportation, Warehousing & Utilities | 67,500 | 72,700 | 76,900 | 84,400 | 94,300 | 101,700 | 116,800 | 125,700 | 135,000 | 140,400 |
| Utilities | 5,800 | 5,800 | 5,700 | 5,500 | 5,300 | 5,300 | 5,000 | 5,100 | 5,000 | 4,800 |
| Transportation & Warehousing | 61,700 | 66,900 | 71,200 | 78,900 | 89,000 | 96,400 | 111,800 | 120,600 | 130,000 | 135,600 |
| Truck Transportation | 20,900 | 21,600 | 22,300 | 23,700 | 25,000 | 25,600 | 26,000 | 26,300 | 27,800 | 24,700 |
| General Freight Trucking | 15,500 | 16,100 | 16,700 | 17,900 | 19,600 | 19,900 | 20,200 | 20,800 | 22,000 | 20,200 |
| Couriers & Messengers | 7,800 | 7,900 | 8,100 | 8,600 | 9,600 | 9,500 | 11,000 | 13,700 | 14,800 | 18,000 |
| Warehousing & Storage | 22,200 | 24,500 | 26,000 | 31,400 | 38,100 | 44,800 | 58,200 | 65,700 | 67,800 | 76,800 |
| Information | 12,300 | 11,800 | 11,600 | 11,400 | 11,200 | 11,600 | 11,200 | 11,100 | 11,300 | 9,500 |
| Publishing Industries (except Internet) | 1,900 | 1,800 | 1,900 | 1,800 | 1,600 | 1,500 | 1,500 | 1,500 | 1,600 | 1,500 |
| Telecommunications | 5,700 | 5,400 | 5,500 | 5,600 | 5,400 | 5,500 | 5,500 | 5,600 | 5,400 | 4,300 |
| Financial Activities | 39,900 | 40,600 | 42,000 | 43,100 | 43,900 | 44,500 | 44,300 | 45,000 | 43,500 | 42,400 |
| Finance & Insurance | 25,300 | 25,800 | 26,300 | 26,800 | 26,900 | 26,600 | 26,000 | 26,900 | 24,300 | 24,100 |
| Credit Intermediation & Related Activities | 14,900 | 15,000 | 15,000 | 15,300 | 15,400 | 14,700 | 14,400 | 14,800 | 13,300 | 12,900 |
| Depository Credit Intermediation | 9,900 | 10,000 | 9,600 | 9,100 | 8,700 | 8,500 | 8,700 | 8,700 | 8,000 | 8,900 |
| Nondepository Credit Intermediation | 4,100 | 3,900 | 4,000 | 4,000 | 4,100 | 3,800 | 3,800 | 3,800 | 3,800 | 2,200 |
| Insurance Carriers & Related | 9,000 | 9,400 | 9,600 | 9,800 | 10,000 | 10,300 | 9,800 | 10,200 | 9,500 | 9,200 |
| Insurance Carriers | 4,100 | 4,300 | 4,500 | 4,400 | 4,400 | 4,200 | 3,900 | 4,000 | 3,200 | 2,800 |
| Real Estate & Rental & Leasing | 14,600 | 14,800 | 15,700 | 16,300 | 17,000 | 17,900 | 18,300 | 18,100 | 19,200 | 18,300 |
