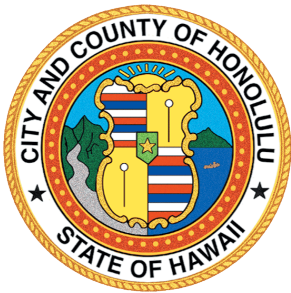




Office of the City Auditor



**City and County of
Honolulu
State of Hawai`i**

**City and County of Honolulu
Public Transportation System
Bus and Paratransit Operations**

**Financial Statements and Supplementary Schedules
June 30, 2021 and 2020**

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Index

	Page(s)
Report of Independent Auditors	
Management’s Discussion and Analysis	4–9
Financial Statements	
Statements of Net Position	
June 30, 2021 and 2020	10
Statements of Revenues, Expenses, and Change in Net Position	
Years Ended June 30, 2021 and 2020	11
Statements of Cash Flows	
Years Ended June 30, 2021 and 2020	12
Notes to Financial Statements	
June 30, 2021 and 2020	13–21
Supplementary Schedules	
Combining Statement of Net Position	
June 30, 2021	22
Combining Statement of Net Position	
June 30, 2020	23
Combining Statement of Revenues, Expenses, and Change in Net Position	
Year Ended June 30, 2021	24
Combining Statement of Revenues, Expenses, and Change in Net Position	
Year Ended June 30, 2020	25



Report of Independent Auditors

To the Chair and Members of the City Council
City and County of Honolulu

Report on the Financial Statements

We have audited the accompanying financial statements of the City and County of Honolulu, Public Transportation System – Bus and Paratransit Operations (“Bus and Paratransit Operations”), as of June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the index.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bus and Paratransit Operations as of June 30, 2021, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Bus and Paratransit Operations and do not purport to, and do not present fairly the financial position of the City and County of Honolulu as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bus and Paratransit Operations' basic financial statements. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements



themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Accuity LLP

Honolulu, Hawaii
November 24, 2021

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2021 and 2020

This section of the City and County of Honolulu, Public Transportation System – Bus and Paratransit Operations’ (“Bus and Paratransit Operations”) financial report presents the reader with an introduction and overview of the Bus and Paratransit Operations’ financial performance during the year ended June 30, 2021. Please read it in conjunction with the Bus and Paratransit Operations’ financial statements, which follow this section.

The City and County of Honolulu’s public transportation system plays a vital role in Hawaii’s economy as the primary means of public transportation on the island of Oahu. The Bus Operations unit (“TheBus”) provides regular bus services to the public, and the Paratransit Operations unit (“Handi-Van”) provides van transportation services for those people who cannot readily use the bus services.

Financial Highlights

On March 11, 2020, the World Health Organization declared an outbreak of the coronavirus infection (“COVID-19”) to be a global pandemic. The City and County of Honolulu deemed TheBus and Handi-Van to be essential services as they provide transportation for the public to meet essential needs.

The effects of the pandemic continued to be felt throughout the year ended June 30, 2021. During the onset of the COVID-19 outbreak in March 2020, ridership plummeted to approximately 30% in the following month of April 2020 compared to April 2019 for both bus and paratransit operations. Demand for public transportation services have since recovered with current ridership in June 2021 for TheBus and Handi-Van at approximately 60% and 70%, respectively, compared to June 2019. Bus service level provided to the public was reduced to approximately 90% of pre-pandemic levels to meet essential needs and to support social distancing on board the bus. Being a direct demand service, paratransit service level mostly paralleled its ridership, with some additional service to provide social distancing measures.

As a result of the reduced ridership, total revenue decreased by approximately 43% and 54% from fiscal year 2020 and fiscal year 2019, respectively. It is anticipated that the COVID-19 pandemic will continue to impact public transit ridership during fiscal year 2022. However, Oahu Transit Services, Inc. (“OTS”) is hopeful ridership will continue in a positive trend with vaccine acceptance and mandates. Maintaining services at near 100% of pre-pandemic levels to provide essential service needs, as well as social distancing measures, has resulted in the majority of the operating expenses to remain.

Management is continuing to evaluate the effects that COVID-19 will have on the operations of OTS.

Other financial highlights for the year ended June 30, 2021 are as follows:

- The Bus and Paratransit Operations’ net position increased by \$34.5 million or 19.5% during the year ended June 30, 2021. The term “net position” refers to the difference between assets and deferred outflows of resources and liabilities.
- Operating revenues decreased by \$20.0 million or 43.0% over the prior fiscal year.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2021 and 2020

- Transfers and contributions increased by \$55.8 million or 23.5% over the prior fiscal year.
- Total expenses for the year ended June 30, 2021 decreased by approximately \$8.7 million or 3.0% compared to the prior fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to TheBus and Handi-Van’s financial statements, which is comprised of the basic financial statements, notes to the financial statements, and supplementary schedules.

The basic financial statements are designed to provide readers with a broad overview of TheBus and Handi-Van’s finances, in a manner similar to a private-sector business.

The statements of net position present information of TheBus and Handi-Van’s assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of TheBus and Handi-Van is improving or deteriorating. Net position increases when revenues and subsidies exceed expenses. Increases to assets, without a corresponding increase to liabilities, results in increased net position, which indicates an improved financial position.

