



New York City School Bus Umbrella Services

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

**FINANCIAL STATEMENTS WITH SUPPLEMENTARY
INFORMATION**

(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2025 AND 2024

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

FINANCIAL STATEMENTS WITH SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Report)

YEARS ENDED JUNE 30, 2025 AND 2024

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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 years ended June 30, 2025 and 2024, and the related notes to the financial statements which collectively comprise NYCSBUS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025 and 2024, and the respective changes in its net position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 audits. 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.

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 audits.
- 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 audits 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 10 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 audits 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.

CBIZ CPAs P.C.

New York, NY
September 30, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

NYC School Bus 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's primary source of revenue. On October 29, 2021, NYCSBUS purchased the assets of a former NYC school bus company and it began operating school buses on Monday, November 1, 2021.

The following is a narrative overview and analysis of the financial activities of NYCSBUS for the fiscal years ended June 30, 2025 and 2024. It should be read in conjunction with NYCSBUS's 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 governmental fund financial statements; and (4) the notes to financial statements.

The government-wide financial statements, which include the statements of net position and the statements 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's 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's governmental 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 sheets to the statements of net position, and the reconciliation of the general fund statements of revenues, expenditures and changes in fund balance to the statements 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 years ended June 30, 2025 and 2024 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 \$11,931,166. Net position increased by \$3,633,897 due to revenues greater than expenses during 2025, mainly due to capital contributions recognized as non-cash revenues and decreased by \$2,057,733 due to expenses greater than revenue sources during 2024, mainly due to the recognition of depreciation and amortization as noncash expenses for the years ended June 30, 2025 and 2024, respectively.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

The following summarizes the revenues and expenses related to the governmental activities of NYCSBUS for the years ended June 30, 2025, 2024 and 2023. The non-operating component in fiscal years 2025 and 2024 is made up predominately of costs related to 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>2025</u>	<u>Operating</u>	<u>Non-operating</u>	<u>2024</u>	<u>Operating</u>	<u>Non-operating</u>	<u>2023</u>
REVENUES:									
New York City Department of Education:									
Program revenues	\$ 187,949,927	\$ 342,303	\$ 188,292,230	\$ 174,051,651	\$ -	\$ 174,051,651	\$ 173,917,507	\$ -	\$ 173,917,507
Capital reimbursements	-	-	-	-	815,450	815,450	-	-	-
Grant income	1,117,077	-	1,117,077	1,228,259	-	1,228,259	135,551	-	135,551
In-kind contributions	-	7,443,013	7,443,013	-	-	-	-	-	-
Other income	1,910,499	-	1,910,499	1,192,122	-	1,192,122	221,606	-	221,606
Interest income	181,300	-	181,300	241,331	-	241,331	147,895	-	147,895
TOTAL REVENUES	191,158,803	7,785,316	198,944,119	176,713,363	815,450	177,528,813	174,422,559	-	174,422,559
EXPENSES:									
Salaries and employee benefits - program	140,719,327	-	140,719,327	132,227,942	-	132,227,942	131,700,548	-	131,700,548
Salaries and employee benefits - administrative	4,888,014	-	4,888,014	3,611,953	-	3,611,953	3,823,193	-	3,823,193
Professional fees	3,015,105	-	3,015,105	2,512,577	-	2,512,577	1,910,733	-	1,910,733
Occupancy	5,975,775	-	5,975,775	3,650,199	-	3,650,199	3,468,972	-	3,468,972
Vehicle maintenance and operation	12,910,066	-	12,910,066	12,481,961	-	12,481,961	11,649,960	-	11,649,960
Insurance	19,477,620	-	19,477,620	18,000,865	-	18,000,865	18,183,953	-	18,183,953
Depreciation and amortization	5,046,330	-	5,046,330	4,705,816	-	4,705,816	4,829,967	-	4,829,967
Interest expense	954,592	-	954,592	213,713	-	213,713	300,068	-	300,068
Office and other expenses	2,323,393	-	2,323,393	2,181,520	-	2,181,520	1,874,036	-	1,874,036
TOTAL EXPENSES	195,310,222	-	195,310,222	179,586,546	-	179,586,546	177,741,430	-	177,741,430
CHANGE IN NET POSITION	\$ (4,151,419)	\$ 7,785,316	\$ 3,633,897	\$ (2,873,183)	\$ 815,450	\$ (2,057,733)	\$ (3,318,871)	\$ -	\$ (3,318,871)

For the years ended June 30, 2025 and 2024, NYCSBUS had received approximately \$187.9 million and \$174.9 million, respectively, in contract revenue from the New York City Department of Education ("DOE"), that funded costs of service provided during the year. Program revenue is paid monthly and is based on projected subsequent month expenditures currently due and payable. As a result, NYCSBUS's net excess at year-end of \$3.6 million and net deficit of \$2.1 million, respectively, is equal to differences in the measurement basis for adjustments for capital outlays, depreciation and lease amortization, accrued vacation and sick pay and principal adjustment on long-term debt (leases).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

