



New York City School Bus Umbrella Services

NYC SCHOOL BUS UMBRELLA SERVICES, INC.

(A Component Unit of The City of New York)

FINANCIAL STATEMENTS

(Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2022



NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of
NYC School Bus Umbrella Services, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund of NYC School Bus Umbrella Services, Inc. ("NYCSBUS"), a component unit of The City of New York, as of and for the year ended June 30, 2022, which collectively comprise NYCSBUS's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of NYCSBUS as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of NYCSBUS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NYCSBUS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NYCSBUS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NYCSBUS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the schedule of employer's required contributions on page 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 GAAS, 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 any assurance.

Mayer Hoffman McCann CPAs

New York, NY
September 30, 2022

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

NYC School Umbrella Services, Inc. ("NYCSBUS" or the "Corporation") began operations on September 10, 2020 and has a contract with The City of New York ("City") that was registered on January 1, 2021. The contract shall extend through and terminate on June 30, 2026. Pursuant to this contract, NYCSBUS receives monthly payments that cover its projected expenses for the forthcoming month and these contractual payments are NYCSBUS' sole source of revenue.

The following is a narrative overview and analysis of the financial activities of NYCSBUS for the fiscal years ended June 30, 2022 and 2021. It should be read in conjunction with NYCSBUS' government-wide financial statements, general fund financial statements and the notes to the financial statements. The financial statements consist of four parts: (1) required supplementary information, including management's discussion and analysis (this section), and pension information; (2) the government-wide financial statements; (3) the general fund financial statements; and (4) the notes to the financial statements.

The government-wide financial statements, which include the statement of net position and the statement of activities, are presented to display information about the reporting entity as a whole, in accordance with Governmental Accounting Standards Board ("GASB") standards. This is to provide the reader with a broad overview of NYCSBUS' finances. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

NYCSBUS' general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, in which revenue is recognized when it becomes susceptible to accrual; that is, when it becomes both measurable and available to finance expenditures in the current fiscal period. Expenditures are recognized when the related liability is incurred, except for accrued vacation and sick pay and lease liability, which are not reflected as a liability in the general fund financial statements as they are not due and payable from current financial resources.

The reconciliation of the general fund balance sheet to the statement of net position and the reconciliation of the general fund statements of revenues, expenditures and changes in fund balance to the statement of activities are presented to assist the reader in understanding the differences between the government-wide and general fund financial statements.

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS

Key financial highlights for the fiscal year ended June 30, 2022 are as follows:

- ❖ On the government-wide financial statements, the assets of NYCSBUS exceeded its liabilities at the close of the most recent fiscal year by \$13,673,873. The change in net position was \$13,673,873, which increased the net position as of June 30, 2022. The reason for the positive change in net position is because of the other income recognized for the assumption of potential future pension liabilities, which was recognized with the purchase of assets from the private bus company who had previously provided school bus transportation services to the New York City Department of Education ("DOE").

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

- ❖ NYCSBUS entered into an Asset Purchase Agreement with Reliant Transportation, Inc. (the “Seller”) to purchase certain assets from the Seller mainly consisting of buses and service vehicles to facilitate NYCSBUS’ operation of certain school bus services in the NYC area. The seller was previously engaged with the DOE to provide school bus services in the NYC area. As a result, NYCSBUS acquired service vehicles and buses valued at approximately \$16.1 million. As part of the transaction, NYCSBUS initially assumed lease liabilities related to certain buses from the Seller and satisfied those obligations by paying approximately \$5.4 million to the leasing company. As part of an agreement made on October 29, 2021 between NYCSBUS, the Seller and Division 1181 Amalgamated Transit Union – New York Employees’ Pension Fund (the “Fund”), NYCSBUS agreed to assume the obligation to contribute to the fund and to guarantee any possible pension withdrawal liability related to the Asset Purchase Agreement transactions. Therefore, in consideration of the exchange of the assets describe previously, NYCSBUS has determined that approximately \$12.7 million is restricted for future pension costs as reported on the Statement of Net Position. As a result of the asset purchase agreement and other related agreements NYCSBUS incurred approximately \$8 million in costs which is reported within professional fees on the statement of activities.

The following summarizes the revenues and expenses related to the governmental activities of NYCSBUS for the years ended June 30, 2022 and 2021. The non-operating component is made up of all costs related to organizational startup and acquisition of the buses. These are non-recurring costs and are shown separately to help the reader understand the cost of operating NYCSBUS on an ongoing basis.