The statements of revenues, expenses, and change in net position present information showing how TheBus and Handi-Van’s net position changed during the past two fiscal years. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The statements of cash flows report cash receipts, cash payments, and net changes in cash resulting from operations, investing, noncapital financing, and capital financing activities.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

In addition to the basic financial statements and accompanying notes to financial statements, this report also presents the combining statements of net position and operations for the separate balances and transactions for TheBus and Handi-Van as of and for the years ended June 30, 2021 and 2020.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2021 and 2020

Financial Analysis

A condensed summary of the Bus and Paratransit Operations’ net position at June 30, 2021, 2020 and 2019 is shown below:

Table 1
Condensed Statements of Net Position
(in thousands of dollars)

	2021	2020	2019
Current and other assets	\$ 67,984	\$ 22,012	\$ 22,051
Restricted assets	2,028	960	964
Capital assets, net	184,184	190,456	196,963
Total assets	<u>254,196</u>	<u>213,428</u>	<u>219,978</u>
Total deferred outflows of resources	<u>983</u>	<u>992</u>	<u>1,259</u>
Current liabilities	14,166	12,434	11,838
Noncurrent liabilities	29,865	25,351	22,808
Total liabilities	<u>44,031</u>	<u>37,785</u>	<u>34,646</u>
Net position			
Net investment in capital assets	184,184	190,456	196,963
Unrestricted	<u>26,964</u>	<u>(13,821)</u>	<u>(10,372)</u>
Total net position	<u>\$ 211,148</u>	<u>\$ 176,635</u>	<u>\$ 186,591</u>

The total assets exceed liabilities by approximately \$211.1 million, \$176.6 million and \$186.6 million at June 30, 2021, 2020 and 2019, respectively. Net position increased by approximately \$34.5 million or 19.5% from June 30, 2020, and decreased by approximately \$10.0 million or 5.3% from June 30, 2019. The largest portion of the Bus and Paratransit Operations’ net position represents its investment in capital assets (e.g., buses, paratransit vans, buildings, maintenance equipment, etc.). The Bus and Paratransit Operations use these capital assets to provide services to the users of the public transportation system; consequently, these assets are not available to liquidate liabilities or for future spending.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2021 and 2020

A summary of operations and changes in net position for the years ended June 30, 2021, 2020 and 2019 follows:

Table 2
Condensed Statements of Revenues, Expenses, and Change in Net Position
(in thousands of dollars)

	2021	2020	2019
Operating revenues	\$ 26,535	\$ 46,551	\$ 57,260
Total revenues	<u>26,535</u>	<u>46,551</u>	<u>57,260</u>
Depreciation	21,428	19,754	20,714
Other operating expenses	263,509	273,897	259,085
Nonoperating expenses	191	149	11
Total expenses	<u>285,128</u>	<u>293,800</u>	<u>279,810</u>
Loss before transfers and contributions	(258,593)	(247,249)	(222,550)
Transfers and contributions	<u>293,106</u>	<u>237,293</u>	<u>215,738</u>
Change in net position	<u>\$ 34,513</u>	<u>\$ (9,956)</u>	<u>\$ (6,812)</u>

The change in net position is an indicator of whether the overall fiscal condition of the Bus and Paratransit Operations improved or declined during the fiscal year. The total net position may serve over time as a useful indicator of the Bus and Paratransit Operations’ financial position.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2021 and 2020

Capital Asset and Debt Administration

As of June 30, 2021, the Bus and Paratransit Operations had \$184.2 million invested in capital assets as shown in Table 3. There were net decreases (additions, deductions and depreciation) of approximately \$6.3 million or 3.3% and \$6.5 million or 3.3% for the years ended June 30, 2021 and 2020, respectively.

Table 3
Capital Assets
(in thousands of dollars)

	2021	2020	2019
Buses	\$ 270,933	\$ 267,718	\$ 269,956
Buildings and improvements	85,744	85,744	85,744
Shop and office equipment	30,079	30,229	29,527
Paratransit vans	27,989	24,377	21,304
Automobiles and trucks	3,277	3,226	3,203
	<u>418,022</u>	<u>411,294</u>	<u>409,734</u>
Less: Accumulated depreciation	<u>288,308</u>	<u>282,913</u>	<u>267,047</u>
	129,714	128,381	142,687
Land	53,985	53,985	53,985
Construction in progress	485	8,090	291
	<u>\$ 184,184</u>	<u>\$ 190,456</u>	<u>\$ 196,963</u>

Major capital asset additions and disposals to the public transportation system for the year ended June 30, 2021, included the following:

- Acquisition of 57 paratransit vans for \$8.1 million.
- Disposal of older buses, paratransit vans, automobiles, trucks and equipment with an original cost of \$15.8 million.
- Acquisition of 16 diesel and 3 electric buses for \$14.6 million.

Currently Known Facts, Decisions or Conditions

The City and County of Honolulu deemed TheBus and Handi-Van to be essential services as they provide transportation for the public to meet essential needs. Therefore, TheBus and Handi-Van operations have been maintained at near 100% of pre-pandemic levels during the COVID-19 outbreak. No significant changes to service levels are expected in fiscal year 2022.

Currently, plans for expansion of bus service to address possible interim opening of rail is under review by the Department of Transportation Services (“DTS”). Funding and staff resources are the main factors being considered.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2021 and 2020

The Handi-Van fleet expanded from 190 to 207 vehicles to address social distancing measures as ridership begins to climb. Van fleet replacement options and alternative vehicle types are being reviewed for future procurements.

OTS manages, operates and maintains the Bus and Paratransit Operations on behalf of the City and County of Honolulu. The management agreement between the City and County of Honolulu and OTS provides for the payment of \$117,130 per quarter beginning with the quarter ended September 30, 2010 until a new management and operations agreement is executed. Efforts to update and renew the agreement have been ongoing for 11 years with no significant progress. The agreement allows parties to arbitrate disputes through a form of alternative dispute resolution to resolve stalemate in negotiation. As of current, OTS is uncertain when a new management agreement will be in place.