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

	2025	2024	2023	Variance	
				2025/24	2024/23
REVENUES:					
New York City Department of Education:					
Program revenues	\$ 188,292,230	\$ 174,051,651	\$ 173,917,507	\$ 14,240,579	\$ 134,144
Capital reimbursements	-	815,450	-	(815,450)	815,450
Grant income	1,117,077	1,228,259	135,551	(111,182)	1,092,708
In-kind contributions	7,443,013	-	-	7,443,013	-
Other income	1,910,499	1,192,122	221,606	718,377	970,516
Interest income	181,300	241,331	147,895	(60,031)	93,436
TOTAL REVENUES	198,944,119	177,528,813	174,422,559	21,415,306	3,106,254
EXPENSES:					
Salaries and employee benefits - program	140,719,327	132,227,942	131,700,548	8,491,385	527,394
Salaries and employee benefits - administrative	4,888,014	3,611,953	3,823,193	1,276,061	(211,240)
Professional fees	3,015,105	2,512,577	1,910,733	502,528	601,844
Occupancy	5,975,775	3,650,199	3,468,972	2,325,576	181,227
Vehicle maintenance and operation	12,910,066	12,481,961	11,649,960	428,105	832,001
Insurance	19,477,620	18,000,865	18,183,953	1,476,755	(183,088)
Depreciation and amortization	5,046,330	4,705,816	4,829,967	340,514	(124,151)
Interest expense	954,592	213,713	300,068	740,879	(86,355)
Office and other expenses	2,323,393	2,181,520	1,874,036	141,873	307,484
TOTAL EXPENSES	195,310,222	179,586,546	177,741,430	15,723,676	1,845,116
CHANGE IN NET POSITION	\$ 3,633,897	\$ (2,057,733)	\$ (3,318,871)	\$ 5,691,630	\$ 1,261,138

At the end of the fiscal year, payments and expenses are adjusted to reflect actual costs incurred by NYCSBUS. Therefore, NYCSBUS's 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 statements 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 pay 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, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

During fiscal years 2025, 2024 and 2023, NYCSBUS received \$188.3 million, \$174.9 million and \$173.9 million, respectively, in contractual revenue from the City. Program revenue is paid monthly and is based on projected subsequent month expenses. The increase in program revenues during fiscal year 2025 from 2024 had been a result of NYCSBUS increases in operating costs. NYCSBUS had received a new revenue stream in 2025 for capital contributions. The capital contributions were part of an Environmental Protection Agency ("EPA") tax rebate program, in which NYCSBUS received 25 electric buses and other capital costs to equip the bus depots with charging infrastructure. The capital contributions were received on a non-cash basis by NYCSBUS as the EPA had reimbursed the vendors directly.

Total expenses primarily consisted of salaries and benefits for NYCSBUS administrative workers and drivers and attendants, vehicle maintenance and operation and insurance costs in connection with NYCSBUS accomplishing its mission and its operational needs. Professional fees consist of payments for services for legal, accounting and consultant services associated with bus electrification. Of salaries and benefits, \$140,719,327, \$132,227,942 and \$131,700,548 had been directly related to transportation services provided to the DOE, and \$4,888,014, \$3,611,953 and \$3,823,193 was for administrative overhead for the years ended June 30, 2025, 2024 and 2023, respectively. Expenses incurred during fiscal years 2025, 2024 and 2023 were approximately \$195.3 million, \$179.6 million and \$177.7 million, respectively. Increases in payroll costs in 2025 from 2024 is a result of a growing headcount at NYCSBUS to support its operational needs.