| Real Estate | 10,100 | 10,700 | 11,400 | 11,900 | 12,000 | 12,300 | 12,700 | 12,800 | 13,400 | 14,200 |
| Professional & Business Services | 123,200 | 128,000 | 130,900 | 134,900 | 144,200 | 142,400 | 144,000 | 152,500 | 152,200 | 144,200 |
| Professional, Scientific & Technical Services | 34,400 | 36,900 | 36,800 | 38,800 | 38,200 | 38,400 | 38,800 | 40,300 | 42,500 | 38,900 |
| Management of Companies & Enterprises | 8,200 | 8,000 | 8,400 | 8,300 | 8,900 | 9,300 | 8,300 | 8,300 | 8,000 | 8,700 |
| Administrative & Support & Waste Services | 80,600 | 83,100 | 85,700 | 87,800 | 97,100 | 94,700 | 96,900 | 103,900 | 101,700 | 96,600 |
| Administrative & Support Services | 77,600 | 79,700 | 81,900 | 84,000 | 93,200 | 91,200 | 93,100 | 100,200 | 97,600 | 93,000 |
| Employment Services | 36,500 | 37,300 | 37,600 | 39,700 | 47,700 | 42,700 | 42,400 | 47,200 | 41,800 | 38,000 |
| Investigation & Security Services | 10,800 | 11,100 | 11,900 | 12,600 | 12,900 | 14,000 | 15,000 | 15,600 | 16,400 | 17,200 |
| Services to Buildings & Dwellings | 16,200 | 17,000 | 17,600 | 17,800 | 18,600 | 19,300 | 19,500 | 19,600 | 21,000 | 21,400 |
| Educational & Health Services | 163,600 | 172,400 | 187,200 | 193,200 | 202,900 | 212,400 | 222,300 | 229,700 | 250,400 | 239,500 |
| Educational Services | 14,900 | 15,200 | 16,900 | 16,000 | 16,500 | 17,700 | 17,700 | 19,100 | 19,600 | 16,900 |
| Colleges, Universities & Professional Schools | 5,500 | 5,600 | 5,500 | 5,400 | 5,900 | 5,700 | 5,300 | 6,000 | 6,200 | 4,700 |
| Health Care & Social Assistance | 148,700 | 157,200 | 170,300 | 177,200 | 186,400 | 194,700 | 204,600 | 210,600 | 230,800 | 222,600 |
| Ambulatory Health Care Services | 53,100 | 57,200 | 58,700 | 61,700 | 64,700 | 66,900 | 70,400 | 71,400 | 79,400 | 76,000 |
| Offices of Physicians | 16,800 | 18,800 | 19,100 | 20,100 | 21,100 | 22,400 | 22,700 | 22,800 | 23,700 | 23,000 |
| Hospitals | 34,100 | 35,000 | 35,700 | 35,700 | 37,200 | 38,700 | 38,800 | 40,000 | 41,100 | 42,300 |
| Nursing & Residential Care Facilities | 21,300 | 22,300 | 23,000 | 24,300 | 24,900 | 25,600 | 25,700 | 26,600 | 28,000 | 27,300 |