	<u>Operating</u>	<u>Non-operating</u>	<u>2022</u>	<u>Operating</u>	<u>Non-operating</u>	<u>2021</u>
REVENUES:						
New York City Department of Education:						
Program revenues	\$ 124,156,506	\$ 8,169,781	\$ 132,326,287	\$ -	\$ 6,023,173	\$ 6,023,173
Capital reimbursements	-	5,466,833	5,466,833	-	-	-
Other income	12,757,656	-	12,757,656	-	-	-
Interest income	35,987	-	35,987	-	-	-
TOTAL REVENUES	<u>136,950,149</u>	<u>13,636,614</u>	<u>150,586,763</u>	<u>-</u>	<u>6,023,173</u>	<u>6,023,173</u>
EXPENSES:						
Salaries and employee benefits - program	94,904,945	-	94,904,945	-	-	-
Salaries and employee benefits - administrative	1,873,699	-	1,873,699	-	121,963	121,963
Professional fees	4,068,172	8,169,781	12,237,953	-	5,807,031	5,807,031
Occupancy	1,267,410	-	1,267,410	-	-	-
Vehicle maintenance and operation	10,188,924	-	10,188,924	-	-	-
Insurance	11,974,556	-	11,974,556	-	2,274	2,274
Depreciation and amortization	3,248,269	-	3,248,269	-	-	-
Interest expense	224,915	-	224,915	-	-	-
Office and other expenses	992,219	-	992,219	-	91,905	91,905
TOTAL EXPENSES	<u>128,743,109</u>	<u>8,169,781</u>	<u>136,912,890</u>	<u>-</u>	<u>6,023,173</u>	<u>6,023,173</u>
CHANGE IN NET POSITION	<u>\$ 8,207,040</u>	<u>\$ 5,466,833</u>	<u>\$ 13,673,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended June 30, 2022, NYCSBUS had received approximately \$137.8 million in funding from the DOE. Of the funding received, \$124.1 million primarily funded the cost of services provided during the year, \$8.1 million related to non-operating expenses from certain initial year costs, as described earlier, and \$5.5 million was primarily for the purchase of school buses.

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the governmental activities of NYCSBUS for the years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
REVENUES:			
New York City Department of Education:			
Program revenues	\$ 132,326,287	\$ 6,023,173	\$ 126,303,114
Capital reimbursements	5,466,833	-	5,466,833
Other income	12,757,656	-	12,757,656
Interest income	<u>35,987</u>	<u>-</u>	<u>35,987</u>
TOTAL REVENUES	<u>150,586,763</u>	<u>6,023,173</u>	<u>144,563,590</u>
EXPENSES:			
Salaries and employee benefits - program	94,904,945	-	94,904,945
Salaries and employee benefits - administrative	1,873,699	121,963	1,751,736
Professional fees	12,237,953	5,807,031	6,430,922
Occupancy	1,267,410	-	1,267,410
Vehicle maintenance and operation	10,188,924	-	10,188,924
Insurance	11,974,556	2,274	11,972,282
Depreciation and amortization	3,248,269	-	3,248,269
Interest expense	224,915	-	224,915
Office and other expenses	<u>992,219</u>	<u>91,905</u>	<u>900,314</u>
TOTAL EXPENSES	<u>136,912,890</u>	<u>6,023,173</u>	<u>130,889,717</u>
CHANGE IN NET POSITION	<u>\$ 13,673,873</u>	<u>\$ -</u>	<u>\$ 13,673,873</u>

At the end of the fiscal year, payments and expenses are adjusted to reflect actual costs incurred by NYCSBUS. Therefore, NYCSBUS' revenues match its expenses, except for capital outlays, depreciation and amortization, the change in the accrued vacation and sick pay liability, issuance of long-term debt (leases), repayment of principal of long-term debt (leases), and contributions related to capital assets. The general fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation and amortization expense. The accrued vacation and sick liability are not due and payable from current financial resources and are not currently funded by program revenues from the City. The issuance of long-term debt (leases) provides current financial resources to the general fund, while the repayment of the principal of long-term debt consumes the current financial resources of the general fund. Contributions related to capital assets are not recorded in the general fund statements because they are not considered current financial resources.

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

During fiscal years 2022 and 2021, NYCSBUS received \$137.8 million and \$6 million, respectively, in contractual payments from the City. Program revenue is paid monthly and is based on projected subsequent month expenses. The increase during fiscal year 2022 had been a result of NYCSBUS beginning to operate transportation services to students who are served by The City School District of The City of New York in fiscal year 2022.

Total expenses primarily consisted of salaries and benefits for NYCSBUS administrative workers and drivers and attendants, professional fees and insurance costs in connection with NYCSBUS accomplishing its mission and starting up operations. Of salaries and benefits, \$94,904,945 had been directly related to transportation services provided to the DOE, and \$1,873,699 was for administrative overhead. Expenses incurred during fiscal years 2022 and 2021 were approximately \$136.9 million and \$6 million, respectively. Increases in expenses as a result of NYCSBUS beginning to operate transportation services to students who are served by The City School District of The City of New York in fiscal year 2022.

The following summarizes the assets, liabilities, and net position as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
ASSETS:			
Unrestricted cash and cash equivalents	\$ 5,197,391	\$ 70,062	\$ 5,127,329
Restricted cash and cash equivalents	3,902,458	-	3,902,458
Accounts receivable	-	6,023,173	(6,023,173)
Other receivables	1,379,429	-	1,379,429
Prepaid expenses and other assets	16,647,243	5,349	16,641,894
Security deposits	387,015	-	387,015
Capital assets:			
Depreciable, net	14,012,533	-	14,012,533
Lease assets, net	<u>6,747,151</u>	<u>-</u>	<u>6,747,151</u>
TOTAL ASSETS	<u>48,273,220</u>	<u>6,098,584</u>	<u>42,174,636</u>
LIABILITIES:			
Accounts payable and accrued expenses	3,213,922	5,907,584	(2,693,662)
Accrued salaries and employee benefits	2,636,464	-	2,636,464
Unearned revenue	21,663,150	-	21,663,150
Accrued vacation and sick pay	172,846	-	172,846
Current portion of lease liability	1,656,423	-	1,656,423
Noncurrent portion of lease liability	5,256,542	-	5,256,542
Loan payable	<u>-</u>	<u>191,000</u>	<u>(191,000)</u>
TOTAL LIABILITIES	<u>34,599,347</u>	<u>6,098,584</u>	<u>28,500,763</u>
TOTAL NET POSITION	<u>\$ 13,673,873</u>	<u>\$ -</u>	<u>\$ 13,673,873</u>