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

	2025	2024	2023	Variance	
				2025/24	2024/23
ASSETS:					
Unrestricted cash and cash equivalents	\$ 28,401,207	\$ 26,606,476	\$ 12,136,423	\$ 1,794,731	\$ 14,470,053
Restricted cash and cash equivalents	2,882,008	5,596,043	6,556,976	(2,714,035)	(960,933)
Other receivables	3,977,272	1,380,159	849,213	2,597,113	530,946
Prepaid expenses and other assets	8,217,896	6,946,031	12,817,616	1,271,865	(5,871,585)
Security deposits	472,393	387,015	387,015	85,378	-
Capital assets:					
Depreciable, net	13,138,886	8,920,396	10,996,665	4,218,490	(2,076,269)
Lease assets, net	17,858,073	19,447,502	4,933,052	(1,589,429)	14,514,450
TOTAL ASSETS	74,947,735	69,283,622	48,676,960	5,664,113	20,606,662
LIABILITIES:					
Accounts payable and accrued expenses	3,887,247	3,699,184	1,686,158	188,063	2,013,026
Accrued salaries and employee benefits	3,398,603	2,284,771	1,315,442	1,113,832	969,329
Unearned revenue	36,664,926	34,931,769	29,745,643	1,733,157	5,186,126
Accrued vacation and sick pay	285,466	287,069	318,174	(1,603)	(31,105)
Current portion of lease liability	1,364,672	1,226,046	1,801,523	138,626	(575,477)
Noncurrent portion of lease liability	17,415,655	18,557,514	3,455,018	(1,141,859)	15,102,496
TOTAL LIABILITIES	63,016,569	60,986,353	38,321,958	2,030,216	22,664,395
TOTAL NET POSITION	\$ 11,931,166	\$ 8,297,269	\$ 10,355,002	\$ 3,633,897	\$ (2,057,733)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

As of June 30, 2025, 2024 and 2023, NYCSBUS's assets totaled \$74.9 million, \$69.3 million and \$48.7 million, respectively. The growth in assets from 2024 to 2025 is primarily related to increases in cash and cash equivalents because of payments received from the DOE exceeding expenditures incurred, an increase in depreciable assets for capital contributions of electric buses and related infrastructure, an increase in other receivables for insurance refunds, the renewal of insurance policies increasing prepaid expenses netted by depreciation and amortization of NYCSBUS's depreciable and lease assets and a decrease in restricted cash and cash equivalents because of the release of a restricted letter of credit for insurance in February 2025. The growth in assets from 2023 to 2024 is primarily related to an increase in cash and cash equivalents because of payments received from the DOE exceeding expenditures made, an increase in lease assets for a new long-term lease entered into by NYCSBUS netted by a decrease in prepaid expenses for amortization of prepaid insurance costs.

Liabilities as of June 30, 2025, 2024 and 2023 were \$63.0 million, \$61.0 million and \$38.3 million, respectively. The growth of liabilities from 2024 to 2025 is primarily related to an increase in unearned revenues due to the DOE for the timing of cash receipts received. The growth of liabilities from 2023 to 2024 is primarily related to an increase in unearned revenues due to DOE for the timing of cash receipts received and increase in lease liability for a new long-term lease entered into by NYCSBUS.

NYCSBUS's June 30, 2025 net position of \$11,931,166 consisted of \$12,216,632 net investment in capital assets, \$15,639,662 was restricted for potential future pension liabilities, and (\$15,925,128) was unrestricted (deficit). A letter of credit was released in February 2025 by NYCSBUS's insurance carrier resulting in a decrease in restricted net position from 2024 to 2025.

NYCSBUS's June 30, 2024 net position of \$8,297,269 consisted of \$8,584,338 net investment in capital assets, \$15,639,662 was restricted for potential future pension liabilities, \$2,714,035 was restricted for letter of credit for insurance carrier, and (\$18,640,766) was unrestricted (deficit).

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

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

				Variance	
	2025	2024	2023	2025/24	2024/23
REVENUES:					
New York City Department of Education:					
Program revenues	\$ 188,292,230	\$ 174,051,651	\$ 173,917,507	\$ 14,240,579	\$ 134,144
Capital reimbursements	-	815,450	-	(815,450)	815,450
Grant income	1,117,077	1,228,259	135,551	(111,182)	1,092,708
In-kind contributions	7,443,013	-	-	7,443,013	-
Other income	1,910,499	1,192,122	221,606	718,377	970,516
Interest income	181,300	241,331	147,895	(60,031)	93,436
TOTAL REVENUES	198,944,119	177,528,813	174,422,559	21,415,306	3,106,254
EXPENDITURES:					
Current:					
Salaries and employee benefits - program	140,720,930	132,259,047	131,555,220	8,461,883	703,827
Salaries and employee benefits - administrative	4,888,014	3,611,953	3,823,193	1,276,061	(211,240)
Professional fees	3,015,105	2,512,577	1,910,733	502,528	601,844
Occupancy	5,975,775	3,650,199	3,468,972	2,325,576	181,227
Vehicle maintenance and operations	12,910,066	12,481,961	11,649,960	428,105	832,001
Insurance	19,477,620	18,000,865	18,183,953	1,476,755	(183,088)
Office and other expenses	2,323,393	2,181,520	1,874,036	141,873	307,484
Debt service:					
Principal	1,235,611	1,801,528	1,656,424	(565,917)	145,104
Interest	954,592	213,713	300,068	740,879	(86,355)
Capital outlay	7,675,391	17,143,997	-	(9,468,606)	17,143,997
TOTAL EXPENDITURES	199,176,497	193,857,360	174,422,559	5,319,137	19,434,801
Excess of expenditures over revenues	(232,378)	(16,328,547)	-	16,096,169	(16,328,547)
OTHER FINANCING SOURCES:					
Issuance of lease financing	232,378	16,328,547	-	(16,096,169)	16,328,547
Total other financing sources	232,378	16,328,547	-	(16,096,169)	16,328,547
NET CHANGE IN FUND BALANCE	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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. NYCSBUS had received a new revenue stream in 2025 for capital contributions. The capital contributions were part of an EPA tax rebate program, in which NYCSBUS received 25 electric buses and other capital costs to equip the bus depots with charging infrastructure. The capital contributions were received on a non-cash basis by NYCSBUS as the EPA had reimbursed the vendors directly.