OMNITRANS

| TITLE | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Leisure & Hospitality | 123,600 | 129,200 | 135,500 | 144,300 | 151,600 | 159,900 | 166,800 | 169,800 | 175,200 | 117,700 |
| Arts, Entertainment & Recreation | 14,300 | 14,700 | 15,900 | 16,800 | 17,400 | 18,300 | 18,700 | 19,900 | 19,300 | 13,500 |
| Accommodation & Food Services | 109,300 | 114,500 | 119,600 | 127,500 | 134,200 | 141,600 | 148,100 | 149,900 | 155,900 | 104,200 |
| Accommodation | 13,900 | 14,300 | 14,500 | 16,100 | 16,700 | 17,400 | 18,700 | 18,100 | 18,600 | 10,200 |
| Food Services & Drinking Places | 95,400 | 100,200 | 105,100 | 111,400 | 117,500 | 124,200 | 129,400 | 131,800 | 137,300 | 94,000 |
| Restaurants | 92,000 | 96,600 | 101,400 | 106,900 | 114,000 | 120,400 | 125,400 | 127,200 | 132,600 | 87,800 |
| Full-Service Restaurants | 40,200 | 42,700 | 44,100 | 45,800 | 47,600 | 49,400 | 50,400 | 51,300 | 50,800 | 24,700 |
| Limited-Service Eating Places | 51,800 | 53,900 | 57,300 | 61,100 | 66,400 | 71,000 | 75,000 | 75,900 | 81,800 | 63,100 |
| Other Services | 39,400 | 40,800 | 41,300 | 43,400 | 44,300 | 44,800 | 45,900 | 47,200 | 45,000 | 35,900 |
| Repair & Maintenance | 13,100 | 13,900 | 14,700 | 15,600 | 16,400 | 17,000 | 17,200 | 17,800 | 17,000 | 13,200 |
| Personal & Laundry Services | 9,700 | 10,500 | 10,500 | 10,900 | 11,500 | 12,000 | 12,600 | 12,900 | 13,300 | 6,900 |
| Government | 230,800 | 226,100 | 227,800 | 231,400 | 234,400 | 244,200 | 253,200 | 260,500 | 267,100 | 246,900 |
| Federal Government | 21,400 | 20,500 | 20,200 | 20,300 | 20,300 | 20,500 | 20,600 | 20,700 | 21,100 | 22,100 |
| Department of Defense | 6,400 | 5,900 | 5,800 | 5,800 | 5,800 | 5,700 | 5,600 | 5,700 | 5,800 | 6,400 |
| Federal Government excluding Department of Defense | 15,000 | 14,600 | 14,400 | 14,500 | 14,500 | 14,800 | 15,000 | 15,000 | 15,300 | 15,700 |
| State & Local Government | 209,400 | 205,600 | 207,600 | 211,100 | 214,100 | 223,700 | 232,600 | 239,800 | 246,000 | 224,800 |
| State Government | 30,100 | 28,900 | 28,400 | 28,800 | 29,200 | 30,200 | 30,900 | 33,200 | 33,000 | 30,900 |
| State Government Education | 11,600 | 11,200 | 11,400 | 11,800 | 12,000 | 12,800 | 13,400 | 15,300 | 14,700 | 12,400 |
| State Government Excluding Education | 18,500 | 17,700 | 17,000 | 17,000 | 17,200 | 17,400 | 17,500 | 17,900 | 18,300 | 18,500 |
| Local Government | 179,300 | 176,700 | 179,200 | 182,300 | 184,900 | 193,500 | 201,700 | 206,600 | 213,000 | 193,900 |
| Local Government Education | 103,000 | 102,400 | 105,400 | 107,700 | 110,000 | 116,500 | 122,300 | 125,200 | 130,300 | 114,600 |
| Local Government Excluding Education | 76,300 | 74,300 | 73,800 | 74,600 | 74,900 | 77,000 | 79,400 | 81,400 | 82,700 | 79,300 |
| County | 35,200 | 34,200 | 33,300 | 33,000 | 32,500 | 33,700 | 34,800 | 36,000 | 34,600 | 35,400 |
| City | 16,200 | 15,400 | 15,000 | 15,400 | 15,200 | 15,300 | 15,300 | 15,300 | 15,400 | 14,100 |
| Special Districts plus Indian Tribes | 24,900 | 24,700 | 25,500 | 26,200 | 27,200 | 28,000 | 29,300 | 30,100 | 32,700 | 29,800 |

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 California job market, including the IE was at its all-time best in February 2020 but appears to be years away from returning to the pre-coronavirus levels. The IE economy outlook by economists suggests the pre-coronavirus economic boom will not return for at least two years. Prior to the COVID-19 outbreak the unemployment rate in California was at a record low of 3.9%. The full recovery to pre-coronavirus levels of economic activity is not expected until after 2022 in the state of California. Although a noticeable improvement might begin to appear by the end of 2020, economic forecasters have stated clearly that the road to a return to a pre-coronavirus economy statewide is in the 2023 timeframe.

The unemployment rate is predicted to have a similar sluggish path to full recovery from record highs pre-coronavirus. California's jobless rate is projected to be 10.8% at the end of 2020; 8.6% at the end of 2021; and 6.6% at the end of 2022, according to economist expectations. There was no forecast provided stating when or if California would return to a 3.9% jobless rate.