As of June 30, 2022, NYCSBUS' assets totaled \$48.3 million. Assets increased because of the inflow of resources received from the DOE, and obtaining capital assets and prepaid expenses through the Asset Purchase Agreement with the Seller. Liabilities as of June 30, 2022 were \$34.6 million. Liabilities increased because of unearned revenue from the Department of Education, accrued salaries and employee benefits caused by increase in staff headcount and having entered into a collective bargaining agreement for union employees in 2022, issuance of long-term debt for leases netted by a decrease in accounts payable and accrued expenses from the timing of cash outflows.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

As of June 30, 2021, NYCSBUS' assets totaled \$6.1 million, primarily consisted of receivables from the DOE. Liabilities as of June 30, 2021 were \$6.1 million, and primarily consisted of accounts payable and accrued expenses of \$5.9 million. NYCSBUS recognized a receivable for the amount of cash due from the Department of Education in 2021, as compared to 2022 where NYCSBUS recognized unearned revenue for the cash received in excess of expenditures.

NYCSBUS' June 30, 2022 net position of \$13,673,873, \$13,846,719 was net investment in capital assets, \$12,757,656 was restricted for potential future pension liabilities, and (\$12,930,502) was unrestricted (deficit).

The following summarizes the changes in the general fund ("GF") for the years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
REVENUES:			
New York City Department of Education:			
Program revenues	\$ 132,326,287	\$ 6,023,173	\$ 126,303,114
Capital reimbursements	5,466,833	-	5,466,833
Other income	2,093,031	-	2,093,031
Interest income	35,987	-	35,987
TOTAL REVENUES	<u>139,922,138</u>	<u>6,023,173</u>	<u>133,898,965</u>
EXPENDITURES:			
Current:			
Salaries and employee benefits - program	94,732,099	-	94,732,099
Salaries and employee benefits - administrative	1,873,699	121,963	1,751,736
Professional fees	12,237,953	5,807,031	6,430,922
Occupancy	1,267,410	-	1,267,410
Vehicle maintenance and operations	10,188,924	-	10,188,924
Insurance	11,974,556	2,274	11,972,282
Office and other expenses	992,219	91,905	900,314
Debt service:			
Principal	963,530	-	963,530
Interest	224,915	-	224,915
Capital Outlay	13,343,328	-	13,343,328
TOTAL EXPENDITURES	<u>147,798,633</u>	<u>6,023,173</u>	<u>141,775,460</u>
Excess of expenditures over revenues	<u>(7,876,495)</u>	<u>-</u>	<u>(7,876,495)</u>
OTHER FINANCING SOURCES:			
Issuance of lease financing	<u>7,876,495</u>	<u>-</u>	<u>7,876,495</u>
Total other financing sources	<u>7,876,495</u>	<u>-</u>	<u>7,876,495</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Revenues recorded in the GF are primarily composed of contractual payments from the City each year. Program revenue is paid monthly and is based on actual monthly expenditures. As such, there is no change in fund balance created.

Total expenditures primarily consisted of salaries and employee benefits for NYCSBUS administrative workers and drivers and attendants and insurance costs in connection with NYCSBUS accomplishing its mission, and non-operating costs for expenses incurred in relation to starting up operations. Expenditures incurred during fiscal years 2022 and 2021 were \$147.8 million and \$6 million, respectively. Overall, the increase in expenditures had been a result of NYCSBUS beginning to operate transportation services to students who are served by The City School District of The City of New York in fiscal year 2022.

The following summarizes the GF assets, liabilities, and fund balances as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Variance</u>
ASSETS:			
Unrestricted cash and cash equivalents	\$ 5,197,391	\$ 70,062	\$ 5,127,329
Restricted cash and cash equivalents	3,902,458	-	3,902,458
Accounts receivable	-	6,023,173	(6,023,173)
Other receivables	1,379,429	-	1,379,429
Prepaid expenses and other assets	16,647,243	5,349	16,641,894
Security deposits	<u>387,015</u>	<u>-</u>	<u>387,015</u>
TOTAL ASSETS	<u>\$ 27,513,536</u>	<u>\$ 6,098,584</u>	<u>\$ 21,414,952</u>
LIABILITIES:			
Accounts payable and accrued expenses	\$ 3,213,922	\$ 5,907,584	\$ (2,693,662)
Accrued salaries and employee benefits	2,636,464	-	2,636,464
Unearned revenue	21,663,150	-	21,663,150
Loan payable	<u>-</u>	<u>191,000</u>	<u>(191,000)</u>
TOTAL LIABILITIES	<u>27,513,536</u>	<u>6,098,584</u>	<u>21,414,952</u>
FUND BALANCE			
Nonspendable	17,034,258	-	17,034,258
Restricted	3,902,458	-	3,902,458
Unassigned	<u>(20,936,716)</u>	<u>-</u>	<u>(20,936,716)</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 27,513,536</u>	<u>\$ 6,098,584</u>	<u>\$ 21,414,952</u>