Total expenditures primarily consisted of salaries and employee benefits for NYCSBUS bus drivers, attendants and administration, as well as insurance costs in connection with NYCSBUS accomplishing its mission. Expenditures incurred during fiscal years 2025, 2024 and 2023 were \$199.2 million, \$193.9 million and \$174.4 million, respectively. Increases in payroll costs in 2025 from 2024 is a result of a growing headcount at NYCSBUS to support its operational needs. The decrease in capital outlays in 2025 from 2024 was due to lease assets obtained for a 25-year lease in 2024 netted by the electric buses and related infrastructure received in 2025. Overall, the increase in expenditures from 2023 to 2024 had been for capital outlay related to the purchase of new buses and for the right-of-use asset for a new 25-year lease in 2024. The decrease in issuance of lease financing in 2025 from 2024 was due to the attainment of the new 25-year lease in 2024.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>Variance</u>	
				<u>2025/24</u>	<u>2024/23</u>
ASSETS:					
Unrestricted cash and cash equivalents	\$ 28,401,207	\$ 26,606,476	\$ 12,136,423	\$ 1,794,731	\$ 14,470,053
Restricted cash and cash equivalents	2,882,008	5,596,043	6,556,976	(2,714,035)	(960,933)
Other receivables	3,977,272	1,380,159	849,213	2,597,113	530,946
Prepaid expenses and other assets	8,217,896	6,946,031	12,817,616	1,271,865	(5,871,585)
Security deposits	<u>472,393</u>	<u>387,015</u>	<u>387,015</u>	<u>85,378</u>	<u>-</u>
TOTAL ASSETS	\$ 43,950,776	\$ 40,915,724	\$ 32,747,243	\$ 3,035,052	\$ 8,168,481
LIABILITIES:					
Accounts payable and accrued expenses	\$ 3,887,247	\$ 3,699,184	\$ 1,686,158	\$ 188,063	\$ 2,013,026
Accrued salaries and employee benefits	3,388,603	2,284,771	1,315,442	1,113,832	969,329
Unearned revenue	<u>36,664,926</u>	<u>34,931,769</u>	<u>29,745,643</u>	<u>1,733,157</u>	<u>5,186,126</u>
TOTAL LIABILITIES	<u>43,950,776</u>	<u>40,915,724</u>	<u>32,747,243</u>	<u>3,035,052</u>	<u>8,168,481</u>
FUND BALANCE					
Nonspendable	8,690,289	7,333,046	13,204,631	1,357,243	(5,871,585)
Restricted	2,882,008	5,596,043	6,556,976	(2,714,035)	(960,933)
Unassigned	<u>(11,572,297)</u>	<u>(12,929,089)</u>	<u>(19,761,607)</u>	<u>1,356,792</u>	<u>6,832,518</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ 43,950,776	\$ 40,915,724	\$ 32,747,243	\$ 3,035,052	\$ 8,168,481

The GF assets at June 30, 2025, 2024 and 2023 were \$44.0 million, \$40.9 million and \$32.7 million, respectively. The assets recorded in the GF as of June 30, 2025, 2024 and 2023, respectively, are unrestricted cash and cash equivalents, restricted cash and cash equivalents, other receivables for insurance refunds and non-DOE sourced grant receivables, prepaid expenditures primarily consisting of prepaid insurance and other assets primarily consisting of refundable sales tax and security deposits held for NYCSBUS's leases. Growth in assets from 2024 to 2025 was caused by increases in cash and cash equivalents due to payments received from the DOE exceeding expenditures incurred, increase in other receivables for insurance refunds and the renewal of insurance policies increasing prepaid expenses netted by a decrease in restricted cash and cash equivalents because of the release of a restricted of letter of credit for insurance in February 2025. Growth in assets from 2023 to 2024 was caused by increases in cash and cash equivalents because of payments received from the DOE exceeding expenditures incurred, netted by a decrease in prepaid expenses for amortization of prepaid insurance costs.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025 AND 2024

(Unaudited)

FINANCIAL HIGHLIGHTS AND OVERALL ANALYSIS – FINANCIAL STATEMENTS (Continued)

Unearned revenue increased from 2024 to 2025 and 2023 to 2024 due to payments received from the DOE exceeding expenditures incurred. Accounts payable and accrued expenses increased from 2024 to 2025 and 2023 to 2024 due to the timing of cash outflows.