The IE Economic Forecast is bouncing back rapidly from the severe and unprecedented pandemic-driven downturn that began in early 2020. Despite the alarming and record-breaking decline in economic output that occurred in the 2nd quarter, and the ongoing painful effects of the COVID-19 epidemic itself, the economy remains fundamentally strong, and in many ways is already rebounding according to economists.

Economists agree, the sectors experiencing the largest job losses in the Inland Empire are Leisure and Hospitality, Retail Trade, Other Services (includes hair and nail salons), Manufacturing, and Government. Once the virus is controlled, however, these sectors are expected to ramp up production to meet surging consumer demand.

Across the U.S., California, and the IE the forecasts are relatively rosy but come with a key caveat: Full recovery and resumption of economic activity/output is firmly dependent on containing the spread of the COVID-19 virus.

OMNITRANS

FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION LAST 10 YEARS

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Administration | 5 | 5 | 5 | 3 | 4 |
| Operations | 445 | 438 | 443 | 450 | 468 |
| Maintenance | 99 | 102 | 101 | 100 | 102 |
| Information Technology | 6 | 6 | 5 | 5 | 8 |
| Marketing | 23 | 23 | 25 | 24 | 29 * |
| Planning | 17 | 19 | 18 | 15 | 0 |
| Human Resources | 9 | 9 | 9 | 9 | 9 |
| Safety & Security | 4 | 4 | 3 | 3 | 3 |
| Procurement | 17 | 19 | 18 | 19 | 18 |
| Finance | 12 | 12 | 11 | 11 | 12 |
| Integrated Project Mgmt. Oversight (IPMO) | | | | | 4 ** |
| Rail | | | | | |
| Special Transportation Services | | | | | |
| Total | 637 | 637 | 638 | 639 | 657 |

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|-------------|-------------|-------------|------------------|------------------|
| Administration | 4 | 4 | 5 | 4 | 3 |
| Operations | 464 | 479 | 481 | 513 | 345 |
| Maintenance | 107 | 103 | 101 | 105 | 93 |
| Information Technology | 8 | 8 | 8 | 10 | 7 |
| Marketing & Communications | 30 | 30 | 32 | 32 | 14.5 |
| Strategic Development (Planning) | 0 | 0 | 0 | 0 | 14.5 |
| Human Resources | 9 | 10 | 13 | 11 | 10 |
| Safety & Security | 4 | 4 | 3 | 3 | 5 |
| Procurement | 20 | 18 | 18 | 18 | 18 |
| Finance | 12 | 12 | 11 | 11 | 10 |
| Integrated Project Mgmt. Oversight (IPMO) | 3 | 1 | 0 **** | 0 | 0 |
| Rail Service | | 2 | 2 | 2 | 2 |
| Special Transportation Services | 10 *** | 13 | 13 | 14 | 7 |
| Total | 671 | 684 | 687 | 723 ***** | 529 ***** |

* 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

OMNITRANS**OPERATING EXPENSES BY CATEGORY****LAST 10 YEARS**

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Personnel | \$24,869,713 | \$25,280,131 | \$25,718,114 | \$25,505,890 | \$26,313,115 |
| Materials & Supplies | 7,743,557 | 8,479,014 | 8,396,813 | 8,533,634 | 9,191,072 |
| Casualty & Liability | 4,674,142 | 5,100,830 | 6,525,076 | 1,146,301 | 2,851,520 |
| Purchased Transportation | 8,831,959 | 8,882,227 | 9,084,344 | 9,075,431 | 9,261,048 |
| Depreciation & Other | 33,182,921 | 38,534,224 | 37,492,829 | 36,477,412 | 36,491,366 |
| Total Operating Expenses | <u>\$79,302,292</u> | <u>\$86,276,426</u> | <u>\$87,217,176</u> | <u>\$80,738,668</u> | <u>\$84,108,121</u> |