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The GF assets at June 30, 2022 and 2021 were \$27.5 million and \$6.1 million, respectively. The assets recorded in the GF for the year ended June 30, 2022, are unrestricted cash and cash equivalents, restricted cash and cash equivalents, others receivables for payroll taxes due to NYCSBUS, prepaid expenses primarily consisting of prepaid insurance and other assets primarily consisting of refundable sales tax and security deposits held for NYCSBUS's leases. The assets recorded in the GF for the year ended June 30, 2021, are unrestricted cash and cash equivalents and a receivable from the DOE, resulting from the timing of collection of revenue and payments of program and non-operating expenditures during the prior fiscal year.

The total GF liabilities at June 30, 2022 and 2021 were \$27.5 million and \$6.1 million, respectively. The liabilities in the GF for the year ended June 30, 2022 are accounts payable and accrued expenses, unearned revenues from the City of New York Department of Education, resulting from the timing of the collection of cash receipts before incurring expenses for programs during the fiscal year and accrued salaries and employee benefits. The liabilities in the GF as of June 30, 2021 are accounts payable and accrued expenses, and loans that were repaid within one year of the prior year balance sheet date.

As program revenue is paid monthly and is based on actual monthly expenditures, the GF fund balance was zero as of June 30, 2022 and 2021.

This financial report is designed to provide a general overview of NYCSBUS' finances. Questions concerning any of the information in this report or requests for additional financial information should be directed to the Chief Executive Officer, NYC School Bus Umbrella Services, Inc., 297 Norman Avenue, Brooklyn, NY 11222.

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NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

ASSETS:

Unrestricted cash and cash equivalents (Note 3)	\$ 5,197,391
Restricted cash and cash equivalents (Note 3)	3,902,458
Other receivables	1,379,429
Prepaid expenses and other assets	16,647,243
Security deposits	387,015
Capital assets (Note 4):	
Depreciable, net	14,012,533
Lease assets, net	<u>6,747,151</u>
TOTAL ASSETS	<u>48,273,220</u>

LIABILITIES:

Accounts payable and accrued expenses	3,213,922
Accrued salaries and employee benefits	2,636,464
Unearned revenue	21,663,150
Accrued vacation and sick pay	172,846
Current portion of lease liability (Note 5)	1,656,423
Noncurrent portion of lease liability (Note 5)	<u>5,256,542</u>
TOTAL LIABILITIES	<u>34,599,347</u>

NET POSITION (Note 2B):

Net investment in capital assets	13,846,719
Restricted for potential future pension costs (Note 1)	12,757,656
Unrestricted	<u>(12,930,502)</u>
TOTAL NET POSITION	<u>\$ 13,673,873</u>

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

REVENUES:

New York City Department of Education:	
Program revenues	\$ 132,326,287
Capital reimbursements	5,466,833
Other income (Note 1)	12,757,656
Interest income	<u>35,987</u>
Total revenues	<u>150,586,763</u>

EXPENSES:

Salaries and employee benefits - program (Note 6)	94,904,945
Salaries and employee benefits - administrative (Note 6)	1,873,699
Professional fees (Note 1)	12,237,953
Occupancy (Note 5)	1,267,410
Vehicle maintenance and operations	10,188,924
Insurance	11,974,556
Depreciation and amortization (Note 4)	3,248,269
Interest expense (Note 5)	224,915
Office and other expenses	<u>992,219</u>
Total expenses	<u>136,912,890</u>
Change in net position	13,673,873
Net position - beginning of year	<u>-</u>
Net position - end of year	<u>\$ 13,673,873</u>

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

GENERAL FUND BALANCE SHEET
AS OF JUNE 30, 2022

ASSETS:

Unrestricted cash and cash equivalents	\$ 5,197,391
Restricted cash and cash equivalents	3,902,458
Other receivables	1,379,429
Prepaid expenses and other assets	16,647,243
Security deposits	<u>387,015</u>
TOTAL ASSETS	<u>\$ 27,513,536</u>

LIABILITIES:

Accounts payable and accrued expenses	\$ 3,213,922
Accrued salaries and employee benefits	2,636,464
Unearned revenue	<u>21,663,150</u>
TOTAL LIABILITIES	<u>27,513,536</u>

FUND BALANCE:

Nonspendable	17,034,258
Restricted	3,902,458
Unassigned	<u>(20,936,716)</u>
TOTAL FUND BALANCE	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 27,513,536</u>