As program revenue is paid monthly and is based on actual monthly expenditures, the GF fund balance was zero as of June 30, 2025, 2024 and 2023.

This financial report is designed to provide a general overview of NYCSBUS's 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.

* * *

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

STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024

ASSETS:	2025	2024
Unrestricted cash and cash equivalents (Note 3)	\$ 28,401,207	\$ 26,606,476
Restricted cash and cash equivalents (Note 3)	2,882,008	5,596,043
Other receivables	3,977,272	1,380,159
Prepaid expenses and other assets	8,217,896	6,946,031
Security deposits	472,393	387,015
Capital assets (Note 4):		
Depreciable, net	13,138,886	8,920,396
Lease assets, net	17,858,073	19,447,502
TOTAL ASSETS	\$ 74,947,735	\$ 69,283,622
LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,887,247	\$ 3,699,184
Accrued salaries and employee benefits	3,398,603	2,284,771
Unearned revenue	36,664,926	34,931,769
Accrued vacation and sick pay	285,466	287,069
Current portion of lease liability (Note 5)	1,364,672	1,226,046
Noncurrent portion of lease liability (Note 5)	17,415,655	18,557,514
TOTAL LIABILITIES	63,016,569	60,986,353
NET POSITION (Note 2B):		
Net investment in capital assets	12,216,632	8,584,338
Restricted for potential future pension costs (Notes 1 and 3)	15,639,662	15,639,662
Restricted for letter of credit for insurance carrier (Note 3)	-	2,714,035
Unrestricted	(15,925,128)	(18,640,766)
TOTAL NET POSITION	\$ 11,931,166	\$ 8,297,269

The accompanying notes are an integral part of these financial statements.

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES:		
New York City Department of Education:		
Program revenues	\$ 188,292,230	\$ 174,051,651
Capital reimbursements	-	815,450
Grant income	1,117,077	1,228,259
In-kind contributions (Note 4)	7,443,013	-
Other income	1,910,499	1,192,122
Interest income	181,300	241,331
Total revenues	<u>198,944,119</u>	<u>177,528,813</u>
EXPENSES:		
Salaries and employee benefits - program (Note 6)	140,719,327	132,227,942
Salaries and employee benefits - administrative (Note 6)	4,888,014	3,611,953
Professional fees	3,015,105	2,512,577
Occupancy (Note 5)	5,975,775	3,650,199
Vehicle maintenance and operations	12,910,066	12,481,961
Insurance	19,477,620	18,000,865
Depreciation and amortization (Note 4)	5,046,330	4,705,816
Interest expense (Note 5)	954,592	213,713
Office and other expenses	2,323,393	2,181,520
Total expenses	<u>195,310,222</u>	<u>179,586,546</u>
Changes in net position	3,633,897	(2,057,733)
Net position - beginning of year	<u>8,297,269</u>	<u>10,355,002</u>
Net position - end of year	<u>\$ 11,931,166</u>	<u>\$ 8,297,269</u>

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

GENERAL FUND BALANCE SHEETS
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS:		
Unrestricted cash and cash equivalents	\$ 28,401,207	\$ 26,606,476
Restricted cash and cash equivalents	2,882,008	5,596,043
Other receivables	3,977,272	1,380,159
Prepaid expenses and other assets	8,217,896	6,946,031
Security deposits	<u>472,393</u>	<u>387,015</u>
TOTAL ASSETS	<u>\$ 43,950,776</u>	<u>\$ 40,915,724</u>
LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,887,247	\$ 3,699,184
Accrued salaries and employee benefits	3,398,603	2,284,771
Unearned revenue	<u>36,664,926</u>	<u>34,931,769</u>
TOTAL LIABILITIES	<u>43,950,776</u>	<u>40,915,724</u>
FUND BALANCE:		
Nonspendable	8,690,289	7,333,046
Restricted	2,882,008	5,596,043
Unassigned	<u>(11,572,297)</u>	<u>(12,929,089)</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 43,950,776</u>	<u>\$ 40,915,724</u>

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

RECONCILIATION OF THE GENERAL FUND BALANCE SHEETS TO THE STATEMENTS OF NET POSITION
AS OF JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
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	13,138,886	8,920,396
Lease assets, net	17,858,073	19,447,502
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	(285,466)	(287,069)
Lease liability	<u>(18,780,327)</u>	<u>(19,783,560)</u>
Net position of governmental activities	<u>\$ 11,931,166</u>	<u>\$ 8,297,269</u>