The collective bargaining agreement between OTS, for its bus operations, and the Hawaii Teamsters and Allied Workers Union, Local 996, is effective from July 1, 2018 through June 2025.

During the year ended June 30, 2021, the collective bargaining agreement between OTS, for its paratransit operations, and the Hawaii Teamsters and Allied Workers Union, Local 996, effective from April 1, 2015 through March 31, 2021, was extended for one year to March 31, 2022.

In 2020, the City and County of Honolulu awarded the HOLO Card service manager contract to Ulu Hi-Tech. The contract also awarded work to subcontractor, Poukihi, who is responsible for HOLO financial accounting and reconciliation services. Effective July 1, 2021, paper passes were no longer available as the City fully transitioned to the HOLO electronic fare card system. HOLO cards can be loaded with money to pay for fares on TheBus with plans to expand the card’s use to the Handi-Van and Honolulu rail, as well as other City managed services.

Request for Information

The financial report is designed to provide a general overview of the Bus and Paratransit Operations’ finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to the City and County of Honolulu, Department of Transportation Services, 650 South King Street, 3rd Floor; Honolulu, Hawaii 96813.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 52,005,223	\$ 9,298,146
Accounts receivable	1,623,858	1,175,950
Advance to Oahu Transit Services, Inc. for accrued expenses	2,089,493	1,575,155
Parts, supplies and fuel inventories	<u>12,265,105</u>	<u>9,962,292</u>
Total current assets	67,983,679	22,011,543
Restricted assets held by Oahu Transit Services, Inc.	2,028,410	959,957
Capital assets, net	<u>184,184,447</u>	<u>190,456,466</u>
Total assets	<u>254,196,536</u>	<u>213,427,966</u>
Deferred outflows of resources		
Deferred outflows on asset retirement obligation	<u>982,645</u>	<u>991,868</u>
Total assets and deferred outflows of resources	<u>\$ 255,179,181</u>	<u>\$ 214,419,834</u>
Liabilities and Net Position		
Current liabilities		
Unearned revenue	\$ 1,672,911	\$ 1,012,131
Reserve for insurance claims payable	<u>12,492,777</u>	<u>11,421,675</u>
Total current liabilities	14,165,688	12,433,806
Asset retirement obligation	5,875,008	5,616,640
Reserve for insurance claims payable, noncurrent	<u>23,990,143</u>	<u>19,734,634</u>
Total liabilities	<u>44,030,839</u>	<u>37,785,080</u>
Commitments and contingencies		
Net position		
Net investment in capital assets	184,184,447	190,456,466
Unrestricted	<u>26,963,895</u>	<u>(13,821,712)</u>
Total net position	<u>211,148,342</u>	<u>176,634,754</u>
Total liabilities and net position	<u>\$ 255,179,181</u>	<u>\$ 214,419,834</u>

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

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Statements of Revenues, Expenses, and Change in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues		
Passenger fares for transit services	\$ 26,319,192	\$ 46,214,292
Nontransportation revenue	215,974	336,836
Total operating revenues	<u>26,535,166</u>	<u>46,551,128</u>
Operating expenses		
Contract services	197,655,495	203,029,917
Insurance	25,846,952	21,524,962
Depreciation	21,428,062	19,753,807
Materials and supplies	15,065,670	15,894,090
Fuel and lubricants	11,786,298	15,111,807
Outside services	7,841,984	12,423,583
State fuel taxes	2,550,383	2,957,066
Utilities, rentals and others	2,762,111	2,955,889
Total operating expenses	<u>284,936,955</u>	<u>293,651,121</u>
Loss from operations	(258,401,789)	(247,099,993)
Nonoperating income (expense)		
Noncapital contributions	94,190,192	23,405,365
Loss on disposal of equipment and parts	(191,075)	(149,019)
Total nonoperating income	<u>93,999,117</u>	<u>23,256,346</u>
Loss before transfers and capital contributions	(164,402,672)	(223,843,647)
Transfers	183,949,830	201,667,490
Capital contributions	<u>14,966,430</u>	<u>12,219,883</u>
Change in net position	34,513,588	(9,956,274)
Net position		
Beginning of year	<u>176,634,754</u>	<u>186,591,028</u>
End of year	<u>\$ 211,148,342</u>	<u>\$ 176,634,754</u>

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

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Cash received from passengers	\$ 26,532,064	\$ 46,514,567
Cash paid to suppliers	(157,004,881)	(159,368,163)
Cash paid to reimburse OTS for its employees	(103,702,062)	(112,084,227)
Net cash used in operating activities	<u>(234,174,879)</u>	<u>(224,937,823)</u>
Cash flows from noncapital financing activities		
Transfers and noncapital contributions	<u>278,140,022</u>	<u>225,072,855</u>
Net cash provided by noncapital financing activities	<u>278,140,022</u>	<u>225,072,855</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	<u>(189,613)</u>	<u>(1,027,674)</u>
Net cash used in capital and related financing activities	<u>(189,613)</u>	<u>(1,027,674)</u>
Net increase (decrease) in cash and cash equivalents	43,775,530	(892,642)
Cash and cash equivalents		
Beginning of year	<u>10,258,103</u>	<u>11,150,745</u>
End of year (including \$2,028,410 and \$959,957 of cash and cash equivalents in restricted assets in 2021 and 2020, respectively)	<u>\$ 54,033,633</u>	<u>\$ 10,258,103</u>
Reconciliation of loss from operations to net cash used in operating activities		
Loss from operations	\$ (258,401,789)	\$ (247,099,993)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	21,428,062	19,753,807
Loss on disposal of equipment and parts	(191,075)	(149,019)
Changes in assets and liabilities		
Accounts receivable and advance to Oahu Transit Services, Inc.	(962,246)	(37,327)
Parts, supplies, fuel inventories, and other current assets	(2,302,813)	(812,094)
Deferred outflows on asset retirement obligation	9,223	267,294
Unearned revenue	660,780	(243,979)
Asset retirement obligation	258,368	72,084
Reserve for insurance claims payable	5,326,611	3,311,404
Net cash used in operating activities	<u>\$ (234,174,879)</u>	<u>\$ (224,937,823)</u>
Supplemental disclosure of noncash capital and related financing activities		
Contribution of capital assets from the City and County of Honolulu	\$ 14,966,430	\$ 12,219,883