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

RECONCILIATION OF THE GENERAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Total fund balance - general fund	\$	-
Amounts reported for governmental activities in the statements of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation and amortization. Capital assets consisted of:		
Depreciable, net		14,012,533
Lease assets, net		6,747,151
Some liabilities are not due and payable in the current period from currently available financial resources and therefore are not reported in the general fund financial statements. These liabilities consist of:		
Accrued vacation and sick pay		(172,846)
Lease liability		<u>(6,912,965)</u>
Net position of governmental activities	\$	<u>13,673,873</u>

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

REVENUES:

New York City Department of Education:	
Program revenues	\$ 132,326,287
Capital reimbursements	5,466,833
Other income (Note 1)	2,093,031
Interest income	<u>35,987</u>
Total revenues	<u>139,922,138</u>

EXPENDITURES:

Current:

Salaries and employee benefits - program	94,732,099
Salaries and employee benefits - administrative	1,873,699
Professional fees	12,237,953
Occupancy	1,267,410
Vehicle maintenance and operations	10,188,924
Insurance	11,974,556
Office and other expenses	992,219

Debt service:

Principal	963,530
Interest	224,915

Capital Outlay

	<u>13,343,328</u>
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Total expenditures	<u>147,798,633</u>
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Excess of expenditures over revenue	<u>(7,876,495)</u>
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OTHER FINANCING SOURCES:

Issuance of lease financing	<u>7,876,495</u>
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Total other financing sources	<u>7,876,495</u>
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NET CHANGE IN FUND BALANCE -

Fund balance - beginning of year	<u>-</u>
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Fund balance - end of year	<u>\$ -</u>
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NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

**RECONCILIATION OF THE GENERAL FUND STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

		<u>2022</u>
Net change in fund balance - general fund	\$	-
Amounts reported in the statements of activities are different because:		
<p>The general fund reports capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period:</p>		
Purchase of capital assets	5,466,833	
Lease assets	7,876,495	
Depreciation and amortization	<u>(3,248,269)</u>	10,095,059
<p>Accrued vacation and sick pay is reported in the statement of activities on the accrual basis, but is reported as an expenditure in the general fund when the outlay of financial resources is required.</p>		
		(172,846)
<p>The issuance of long-term debt (leases) provides current financial resources to the general fund, while the repayment of the principal of long-term debt consumes the current financial resources of the general fund.</p>		
Issuance of long-term debt (leases)	(7,876,495)	
Principal	<u>963,530</u>	(6,912,965)
<p>Contributions related to capital assets are not recorded in the general fund statements because they are not considered current financial resources.</p>		
		<u>10,664,625</u>
Change in net position - governmental activities	\$	<u>13,673,873</u>

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

NYC School Bus Umbrella Services, Inc. (“NYCSBUS”) is a Type C not-for-profit corporation organized under the Not-For-Profit Corporation Law of the State of New York (the “State”). NYCSBUS is governed by a Board of Directors. The Board consists of five members, two *ex officio* Directors comprised of the individuals holding the following offices who are appointed as Directors of the Corporation by virtue of holding such position; the Chancellor or Acting Chancellor of The City School District of The City of New York or his/her designee; the Director of Management and Budget of The City of New York or his/her designee; and three additional Directors appointed by the Chancellor of The City School District of The City of New York, one of whom shall be a parent representative to the Department of Education (“DOE”). NYCSBUS follows Governmental Accounting Standards Board (“GASB”) accounting standards due to the appointment of the Board by a local government, the City School District of The City of New York. Although legally separate from The City of New York (the “City”), NYCSBUS is an instrumentality of the City and, accordingly, is included in the City’s financial statements as a blended component unit in accordance with GASB standards.

NYCSBUS was incorporated for the purpose of providing transportation services to students who are served by The City School District of the City of New York, in connection with the provision of education and/or support services, to conduct any other activities and to perform any and all acts which may be necessary, useful, suitable or proper for the furtherance, accomplishment or attainment of the activities described, and to conduct any other transportation activities permitted consistent with the Not-for-profit Corporation Law and to use transportation equipment and facilities for non-transportation purpose.

NYCSBUS was formed on September 10, 2020, and a contract with the City to provide school bus services was registered on January 1, 2021. The contract extends through and terminates on June 30, 2026. Pursuant to this contract, NYCSBUS receives payments that cover its projected expenses for the forthcoming month and these contractual payments are NYCSBUS’ sole source of revenue.

NYCSBUS entered into an Asset Purchase Agreement with Reliant Transportation, Inc. (the “Seller”) to purchase certain assets from the Seller mainly consisting of buses and service vehicles to facilitate NYCSBUS’ operation of certain school bus services in the NYC area. The seller was previously engaged with the DOE to provide school bus services in the NYC area. As a result, NYCSBUS acquired service vehicles and buses valued at approximately \$16.1 million. As part of the transaction, NYCSBUS initially assumed lease liabilities related to certain buses from the Seller and satisfied those obligations by paying approximately \$5.4 million to the leasing company. As part of an agreement made on October 29, 2021 between NYCSBUS, the Seller and Division 1181 Amalgamated Transit Union – New York Employees’ Pension Fund (the “Fund”), NYCSBUS agreed to assume the obligation to contribute to the fund and guarantee any possible pension withdrawal liability related to the Asset Purchase Agreement transactions. Therefore, in consideration of the exchange of the assets describe previously, NYCSBUS has determined that approximately \$12.7 million is restricted for future pension costs as reported on the Statement of Net Position. As a result of the asset purchase agreement and other related agreements NYCSBUS incurred approximately \$8 million in costs which is reported within professional fees on the statement of activities.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The government-wide financial statements of NYCSBUS, which include the statement of net position and the statement of activities, are presented to display information about the reporting entity as a whole, in accordance with GASB standards. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. *Basis of Accounting (Continued)*

The reconciliations of the general fund balance sheet to the statement of net position and the reconciliations of the general fund statement of revenues, expenditures and changes in fund balance to the statement of activities are presented to assist the reader in understanding the differences between the government-wide and general fund financial statements.