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Personnel | \$28,621,780 | \$31,716,325 | \$33,842,292 | \$34,946,187 | \$31,705,410 |
| Materials & Supplies | 7,288,414 | 7,663,731 | 5,584,044 | 7,585,990 | 6,222,215 |
| Casualty & Liability | 3,107,806 | 6,379,626 | 7,869,167 | 7,812,623 | 9,308,157 |
| Purchased Transportation | 9,041,314 | 8,803,691 | 8,947,264 | 10,764,903 | 10,173,138 |
| Depreciation & Other | 37,834,526 | 41,517,627 | 47,200,083 | 53,370,265 | 53,767,412 |
| Total Operating Expenses | <u>\$85,893,840</u> | <u>\$96,081,000</u> | <u>\$103,442,850</u> | <u>\$114,479,968</u> | <u>\$111,176,332</u> |

Source: Finance Department

OMNITRANS
OPERATING EXPENSES BY FUNCTION
LAST 10 YEARS

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|
| Transportation | \$29,168,399 | \$29,261,593 | \$29,269,181 | \$30,149,343 | \$31,337,405 |
| Maintenance | 14,204,780 | 14,830,016 | 15,043,634 | 15,213,652 | 16,223,257 |
| Risk Management * | 4,674,142 | 5,100,830 | 6,525,076 | 1,146,301 | 2,851,520 |
| Marketing | 2,260,166 | 2,259,488 | 2,452,956 | 2,411,375 | 2,925,275 |
| General Administration | 7,835,246 | 8,052,766 | 6,887,007 | 8,473,242 | 8,147,166 |
| Depreciation & Other ** | 21,159,558 | 26,771,733 | 27,039,322 | 23,344,755 | 22,623,498 |
| Total Operating Expenses | <u>\$79,302,292</u> | <u>\$86,276,426</u> | <u>\$87,217,176</u> | <u>\$80,738,668</u> | <u>\$84,108,121</u> |
| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Transportation | \$34,444,699 | \$34,901,970 | \$35,768,134 | \$36,377,440 | \$32,771,294 |
| Maintenance | 14,588,796 | 15,895,286 | 13,788,752 | 16,931,367 | 15,822,177 |
| Risk Management * | 3,107,806 | 6,379,626 | 7,869,167 | 7,812,623 | 9,308,157 |
| Marketing | 3,126,790 | 3,208,490 | 3,282,207 | 3,381,213 | 1,904,206 |
| General Administration | 6,615,304 | 9,315,612 | 13,341,246 | 11,354,192 | 20,901,379 |
| Depreciation & Other ** | 24,010,445 | 26,380,016 | 29,393,344 | 38,623,133 | 30,469,119 |
| Total Operating Expenses | <u>\$85,893,840</u> | <u>\$96,081,000</u> | <u>\$103,442,850</u> | <u>\$114,479,968</u> | <u>\$111,176,332</u> |

* Risk Management consist of casualty and liability costs.

** Depreciation & Other cost consist of depreciation, purchased transportation, capital purchases, and miscellaneous.

Source: Finance Department

CAPITAL ASSETS BY FUNCTION
LAST 10 YEARS

| | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Fixed route | | | | | |
| Buses | 167 | 179 | 172 | 186 | 191 |
| Paratransit | | | | | |
| Paratransit buses | 106 | 106 | 96 | 126 | 122 |
| Paratransit vans | 10 | 10 | 10 | 10 | 9 |
| Support vehicles | | | | | |
| Vans, cars & trucks | 42 | 43 | 37 | 37 | 40 |
| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
| Fixed route | | | | | |
| Buses | 199 | 188 | 208 | 190 | 189 |
| Paratransit | | | | | |
| Paratransit buses | 144 | 109 | 137 | 137 | 119 |
| Paratransit vans | 6 | 0 | 0 | 0 | 0 |
| Support vehicles | | | | | |
| Vans, cars & trucks | 43 | 68 | 88 | 93 | 76 |

Source: Finance Department.