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

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

1. Financial Reporting Entity

The Department of Transportation Services (“DTS”) of the City and County of Honolulu (“City”) oversees the operations of the City bus and paratransit systems. As discussed in Note 3, the City selected Oahu Transit Services, Inc. (“OTS”), a nonprofit organization, to manage, operate and maintain the City bus and paratransit systems on behalf of the City. The accompanying financial statements present only the accounts maintained by OTS in managing the City’s Public Transportation System – Bus and Paratransit Operations (“Bus and Paratransit Operations”). Such accounts are included as part of the City’s Public Transportation System’s proprietary fund. The accompanying financial statements are not intended to present fairly the financial position of the City, and the changes in its financial position and cash flows of its proprietary funds, in conformity with accounting principles generally accepted in the United States of America.

Chapter 13 of the Revised Ordinance of the City effectuated the formation of OTS to serve as the transit management services contractor. OTS’s Board of Directors (the “Board”) selects new members to fill vacancies on the Board, subject to City approval. The City may remove any director when the City determines that the removal is required to fulfill the best interest of the bus and paratransit system. As a result, OTS is reported as a discretely-presented component unit of the City.

The collective bargaining agreements between OTS, for its Bus operations, and the Hawaii Teamsters and Allied Workers Union, Local 996 (the “Union”), cover the period July 1, 2018 through June 30, 2025. The collective bargaining agreements between OTS, for its Paratransit operations, and the Union, were effective from April 1, 2015 through March 31, 2021. During the year ended June 30, 2021, the Union and OTS, for its Paratransit operations, entered into a one-year collective bargaining agreement to March 31, 2022, which includes administrative clerks and maintenance employees as well as operators and service delivery unit employees.

2. Summary of Significant Accounting Policies

The accounting policies of the Bus and Paratransit Operations conform to generally accepted accounting principles (“GAAP”) as applicable to enterprise activities of governmental units as promulgated by the Governmental Accounting Standards Board (“GASB”).

Basis of Accounting

The accompanying financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the City’s bus and paratransit systems. The principal operating revenues are from charges for passenger fares, while operating expenses include cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Bus and Paratransit Operations consider all cash on hand, demand deposits, and short-term investments (including restricted assets) with original maturities of three months or less from the date of acquisition to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consists primarily of amounts due from third parties who purchase transportation services. Accounts are written off when it is determined, after considering economic conditions, business conditions, and collection efforts, that the accounts are uncollectible. Management considers all accounts receivable as of June 30, 2021 and 2020 to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

Parts, Supplies and Fuel Inventories

Inventory of parts, supplies and fuel are stated at weighted average cost. Inventories are written off when management determines that such items are obsolete or unusable.

Capital Assets

Capital assets with an initial, individual cost of \$5,000 or more for equipment and \$100,000 for buildings, structures and infrastructure, and an estimated life of more than one year are capitalized. All acquired property and equipment are recorded at cost. Those assets transferred to the Bus and Paratransit Operations from the various departments or agencies of the City are recorded at the net book value at date of transfer. Upon retirement or disposal of capital assets, the remaining net book value is charged to operations.

Depreciation of capital assets is provided on the straight-line basis over the following estimated useful lives of the assets:

	Years
Buildings and improvements	30 – 40
Buses	7 – 12
Paratransit vans	5
All other assets	5 – 15

Unearned Revenue

Bus vouchers are recognized as revenues upon redemption. Annual and two-year bus passes are deferred until the applicable period has passed. The Bus Operations unit (“TheBus”) has implemented a prepaid or stored value smart card system called the Holo Card program. A Holo

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

Card holder uses the card to pay for fares on TheBus. Cash received upon purchase of the Holo Card's stored value is recorded as unearned revenue. When the Holo Card holder utilizes the card to pay the fare to ride TheBus, unearned revenue is recognized as revenue.

Net Position

Net position comprises the various net earnings (loss) from operating and nonoperating revenues, expenses, transfers and contributions. Net position is classified in the following components: net investment in capital assets and unrestricted net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Unrestricted net position consists of all other net position not categorized as net investment in capital assets.

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

Risk Management

The Bus and Paratransit Operations are exposed to various risks for losses related to torts; theft of, damage to, or destruction of assets; errors or omissions; natural disasters; and injuries to employees. A liability for a claim for a risk of loss is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable.

For the prior and current fiscal years, the City maintained risk property insurance covering all real and personal property of the City, including the structures, equipment, inventory, rolling stock (while in storage), and licensed vehicles while garaged at insured premises owned by the City and provided to OTS to operate and manage the transit system for the City. This master policy provided \$300 million in blanket limits, subject to a general deductible of \$75,000, and various deductibles for the perils of earthquake, flood and named windstorms.