NYCSBUS' general fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes susceptible to accrual, which is when it becomes both measurable and available to finance expenditures in the current fiscal year. Revenues are generally considered available if expected to be received within one year after year end. Expenditures are recognized when the related liability is incurred.

NYCSBUS recognizes program revenues equal to the amount of expenditures incurred. Amounts received from the DOE more than expenditures are reported as unearned revenues and applied to the subsequent fiscal year. Any amounts owed from the DOE are recognized as receivables.

B. *Net Position and Fund Balance*

NYCSBUS uses a general fund ("GF") to report its activities. The GF is used to account for all financial resources and activities that relate to NYCSBUS' administrative and operating expenditures.

Fund balances are classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or unassigned. Fund balance that cannot be spent because it is not in spendable form is defined as nonspendable. Fund balance that cannot be spent besides for a specific purpose is defined as restricted.

The Board of NYCSBUS constitutes NYCSBUS' highest level of decision-making authority. If and when resolutions are adopted by the Board that constrain fund balances for a specific purpose, such resources are accounted for and reported as committed for such purpose unless and until a subsequent resolution altering the commitment is adopted by the Board.

If and when fund balances are constrained for use for a specific purpose based on the direction of any officer of NYCSBUS who is duly authorized to direct the movement of such funds are accounted for and reported as assigned for such purpose, unless or until a subsequent authorized action by the same or another duly authorized officer, or by the Board, is taken which removes or changes the assignment.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, and is reduced by the outstanding balances of capital related debt.

Resources that are not constrained are reported as unrestricted in the statement of net position and unassigned in the general fund balance sheet.

When both restricted and unrestricted resources are available for use for a specific purpose, it is NYCSBUS' policy to use restricted resources first then unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use for a specific purpose, it is NYCSBUS' policy to use committed resources first, then assigned resources, and then unassigned resources as they are needed.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Prepays*

Prepays represent amounts paid as of year-end, which will benefit future operations and are accounted for using the consumption method. Typically, NYCSBUS' prepaids primarily consist of insurance costs.

D. *Property and Equipment and Lease Assets*

Property and equipment are stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. NYCSBUS capitalizes property and equipment with a cost of \$35,000 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Lease assets are amortized over the shorter of the life of the lease or the lease term on a straight-line basis.

E. *Lease Liability*

The lease liability is measured using the present value of the remaining lease payments over the lease term as determined by management after the consideration of options that could extend or reduce the life of the lease. The liability is reduced by principal payments made each year, and interest expenditure/expense is reported based upon the rate of interest used to calculate the lease liability.

F. *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S GAAP") requires NYCSBUS' management to make estimates and assumptions in determining the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. *New Accounting Pronouncements*

As a component unit of the City, NYCSBUS implements new GASB standards in the same fiscal year as they are implemented by the City.

Other accounting pronouncements that may impact NYCSBUS in future years are as follows:

- NYCSBUS implemented GASB Statement No. 87, *Leases* ("GASB 87"). GASB 87 enhances the relevancy and consistency of information about NYCSBUS's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated into NYCSBUS's 2022 financial statements and are discussed further in Note 5 to the financial statements.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements (Continued)

- GASB Statement No. 91, *Conduit Debt Obligations*, (“GASB 91”) is effective for reporting periods beginning after December 15, 2021, as amended. GASB 91 provides a single method of reporting conduit debt obligations by issuers and aims to eliminate diversity in practice. GASB 91 clarifies the existing definition of a conduit debt obligation, establishing that it is not a liability of the issuer; and establishes accounting and financial reporting standards for additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, as well as improves note disclosures. GASB 91 is not expected to have an impact on NYCSBUS’s financial statements.
- GASB Statement No. 92, *Omnibus*, (“GASB 92”) is effective for fiscal years beginning after June 15, 2021, as amended. This standard addresses comparability and consistency in accounting and financial reporting related to a variety of GASB Statements including: *Leases, Other Postemployment Benefit Plans, Pensions, Fiduciary Activities, Asset Retirement Obligations, Public Entity Risk Pools, Fair Value Measurements, and Derivative Instruments*. The adoption of GASB 92 did not have an impact on NYCSBUS’s financial statements.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, (“GASB 93”) is effective for fiscal years beginning after June 15, 2021, as amended. The objective of this statement is to address those and other accounting and financial reporting implications from the replacement of the interbank offered rate (“IBOR”). The adoption of GASB 93 had no impact on NYCSBUS’s financial statements.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, (“GASB 94”) is effective for reporting periods beginning after June 15, 2022. GASB 94 is designed to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. A public-private or public-public partnership is an arrangement where the government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset (i.e. infrastructure or other capital asset), for a period of time in an exchange or exchange-like transaction. GASB 94 also gives guidance for accounting and financial reporting for availability payment arrangements (“APAs”), which is an arrangement where the government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. NYCSBUS has not completed the evaluation of GASB 94.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, (“GASB 96”), is effective for reporting periods beginning after June 15, 2022. The statement provides guidance for accounting and financial reporting for subscription-based information technology arrangements (“SBITAs”), for government end users, and defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (an intangible asset), and a corresponding subscription liability. GASB 96 also provides the capitalization criteria for outlays other than subscription payments, including implementation costs. The standards for SBITAs are largely based on the standards established in GASB 87 for leases. NYCSBUS has not completed the evaluation of GASB 96.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements (Continued)