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

GENERAL FUND STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
REVENUES:		
New York City Department of Education:		
Program revenues	\$ 188,292,230	\$ 174,051,651
Capital reimbursements	-	815,450
Grant income	1,117,077	1,228,259
In-kind contributions (Note 4)	7,443,013	-
Other income	1,910,499	1,192,122
Interest income	<u>181,300</u>	<u>241,331</u>
Total revenues	<u>198,944,119</u>	<u>177,528,813</u>
EXPENDITURES:		
Current:		
Salaries and employee benefits - program	140,720,930	132,259,047
Salaries and employee benefits - administrative	4,888,014	3,611,953
Professional fees	3,015,105	2,512,577
Occupancy	5,975,775	3,650,199
Vehicle maintenance and operations	12,910,066	12,481,961
Insurance	19,477,620	18,000,865
Office and other expenses	2,323,393	2,181,520
Debt Service:		
Principal	1,235,611	1,801,528
Interest	954,592	213,713
Capital Outlay	<u>7,675,391</u>	<u>17,143,997</u>
Total expenditures	<u>199,176,497</u>	<u>193,857,360</u>
Excess of expenditures over revenue	<u>(232,378)</u>	<u>(16,328,547)</u>
OTHER FINANCING SOURCES:		
Issuance of lease financing	<u>232,378</u>	<u>16,328,547</u>
Total other financing sources	<u>232,378</u>	<u>16,328,547</u>
NET CHANGE IN FUND BALANCE	-	-
Fund balance - beginning of year	<u>-</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>

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 STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Net change in fund balance - general fund	\$ -	\$ -
Amounts reported in the statements of activities are different because:		
The general fund reports capital outlays as expenditures. However, in the statements 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:		
Purchase of capital assets	-	815,450
Donations of capital assets	7,443,013	-
Lease assets	232,378	16,328,547
Depreciation and amortization	(5,046,330)	(4,705,816)
Accrued vacation and sick pay is reported in the statements of activities on the accrual basis, but is reported as an expenditure in the general fund when the outlay of financial resources is required.	1,603	31,105
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.		
Issuance of long-term debt (lease financing)	(232,378)	(16,328,547)
Principal	<u>1,235,611</u>	<u>1,801,528</u>
Change in net position - governmental activities	<u>\$ 3,633,897</u>	<u>\$ (2,057,733)</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

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 a 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’s primary 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’s 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. In consideration of the exchange of the assets, NYCSBUS recognized approximately \$12.7 million to its restricted net position. As part of an Escrow Agreement dated August 31, 2022, NYCSBUS and the Seller agreed to provide the Division 1181 ATU - New York Employees’ Pension Fund (the “Local 1181 Fund”) with security in the form of a bond or escrow under the Employee Retirement Income Security Act of 1974 (“ERISA”) Section 4204 for the first plan year after the Closing Date and for each of the four plan years thereafter. During the year ended June 30, 2023, NYCSBUS contributed approximately \$2.88 million as its share of the escrow funding. There were no contributions to the escrow funding for the years ended June 30, 2025 and 2024. Therefore, in consideration of the exchange of the assets and escrow funding described previously, NYCSBUS has determined that approximately \$15.6 million of net position is restricted for future pension costs as reported on the statements of net position as of both June 30, 2025 and 2024.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

The government-wide financial statements of NYCSBUS, which include the statements of net position and the statements 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.

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

NYCSBUS's 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 in excess of 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's administrative and operating expenditures. Fund balances are classified as either 1) nonspendable, 2) restricted, 3) committed, 4) assigned, or 5) unassigned.

Fund balances that cannot be spent because it is not in spendable form (prepaid amounts) are accounted for as nonspendable.

If and when fund balances have constraints placed on the use of such, either by: (1) external groups such as creditors, grantors or contributions, or law or regulations of other governments; or (2) law through constitutional provisions or enabling legislation such resources are accounted for and reported as restricted unless and until these constraints are released.

The Board of NYCSBUS constitutes NYCSBUS's 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, those fund balances 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Net Position and Fund Balance (Continued)

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 statements of net position and unassigned in the general fund balance sheets.

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

C. Prepaids

Prepaids represent amounts paid as of year-end, which will benefit future operations and are accounted for using the consumption method. Typically, NYCSBUS's 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's 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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. New Accounting Pronouncements

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 adopted GASB 101 as of July 1, 2024 and determined that there was no significant impact.