Revenue and Expenses

Revenue collected by OTS, except for management fees, is the property of the City and is remitted to a depository controlled by the City. Generally, OTS is reimbursed by the City for all expenses paid by OTS in managing and operating the bus and paratransit systems.

Transfers

The City provides assistance to fund the Bus and Paratransit Operations and OTS through transfers. The source of such funding is subject to the availability of appropriations from the City Council, City and County of Honolulu.

Contributions

Contributions from the City for capital assets (primarily buses and vans) and operating subsidies that were funded by federal and local grants are recognized as income when the assets or resources are received.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

Risks and Uncertainties

The operations of the Bus and Paratransit Operations have been adversely affected by the restrictions mandated by the State of Hawaii and City and County of Honolulu in response to the ongoing outbreak of the COVID-19 viral infection which was declared a pandemic by the World Health Organization in March 2020. The full impact on the operations of the Bus and Paratransit Operations of the COVID-19 outbreak continues to evolve as of the date of this report.

New Accounting Pronouncements

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to set forth guidance for reporting of public-private and public-public partnership arrangements (“PPPs”) and availability payment arrangements. PPPs are partnerships between the government as transferor and another governmental or nongovernmental entity as operator to provide public services while conveying right to operate or use the underlying PPP asset. This provision provides guidance on whether to account for a contract by using this provision’s service-concession agreement (“SCA”) method or non-SCA, PPP method, or by using Statement No. 87, *Leases*. The provisions of this Statements are effective for the period beginning after June 15, 2022. Management has not yet determined the effect this Statement will have on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement are to define subscription-based information technology arrangements (“SBITA”) and establish a model for accounting and reporting in line with Statement No. 87, *Leases*. A SBITA is a contract that conveys the right to use a SBITA vendor’s software alone or with underlying IT assets for a period of time in an exchange transaction. Under this Statement, the government is required to recognize a subscription liability and an intangible right-to-use subscription asset, thus enhancing the relevance and consistency of information reported about the government’s subscription activities. The provisions of this Statement are effective for the period beginning after June 15, 2022. Management has not yet determined the effect this Statement will have on its financial statements.

3. Management and Operations Agreement

OTS has an agreement with the City to manage the City bus system and the City special transit service (“paratransit”). OTS provides the employees to operate and manage the bus and paratransit systems. Under the agreement, the City reimburses OTS for operating expenses paid for salaries and wages, employee benefits (including vacation, sick leave, and employee benefit plan costs), professional and consulting fees, materials, supplies and services, and all other operating expenses attributable to the bus and paratransit systems. Contract services reported on the statements of revenues, expenses, and change in net position include reimbursements paid to OTS for labor and fringe benefits. The agreement provided for the City to pay OTS an annual management fee of approximately \$469,000 for the years ended June 30, 2021 and 2020. The current agreement with the City provides for the City to pay OTS approximately

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

\$117,000 per quarter beginning with the quarter ended September 30, 2010, until a new management and operations agreement is executed.

In accordance with the aforementioned agreement with OTS and governing ordinances, management believed that the City and the Bus and Paratransit Operations are liable only for reimbursable employee benefit costs approved by the City's annual budgeting process. Accordingly, the City's and the Bus and Paratransit Operations' 2021 and 2020 financial statements only include costs related to employee benefits which are currently reimbursable. Any long-term liabilities related to OTS's employee benefits have not been recorded in the accompanying financial statements. If the agreement with OTS is cancelled, the City may have a contingent liability, related to OTS's long-term employee benefits. However, the City has no plans to do so; therefore, the City and the Bus and Paratransit Operations have not recorded a contingent liability.

4. Cash and Investments

The cash balances reported in the accompanying statements of net position are included in the City's cash and investment pool. Specific information pertaining to bank and invested balances, classification of credit risk, and interest rate risk is available for only the total cash and investment pool. The risk and fair value disclosures related to the City's investment pool are included in the City's Annual Comprehensive Financial Report ("ACFR"), which may be obtained from the Department of Budget and Fiscal Services website: <https://www.honolulu.gov/budget/budget-acfr.html>.

State statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, obligations and other states, cities and counties, mutual funds, and bank repurchase agreements. Investments in repurchase agreements are primarily U.S. government and federal agency securities. The City structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations avoiding the need to sell securities on the open market prior to maturity. This practice decreases the City's exposure to risk caused by fluctuation of interest rates.

5. Restricted Assets Held by OTS

OTS, the trustor, maintains trust funds for the purpose of maintaining adequate funds for expenses incurred through the City's workers' compensation, general and automotive liability self-insurance programs. Pursuant to the trust agreement, the trustee is required to invest the funds in either interest-bearing bonds, notes or obligations of the United States. All income realized from the investments reverts to the trust fund. Upon termination of the trust fund, all assets of the trust fund will be distributed to the City subject to certain limitations as described in the trust agreement. Payments for self-insured workers' compensation, general and automotive liability claims are made from the trust fund subject to certain limitations as described in the trust agreement.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

At June 30, 2021 and 2020, the restricted assets held by OTS consisted of cash and cash equivalents that were uninsured and uncollateralized.