- 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 Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, (“GASB 97”). GASB 97 has multiple effective dates depending on specific paragraphs of the standard. Paragraph 4 of the Statement, which pertains to defined contribution pension and OPEB plans, is effective immediately. Paragraphs 6 through 9 of the Statement, which pertain to the supersession of GASB 32, are effective for fiscal years beginning after June 15, 2021, and the remaining requirements of the Statement are effective for reporting periods beginning after June 15, 2021. Paragraph 4 of the Statement requires that when determining whether the primary government is financially accountable as a potential component unit the absence of a governing board should be treated the same as appointing the voting majority if the primary government performed the duties a governing board would typically perform, except when considering a defined contribution pension or OPEB plans. Paragraphs 6 through 9 define the reporting rules for a Section 457 plan requiring that GASB 84 be applied to determine if the plan is a fiduciary activity, and then further if the plan meets the definition of a pension plan, then reporting requirements of GASB 68 or 73 should be applied (instead of those in GASB 84). GASB 97 also explains that the financial burden criteria in GASB 84 is applicable only to defined benefit pension plans and defined benefit OPEB plans administered through a trust. NYCSBUS has not completed their evaluation of GASB 97, but does not anticipate any material impact.

- GASB Statement No. 99, *Omnibus 2022*, has multiple effective dates depending on the Statement of the standard. This Statement addresses numerous accounting and financial reporting issues identified during the implementation and application of certain GASB pronouncements or during the due process on other pronouncements. The requirements related to extension of the use of London Inter-Bank Offered Rate (“LIBOR”), accounting for Supplemental Nutrition Assistance Program (“SNAP”) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, public-private and public-public partnerships (“PPPs”), and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. NYCSBUS has not completed their evaluation of GASB 99, but does not anticipate any material impact.

- GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62* (“GASB 100”), has been issued to help enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes, addresses corrections of errors in previously issued financial statements, and prescribes accounting and financial reporting for both. GASB 100 also addresses how information that is affected by a change in accounting or error correction should be presented in the required supplementary information explaining that the information should be restated for error corrections, but not for changes in accounting principles. The requirements of GASB 100 are effective for fiscal years beginning after June 15, 2023. NYCSBUS has not completed their evaluation of GASB 100, but does not anticipate any material impact.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. New Accounting Pronouncements (Continued)

- GASB Statement No. 101, *Compensated Absences* (“GASB 101”), has been issued to align the recognition and measurement guidance of compensated absences. GASB 101 requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used, but not yet paid in cash or settled otherwise. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. The requirements of GASB 101 are effective for fiscal years beginning after December 15, 2023. NYCSBUS has not completed their evaluation of GASB 101, but does not anticipate any material impact.

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2022, NYCSBUS’ cash was comprised of unrestricted bank deposits in the amounts of \$5,105,000 and restricted bank deposits in the amounts of approximately \$3,902,000. Restricted bank deposits amounting to approximately \$257,000 were the reliant share held in escrow as part of closing for the asset purchase agreement, and approximately \$3,645,000 was for a letter of credit. The letter of credit is irrevocable and the beneficiary is NYCSBUS’s insurance company.

As of June 30, 2022, NYCSBUS’ cash equivalents were also held in money market funds in the amount of approximately \$92,000. NYCSBUS categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. NYCSBUS’ money market funds are valued based on various market and industry inputs (Level 1 inputs).

Of these cash and cash equivalents, only \$250,000 was covered by Federal Deposit Insurance Corporation (“FDIC”) insurance. As of June 30, 2022, there was approximately \$8.8 million, of unrestricted and restricted cash and cash equivalents held by a bank that exceeded FDIC limits.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended June 30, 2022:

	<u>Balance 6/30/2021</u>	<u>Additions</u>	<u>Deductions/ Reclassifications</u>	<u>Balance 6/30/2022</u>
Depreciable:				
Service Vehicles/ Buses	\$ -	\$ 16,070,801	\$ -	\$ 16,070,801
Compuer Equipment	-	<u>60,657</u>	-	<u>60,657</u>
Total depreciable capital assets	-	<u>16,131,458</u>	-	<u>16,131,458</u>
Less: accumulated depreciation and amortization				
Service Vehicles/ Buses	-	2,114,880	-	2,114,880
Compuer Equipment	-	<u>4,045</u>	-	<u>4,045</u>
Total accumulated depreciation and amortization	-	<u>2,118,925</u>	-	<u>2,118,925</u>
Lease assets being amortized, net	-	<u>\$ 7,876,495</u>	<u>\$ 1,129,344</u>	<u>6,747,151</u>
Total net depreciable capital assets	-			<u>14,012,533</u>
Total net capital assets	<u>\$ -</u>			<u>\$ 20,759,684</u>