GASB Statement No. 102, Certain Risk Disclosures (“GASB 102”), has been issued to provide users of governmental financial statements with essential information about risk related to a government’s vulnerabilities to certain concentrations or constraints. GASB 102 requires that governments assess whether a concentration or constraint makes the primary government reporting unit or other units that report a liability for revenue debt vulnerable to the risk of a substantial impact. GASB 102 also requires the government to assess whether an event or events associated with a concentration or constraint that could have substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If the government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose the information in the notes to financial statements. The requirements of GASB 102 are effective for fiscal years beginning after June 15, 2024. NYCSBUS adopted GASB 102 as of July 1, 2024 and determined that there was no impact as no additional disclosures were required to be made in the financial statements.

GASB Statement No. 103, Financial Reporting Model Improvements, (“GASB 103”), has been issued to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. GASB 103 describes changes to the information presented in management’s discussion and analysis (MD&A), while stressing and emphasizing information included within. Additionally, GASB 103 provides the description on unusual or infrequent items, and their reporting requirements. GASB 103 also provides guidance on other reporting requirements inclusive of the presentation of the Proprietary Fund statement of revenues, expenses and changes in fund net position; major component unit information and budgetary comparison information. The requirements of GASB 103 are effective for fiscal years beginning after June 15, 2024. NYCSBUS has not completed its evaluation of GASB 103.

GASB Statement No. 104, Disclosure of Certain Capital Assets (“GASB 104”), has been issued to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and compatibility between governments. The requirements of GASB 104 are effective for fiscal years beginning after June 15, 2025. The Corporation has not completed its evaluation of the potential impact of adopting GASB 104.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 3 – CASH AND CASH EQUIVALENTS

As of June 30, 2025 and 2024, NYCSBUS's cash was comprised of unrestricted bank deposits in the amounts of \$21,803,000 and \$17,588,000 and restricted bank deposits in the amounts of approximately \$2,882,000 and \$5,596,000, respectively. Restricted bank deposits amounting to approximately \$2,882,000 were held in escrow as of both June 30, 2025 and 2024 as part of the Asset Purchase Agreement dated June 22, 2021 and an Escrow Agreement dated August 31, 2022 with the Seller. As of June 30, 2024, approximately \$2,714,000 of the restricted cash was held with the term of a letter of credit. The letter of credit is irrevocable and the beneficiary is NYCSBUS's insurance company. The letter of credit ended February 2025 and the restricted cash to maintain the letter of credit was released.

As of June 30, 2025 and 2024, NYCSBUS's cash equivalents were also held in money market funds in the amounts of approximately \$6,598,000 and \$9,019,000, respectively. 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's money market funds are valued based upon quoted prices in active markets (Level 1 inputs).

NYCSBUS entered into an agreement with Amalgamated Bank during the year ended June 30, 2023 for a cash sweep account with the bank's IntraFi Cash Service ("ICS"), which spreads the account balance over a number of banks so as not to exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limit. The cash held with Amalgamated Bank ICS account was approximately \$16.0 million and \$12.1 million as of June 30, 2025 and 2024, respectively, and is effectively FDIC insured. NYCSBUS entered into a third-party custodian agreement with Amalgamated Bank during the year ended June 30, 2024 to secure all uninsured bank deposits held with the banking institution. Of the remaining cash and cash equivalents held by NYCSBUS, \$250,000 was covered by FDIC insurance at a banking institution. NYCSBUS maintains certain cash accounts in excess of FDIC insurance limits to comply with its escrow agreements. As of June 30, 2025 and 2024, there was approximately \$2.6 million and \$5.6 million, respectively, of unrestricted and restricted cash and cash equivalents held by a bank that exceeded FDIC limits which was uninsured and uncollateralized.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital asset activity for the years ended June 30, 2025 and 2024:

	<u>Balance 6/30/2024</u>	<u>Additions*</u>	<u>Deductions</u>	<u>Balance 6/30/2025</u>
Service Vehicles/ Buses	\$ 16,849,056	\$ 7,125,000	\$ (11,719)	\$ 23,962,337
Leasehold Improvement	-	318,013	-	318,013
Compuer Equipment	<u>60,657</u>	<u>-</u>	<u>-</u>	<u>60,657</u>
Total depreciable capital assets	16,909,713	7,443,013	(11,719)	24,341,007
Less: accumulated depreciation and amortization				
Service Vehicles/ Buses	(7,961,009)	(3,196,490)	11,719	(11,145,780)
Leasehold Improvement	-	(15,901)	-	(15,901)
Compuer Equipment	<u>(28,308)</u>	<u>(12,132)</u>	<u>-</u>	<u>(40,440)</u>
Total accumulated depreciation and amortization	<u>(7,989,317)</u>	<u>(3,224,523)</u>	<u>11,719</u>	<u>(11,202,121)</u>
Lease assets being amortized, net	<u>19,447,502</u>	<u>232,378</u>	<u>(1,821,807)</u>	<u>17,858,073</u>
Total net capital assets	<u>\$ 28,367,898</u>	<u>\$ 4,450,868</u>	<u>\$ (1,821,807)</u>	<u>\$ 30,996,959</u>

*All depreciable capital asset additions during 2025 were received as a non-cash capital contribution.