Restricted assets as of June 30, 2021 and 2020 consisted of the following:

	2021	2020
Cash	\$ 254,292	\$ 207,066
Money market mutual fund	1,774,118	752,891
	<u>\$ 2,028,410</u>	<u>\$ 959,957</u>

6. Capital Assets

The changes in capital assets were as follows:

	Balance July 1, 2020	Additions	Retirements/ Transfers	Balance June 30, 2021
Buses	\$ 267,717,818	\$ 14,593,487	\$ (11,378,363)	\$ 270,932,942
Buildings and improvements	85,744,323	-	-	85,744,323
Shop and office equipment	30,228,750	53,383	(203,455)	30,078,678
Paratransit vans	24,377,127	8,048,531	(4,436,429)	27,989,229
Automobiles and trucks	3,226,362	142,270	(91,935)	3,276,697
	<u>411,294,380</u>	<u>22,837,671</u>	<u>(16,110,182)</u>	<u>418,021,869</u>
Less: Accumulated depreciation	<u>(282,912,873)</u>	<u>(21,428,062)</u>	<u>16,033,287</u>	<u>(288,307,648)</u>
	128,381,507	1,409,609	(76,895)	129,714,221
Land	53,985,443	-	-	53,985,443
Construction in progress	8,089,516	70,854	(7,675,587)	484,783
Capital assets, net	<u>\$ 190,456,466</u>	<u>\$ 1,480,463</u>	<u>\$ (7,752,482)</u>	<u>\$ 184,184,447</u>

	Balance July 1, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
Buses	\$ 269,955,670	\$ -	\$ (2,237,852)	\$ 267,717,818
Buildings and improvements	85,744,323	-	-	85,744,323
Shop and office equipment	29,526,851	755,043	(53,144)	30,228,750
Paratransit vans	21,304,445	4,531,350	(1,458,668)	24,377,127
Automobiles and trucks	3,202,295	162,780	(138,713)	3,226,362
	<u>409,733,584</u>	<u>5,449,173</u>	<u>(3,888,377)</u>	<u>411,294,380</u>
Less: Accumulated depreciation	<u>(267,047,443)</u>	<u>(19,753,807)</u>	<u>3,888,377</u>	<u>(282,912,873)</u>
	142,686,141	(14,304,634)	-	128,381,507
Land	53,985,443	-	-	53,985,443
Construction in progress	291,132	7,798,384	-	8,089,516
Capital assets, net	<u>\$ 196,962,716</u>	<u>\$ (6,506,250)</u>	<u>\$ -</u>	<u>\$ 190,456,466</u>

Depreciation expense approximated \$21,428,000 and \$19,754,000 for the years ended June 30, 2021 and 2020, respectively.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

7. Asset Retirement Obligations

The Public Transportation System accounts for certain costs associated with the future dismantling and removal of underground storage tanks (“tanks”) in accordance with GAAP. The act of placing the tanks into operation required the Public Transportation System to recognize a liability and corresponding deferred outflow of resources equal to the estimated current cost of activities that state law requires the City to perform upon future retirement of the tanks. The tanks currently have estimated lives ranging from one year to twelve years.

The amounts reported as a liability and deferred outflow of resources at June 30, 2021 and 2020 were determined based on probability-weighted engineering estimates of what it would cost to perform all dismantling and removal tasks. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The changes in asset retirement obligations for the years ended June 30, 2021 and 2020 were as follows:

Balance at beginning of year	\$ 5,616,640	\$ 5,544,556
Liabilities incurred	<u>258,368</u>	<u>72,084</u>
Balance at end of year	<u><u>\$ 5,875,008</u></u>	<u><u>\$ 5,616,640</u></u>

As of June 30, 2021, management has no plans to dismantle and remove the underground storage tanks and accordingly, no settlement of all or part of the asset retirement obligation is currently expected to take place.

8. Reserve for Insurance Claims Payable

The City sponsors an automotive and general liability self-insurance program for OTS. This self-insurance program is for claims up to \$2 million effective July 1, 2006. The City also has a workers’ compensation self-insurance program, which covers OTS claims up to \$1 million per occurrence effective July 1, 2002. OTS has obtained excess insurance coverage for general liability and automotive claims and workers’ compensation through various insurance companies for amounts in excess of claims covered under the two self-insurance programs.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

The amounts payable for claims incurred and claims incurred but not reported for the years ended June 30, 2021 and 2020 were as follows:

	Balance July 1, 2020	Incurred	Payments	Balance June 30, 2021	Amounts Due Within One Year
Automotive and general liability	\$ 6,935,779	\$ 3,932,761	\$ (4,084,097)	\$ 6,784,443	\$ 2,607,668
Workers' compensation	<u>24,220,530</u>	<u>21,767,750</u>	<u>(16,289,803)</u>	<u>29,698,477</u>	<u>9,885,109</u>
Reserve for insurance claims payable	<u>\$ 31,156,309</u>	<u>\$ 25,700,511</u>	<u>\$ (20,373,900)</u>	<u>\$ 36,482,920</u>	<u>\$ 12,492,777</u>
	Balance July 1, 2019	Incurred	Payments	Balance June 30, 2020	Amounts Due Within One Year
Automotive and general liability	\$ 6,561,900	\$ 4,287,214	\$ (3,913,335)	\$ 6,935,779	\$ 2,797,691
Workers' compensation	<u>21,283,005</u>	<u>14,205,033</u>	<u>(11,267,508)</u>	<u>24,220,530</u>	<u>8,623,984</u>
Reserve for insurance claims payable	<u>\$ 27,844,905</u>	<u>\$ 18,492,247</u>	<u>\$ (15,180,843)</u>	<u>\$ 31,156,309</u>	<u>\$ 11,421,675</u>

The workers' compensation loss and allocated loss adjustment expense ("ALAE") reserve as of June 30, 2021 for accidents occurring from March 1, 1998 to June 30, 2021 is estimated to be \$29.7 million on an undiscounted basis and \$25.9 million on a discounted basis (discounted at 4.5%). The automotive and general liability loss and ALAE reserve as of June 30, 2021 for accidents occurring from January 1, 2000 through June 30, 2021 is estimated to be \$6.8 million on an undiscounted basis and \$6.1 million on a discounted basis (discounted at 4.5%). The actuarially determined reserve estimates are based on data, net of subrogation and salvage and net of excess insurance. They include the third-party administrator fee for workers' compensation.