NOTE 5 – LEASE LIABILITY

NYCSBUS is obligated under five leases for the rental of property. The leases expire on various dates through June 2029. NYCSBUS determined the net present value of the lease based on the comparable rates of similar leases using 5% and reported a lease liability of \$6,912,965 at June 30, 2022. Total outflows related to the lease agreements were \$1,188,445 for the year ended June 30, 2022.

NYCSBUS was obligated under one additional lease for the rental of property. The lease's maximum possible term was 12 month or less, and is accounted for as a short-term lease where outflows are recognized in the period incurred. Total outflows related to this lease agreement were \$600,000 for the year ended June 30, 2022.

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – LEASE LIABILITY (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Fiscal Year Ending

<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,656,423	\$ 300,068	\$ 1,956,491
2024	1,801,523	213,713	2,015,236
2025	1,194,473	139,583	1,334,056
2026	1,265,638	78,869	1,344,507
2027	568,598	27,938	596,536
2028-2029	<u>426,309</u>	<u>20,860</u>	<u>447,168</u>
	<u>\$ 6,912,965</u>	<u>\$ 781,030</u>	<u>\$ 7,693,995</u>

NOTE 6 – PENSION PLAN

Division 1181 ATU- New York Employees Pension Fund and Plan

NYCSBUS' eligible employees are provided with pension benefits through the Division 1181 A.T.U. – New York Employees' Pension Fund and Plan (the "Local 1181 Fund"), a non-governmental union sponsored plan in which NYCSBUS is not the predominant employer. Only employees that are covered by NYCSBUS's collective bargaining agreement with its drivers and attendants are eligible to participate in the Local 1181 Fund. NYCSBUS entered into the collective bargaining agreement effective October 30, 2021 and it expires June 30, 2023. The Local 1181 Fund is administered by the Board of Trustees of Division 1181 ATU- New York Employees Pension Fund. The Local 1181 Fund is a cost-sharing multiemployer defined benefit plan subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended. Participation begins after 90 days of employment other than casual employees. Casual employees shall be covered under the pension provision when they reach 1,000 hours of service in the industry. Participants earn pension credits for each Plan Year in which they complete at least 1,000 Hours of Service in the industry. There are no partial years of credited service. Participants are vested in a benefit when: (a) if the participant reaches normal retirement age, they will be vested as long as they are in employment in the industry once they reach normal retirement age (b) effective September 1, 1998, if the participant works at least one hour of service after that date, they will be vested upon completing five or more years of vesting service. If the fund is unable to locate a participant or its beneficiary, the benefit will be forfeited in accordance with federal law. For the year ended June 30, 2022, employer pension contributions of \$80.12-\$84.44 and employee contributions of \$35.01-\$45.78 per week were made to the Local 1181 Fund. Pension expense for the year ending June 30, 2022 amounted to \$4,227,804. As of June 30, 2022, there were 1,601 employees covered under the plan.

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6 – PENSION PLAN (Continued)

Consistent with the provisions of GASB Statement No. 78, which provides an exception for non-governmental sponsored plans, no determination of the proportionate share of the net pension liability, pension expense, or deferred outflows or inflows of resources, if any, is made for this cost-sharing defined benefit pension plan. Information regarding the Local 1181 Fund can be obtained by contacting Local 1181-1061 A.T.U. AFL-CIO - at 20 North Central Avenue, Valley Stream, NY 11580, or visiting their website at atu1181.org. The multiemployer pension plan amendments act of 1980 imposes certain liabilities upon employers associated with multiemployer pension plans who withdraw from or terminate such plans. NYCSBUS has no plans to withdraw or partially withdraw from the Plan.

NOTE 7 – CONTINGENCIES

NYCSBUS is a party to certain employment-related legal claims, the outcome of which cannot presently be determined. NYCSBUS is party to certain claims throughout the year involving its buses, which are generally handled by their insurance carrier. Management has determined that there are no specific outstanding claims that require disclosure or accrual in the financial statements.

**NYC SCHOOL BUS UMBRELLA SERVICES, INC.
(A Component Unit of The City of New York)**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER'S REQUIRED CONTRIBUTIONS
LAST 10 FISCAL YEARS* (UNAUDITED)**

Division 1181 ATU - New York Employees Pension Fund and Plan

	<u>2022</u>
Employer's required contribution	\$ 4,227,804
Actual contribution	\$ 4,227,804
Contribution deficiency (excess)	\$ -

*A schedule of the employer's required contributions for each of the 10 most recent fiscal years should be presented as required supplementary information. However, as NYCBUS commenced operations in fiscal year 2021 and entered into the Collective Bargaining Agreement in 2022 this data is presented only for those years for which information is available.