	<u>Balance 6/30/2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2024</u>
Service Vehicles/ Buses	\$ 16,070,801	\$ 815,450	\$ (37,195)	\$ 16,849,056
Compuer Equipment	<u>60,657</u>	<u>-</u>	<u>-</u>	<u>60,657</u>
Total depreciable capital assets	16,131,458	815,450	(37,195)	16,909,713
Less: accumulated depreciation and amortization				
Service Vehicles/ Buses	(5,118,617)	(2,879,587)	37,195	(7,961,009)
Compuer Equipment	<u>(16,176)</u>	<u>(12,132)</u>	<u>-</u>	<u>(28,308)</u>
Total accumulated depreciation and amortization	<u>(5,134,793)</u>	<u>(2,891,719)</u>	<u>37,195</u>	<u>(7,989,317)</u>
Lease assets being amortized, net	<u>4,933,052</u>	<u>16,328,547</u>	<u>(1,814,097)</u>	<u>19,447,502</u>
Total net capital assets	<u>\$ 15,929,717</u>	<u>\$ 14,252,278</u>	<u>\$ (1,814,097)</u>	<u>\$ 28,367,898</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 5 – LEASE LIABILITY

NYCSBUS is obligated under five leases for the rental of property. The leases expire on various dates through June 2039. NYCSBUS determined the net present value of the lease based on the comparable rates of similar leases using a 5% discount rate and reported a lease liability of \$18,780,327 and \$19,783,560 at June 30, 2025 and 2024, respectively. Total outflows related to the lease agreements were \$2,190,203 and \$2,015,241 for the years ended June 30, 2025 and 2024, respectively.

During the years ended June 30, 2025 and 2024, NYCSBUS was obligated under three and two additional non-multi-year leases, respectively, for the rental of property. The lease's maximum possible term was 12 months or less, and is accounted for as a short-term lease where outflows are recognized in the period incurred. Total outflows related to these lease agreements were \$3,364,538 and \$1,928,747, respectively, for the Jamaica location, \$320,922 only for the year ended June 30, 2025 for Connors Street, and \$138,000 and \$138,000, respectively, for the Sharotts Road locations during the years ended June 30, 2025 and 2024, respectively.

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

Fiscal Years Ending

<u>June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,364,673	\$ 898,787	\$ 2,263,460
2027	701,025	842,032	1,543,057
2028	372,906	822,290	1,195,196
2029	428,825	802,226	1,231,051
2030	234,121	785,818	1,019,939
Thereafter	<u>15,678,777</u>	<u>9,626,538</u>	<u>25,305,315</u>
	<u>\$ 18,780,327</u>	<u>\$ 13,777,691</u>	<u>\$ 32,558,018</u>

NYC SCHOOL BUS UMBRELLA SERVICES, INC.
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

NOTE 6 – PENSION PLAN

Division 1181 ATU- New York Employees Pension Fund and Plan

NYCSBUS's eligible employees are provided with pension benefits through 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, which expired June 30, 2023, and was extended through June 30, 2028. 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 ERISA, as amended. Participation begins after 90 days of employment for all employees other than casual employees. Casual employees are 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: (a) if the participant reaches normal retirement age, they will be vested as long as they are employed 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. Effective July 2024, July 2023 and September 2022, respectively, employer pension contributions between \$85.72 - \$90.13, \$83.72 - \$88.13 and \$81.72 - \$86.13 and employee contributions of \$35.71 - \$46.70, \$35.71 - \$46.70 and \$35.71 - \$46.70, per week, were made to the Local 1181 Fund. Pension expense for the years ending June 30, 2025 and 2024 amounted to \$6,447,936 and \$5,175,322, respectively. As of June 30, 2025 and 2024, there were 1,647 and 1,570 employees, respectively, covered under the plan.

Consistent with the provisions of GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Pension Plans*, 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 party to certain employment-related and other legal claims, the outcomes of which cannot presently be determined. NYCSBUS is a 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.
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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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Employer's required contribution	\$ 6,447,936	\$ 5,175,322	\$ 5,298,094	\$ 4,227,804
Actual contribution	\$ 6,447,936	\$ 5,175,322	\$ 5,298,094	\$ 4,227,804
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -

*A schedule of the employer's required contributions for each of the ten most recent fiscal years should be presented as required supplementary information. However, as NYCSBUS 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.