Determination of a reserve amount for workers' compensation and automotive liability claims is a significant estimate. It is reasonably possible that one or more future events could result in material change in the estimated claim losses in the near term.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2021 and 2020

9. Transfers and Contributions

The Bus and Paratransit Operations receive significant support for operations from the City and the Federal Transit Administration. Transfers from the City totaled approximately \$183.9 million and \$201.7 million for the years ended June 30, 2021 and 2020, respectively. In addition, capital and noncapital contributions for the years ended June 30, 2021 and 2020 were as follows:

	2021	2020
Federal capital contributions	\$ 12,724,171	\$ 9,712,804
City capital contributions	2,242,259	2,507,079
Total capital contributions	<u>\$ 14,966,430</u>	<u>\$ 12,219,883</u>
FTA preventative maintenance funds	\$ 21,000,000	\$ 5,779,966
Other federal non-operating revenues	73,190,192	17,625,399
Noncapital contributions	<u>\$ 94,190,192</u>	<u>\$ 23,405,365</u>

10. Litigation

OTS and the City are involved in various lawsuits arising from the normal operations of the City Bus and Paratransit Operations. Claims for punitive damages related to certain lawsuits may not be covered by insurance. As provided in the management agreement with the City, the City indemnifies OTS from any and all claims made against OTS and the City for legal liability, damages and injuries where such claims are reasonably related to the providing of mass transportation services.

Supplementary Schedules

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Supplementary Schedule – Combining Statement of Net Position
June 30, 2021

	Bus Operations	Paratransit Operations	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 52,004,623	\$ 600	\$ -	\$ 52,005,223
Accounts receivable	1,611,532	12,326	-	1,623,858
Advance to Oahu Transit Services, Inc. for accrued expenses	2,089,493	-	-	2,089,493
Parts, supplies and fuel inventories	11,834,568	430,537	-	12,265,105
Inter-unit receivables	47,551,013	-	(47,551,013)	-
Total current assets	<u>115,091,229</u>	<u>443,463</u>	<u>(47,551,013)</u>	<u>67,983,679</u>
Restricted assets held by Oahu Transit Services, Inc.	2,028,410	-	-	2,028,410
Capital assets, net	160,019,661	24,164,786	-	184,184,447
Total assets	<u>277,139,300</u>	<u>24,608,249</u>	<u>(47,551,013)</u>	<u>254,196,536</u>
Deferred outflows of resources				
Deferred outflows on asset retirement obligation	982,645	-	-	982,645
Total assets and deferred outflows of resources	<u>\$ 278,121,945</u>	<u>\$ 24,608,249</u>	<u>\$ (47,551,013)</u>	<u>\$ 255,179,181</u>
Liabilities and Net Position				
Current liabilities				
Inter-unit payables	\$ -	\$ 47,551,013	\$ (47,551,013)	\$ -
Unearned revenue	1,672,911	-	-	1,672,911
Reserve for insurance claims payable	12,492,777	-	-	12,492,777
Total current liabilities	<u>14,165,688</u>	<u>47,551,013</u>	<u>(47,551,013)</u>	<u>14,165,688</u>
Asset retirement obligation	5,875,008	-	-	5,875,008
Reserve for insurance claims payable, noncurrent	23,990,143	-	-	23,990,143
Total liabilities	<u>44,030,839</u>	<u>47,551,013</u>	<u>(47,551,013)</u>	<u>44,030,839</u>
Net position				
Net investment in capital assets	160,019,661	24,164,786	-	184,184,447
Unrestricted	74,071,445	(47,107,550)	-	26,963,895
Total net position	<u>234,091,106</u>	<u>(22,942,764)</u>	<u>-</u>	<u>211,148,342</u>
Total liabilities and net position	<u>\$ 278,121,945</u>	<u>\$ 24,608,249</u>	<u>\$ (47,551,013)</u>	<u>\$ 255,179,181</u>

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Supplementary Schedule – Combining Statement of Net Position
June 30, 2020

	Bus Operations	Paratransit Operations	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 9,297,546	\$ 600	\$ -	\$ 9,298,146
Accounts receivable	1,133,526	42,424	-	1,175,950
Advance to Oahu Transit Services, Inc. for accrued expenses	1,575,155	-	-	1,575,155
Parts, supplies and fuel inventories	9,550,840	411,452	-	9,962,292
Inter-unit receivables	51,968,665	-	(51,968,665)	-
Total current assets	<u>73,525,732</u>	<u>454,476</u>	<u>(51,968,665)</u>	<u>22,011,543</u>
Restricted assets held by Oahu Transit Services, Inc.	959,957	-	-	959,957
Capital assets, net	<u>170,060,925</u>	<u>20,395,541</u>	<u>-</u>	<u>190,456,466</u>
Total assets	<u>244,546,614</u>	<u>20,850,017</u>	<u>(51,968,665)</u>	<u>213,427,966</u>
Deferred outflows of resources				
Deferred outflows on asset retirement obligation	<u>991,868</u>	<u>-</u>	<u>-</u>	<u>991,868</u>
Total assets and deferred outflows of resources	<u>\$ 245,538,482</u>	<u>\$ 20,850,017</u>	<u>\$ (51,968,665)</u>	<u>\$ 214,419,834</u>
Liabilities and Net Position				
Current liabilities				
Inter-unit payables	\$ -	\$ 51,968,665	\$ (51,968,665)	\$ -
Unearned revenue	1,012,131	-	-	1,012,131
Reserve for insurance claims payable	<u>11,421,675</u>	<u>-</u>	<u>-</u>	<u>11,421,675</u>
Total current liabilities	<u>12,433,806</u>	<u>51,968,665</u>	<u>(51,968,665)</u>	<u>12,433,806</u>
Asset retirement obligation	5,616,640	-	-	5,616,640
Reserve for insurance claims payable, noncurrent	<u>19,734,634</u>	<u>-</u>	<u>-</u>	<u>19,734,634</u>
Total liabilities	<u>37,785,080</u>	<u>51,968,665</u>	<u>(51,968,665)</u>	<u>37,785,080</u>
Net position				
Net investment in capital assets	170,060,925	20,395,541	-	190,456,466
Unrestricted	<u>37,692,477</u>	<u>(51,514,189)</u>	<u>-</u>	<u>(13,821,712)</u>
Total net position	<u>207,753,402</u>	<u>(31,118,648)</u>	<u>-</u>	<u>176,634,754</u>
Total liabilities and net position	<u>\$ 245,538,482</u>	<u>\$ 20,850,017</u>	<u>\$ (51,968,665)</u>	<u>\$ 214,419,834</u>

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Supplementary Schedule – Combining Statement of Revenues, Expenses,
and Change in Net Position
Year Ended June 30, 2021

	Bus Operations	Paratransit Operations	Total
Operating revenues			
Passenger fares for transit services	\$ 25,110,511	\$ 1,208,681	\$ 26,319,192
Nontransportation revenue	181,830	34,144	215,974
Total operating revenues	<u>25,292,341</u>	<u>1,242,825</u>	<u>26,535,166</u>
Operating expenses			
Contract services	160,101,923	37,553,572	197,655,495
Insurance	22,088,594	3,758,358	25,846,952
Depreciation	17,631,620	3,796,442	21,428,062
Materials and supplies	14,080,976	984,694	15,065,670
Fuel and lubricants	9,759,569	2,026,729	11,786,298
Outside services	5,460,099	2,381,885	7,841,984
State fuel taxes	2,093,997	456,386	2,550,383
Utilities, rentals and others	1,085,338	1,676,773	2,762,111
Total operating expenses	<u>232,302,116</u>	<u>52,634,839</u>	<u>284,936,955</u>
Loss from operations	(207,009,775)	(51,392,014)	(258,401,789)
Nonoperating income (expense)			
Noncapital contributions	94,190,192	-	94,190,192
Loss on disposal of equipment and parts	(147,724)	(43,351)	(191,075)
Total nonoperating income (expense)	<u>94,042,468</u>	<u>(43,351)</u>	<u>93,999,117</u>
Loss before transfers and capital contributions	(112,967,307)	(51,435,365)	(164,402,672)
Interfund transfers	(51,968,665)	51,968,665	-
Transfers	183,949,830	-	183,949,830
Capital contributions	7,323,846	7,642,584	14,966,430
Change in net position	<u>26,337,704</u>	<u>8,175,884</u>	<u>34,513,588</u>
Net position			
Beginning of year	<u>207,753,402</u>	<u>(31,118,648)</u>	<u>176,634,754</u>
End of year	<u>\$ 234,091,106</u>	<u>\$ (22,942,764)</u>	<u>\$ 211,148,342</u>

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Supplementary Schedule – Combining Statement of Revenues, Expenses,
and Change in Net Position
Year Ended June 30, 2020

	Bus Operations	Paratransit Operations	Total
Operating revenues			
Passenger fares for transit services	\$ 44,318,132	\$ 1,896,160	\$ 46,214,292
Nontransportation revenue	300,113	36,723	336,836
Total operating revenues	<u>44,618,245</u>	<u>1,932,883</u>	<u>46,551,128</u>
Operating expenses			
Contract services	163,411,615	39,618,302	203,029,917
Insurance	18,313,184	3,211,778	21,524,962
Depreciation	17,320,066	2,433,741	19,753,807
Materials and supplies	14,542,770	1,351,320	15,894,090
Fuel and lubricants	12,748,132	2,363,675	15,111,807
Outside services	6,297,340	6,126,243	12,423,583
State fuel taxes	2,423,047	534,019	2,957,066
Utilities, rentals and others	2,481,543	474,346	2,955,889
Total operating expenses	<u>237,537,697</u>	<u>56,113,424</u>	<u>293,651,121</u>
Loss from operations	(192,919,452)	(54,180,541)	(247,099,993)
Nonoperating income (expense)			
Noncapital contributions	23,405,365	-	23,405,365
Loss on disposal of equipment and parts	(143,931)	(5,088)	(149,019)
Total nonoperating income (expense)	<u>23,261,434</u>	<u>(5,088)</u>	<u>23,256,346</u>
Loss before transfers and capital contributions	(169,658,018)	(54,185,629)	(223,843,647)
Interfund transfers	(52,030,991)	52,030,991	-
Transfers	201,667,490	-	201,667,490
Capital contributions	<u>7,269,641</u>	<u>4,950,242</u>	<u>12,219,883</u>
Change in net position	(12,751,878)	2,795,604	(9,956,274)
Net position			
Beginning of year	<u>220,505,280</u>	<u>(33,914,252)</u>	<u>186,591,028</u>
End of year	<u>\$ 207,753,402</u>	<u>\$ (31,118,648)</u>	<u>\$ 176,634,754</u>