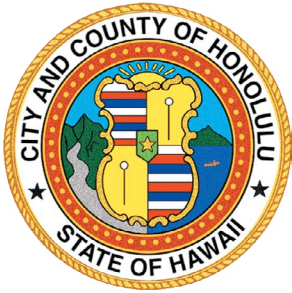




Office of the City Auditor



**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, 2020 and 2019**

**City and County of Honolulu
 Public Transportation System – Bus and Paratransit Operations
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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, 2020 and 2019, 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.

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, 2020, 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, 2020 and 2019, 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 3 through 7 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
December 1, 2020

City and County of Honolulu

Public Transportation System – Bus and Paratransit Operations

Management’s Discussion and Analysis

June 30, 2020 and 2019

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 fiscal year ended June 30, 2020. Please read it in conjunction with the Bus and Paratransit Operations’ financial statements, which follows this section.

The City and County of Honolulu 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.

Although ridership during the pandemic plummeted to 30% and is now approximately 40% of previous levels, the service level provided to the public was only reduced to approximately 90% of previous levels at the onset of the pandemic and is now close to approximately 100% for TheBus. As a demand service, Handi-Van service level mostly paralleled its ridership, with some additional services to provide social distancing measures.

The decrease of revenue by approximately 19% from prior fiscal year is reflective of the reduced ridership as a direct result of the pandemic over the last three months of fiscal year ending June 30, 2020. Consistent with other public transit agencies nationwide, it is anticipated that the COVID-19 pandemic will continue to impact public transit ridership during fiscal year 2021. Maintaining service at near 100% of pre-pandemic level to provide essential service needs as well as social distancing measures has resulted in the majority of the operating expenses to remain. Nevertheless, the Bus and Paratransit Operations are anticipating an overall budget surplus during fiscal year 2021, primarily due to larger reduction in Handi-Van service and lower energy costs in diesel fuel and unleaded gas.

Management is continuing to evaluate the effects that COVID-19 will have on the operations of Oahu Transit Services, Inc. (“OTS”). However, due to the uncertainty surrounding the duration of the adverse impacts, management is unable to make a reasonable estimate of the ultimate operational losses to be incurred. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other financial highlights for the year ended June 30, 2020 are as follows:

- The Bus and Paratransit Operations’ net position decreased by \$10.0 million or 5.6% in fiscal year June 30, 2020. The term “net position” refers to the difference between assets and deferred outflows of resources and liabilities.
- Operating revenues decreased by \$10.7 million or 18.7% over the prior fiscal year.
- Transfers and contributions increased by \$21.6 million or 9.8% over the prior fiscal year.
- Total expenses for the fiscal year June 30, 2020 increased by approximately \$14.0 million or 5.0% compared to the prior fiscal year.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2020 and 2019

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 indicate 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, 2020 and 2019.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Management’s Discussion and Analysis
June 30, 2020 and 2019

Financial Analysis

A condensed summary of the Bus and Paratransit Operations’ net position at June 30, 2020, 2019 and 2018 is shown below:

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

	2020	2019	2018
Current and other assets	\$ 22,012	\$ 22,051	\$ 20,483
Restricted assets	960	964	438
Capital assets, net	<u>190,456</u>	<u>196,963</u>	<u>205,150</u>
Total assets	<u>213,428</u>	<u>219,978</u>	<u>226,071</u>
Total deferred outflows of resources	<u>992</u>	<u>1,259</u>	<u>1,504</u>
Current liabilities	12,434	11,838	11,135
Noncurrent liabilities	<u>25,351</u>	<u>22,808</u>	<u>23,037</u>
Total liabilities	<u>37,785</u>	<u>34,646</u>	<u>34,172</u>
Net position			
Net investment in capital assets	190,456	196,963	205,150
Unrestricted	<u>(13,821)</u>	<u>(10,372)</u>	<u>(11,747)</u>
Total net position	<u>\$ 176,635</u>	<u>\$ 186,591</u>	<u>\$ 193,403</u>

The total assets exceed liabilities by approximately \$176.6 million, \$186.6 million and \$193.4 million at June 30, 2020, 2019 and 2018, respectively. Net position decreased by approximately \$10.0 million or 5.6% from June 30, 2019, and approximately \$6.8 million or 3.5% from June 30, 2018. 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, 2020 and 2019

A summary of operations and changes in net position for the fiscal years ended June 30, 2020, 2019 and 2018 follows:

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

	2020	2019	2018
Operating revenues	\$ 46,551	\$ 57,260	\$ 56,669
Total revenues	<u>46,551</u>	<u>57,260</u>	<u>56,669</u>
Depreciation	19,754	20,714	19,995
Other operating expenses	273,897	259,085	248,718
Nonoperating expenses	149	11	310
Total expenses	<u>293,800</u>	<u>279,810</u>	<u>269,023</u>
Loss before transfers and contributions	(247,249)	(222,550)	(212,354)
Transfers and contributions	237,293	215,738	187,643
Change in net position	<u>\$ (9,956)</u>	<u>\$ (6,812)</u>	<u>\$ (24,711)</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.

Capital Asset and Debt Administration

As of June 30, 2020, the Bus and Paratransit Operations had \$190.5 million invested in capital assets as shown in Table 3. There were net decreases (additions, deductions and depreciation) of approximately \$6.5 million or 3.5% and \$8.2 million or 4.0% for the fiscal years ended June 30, 2020 and 2019, respectively.

Table 3
Capital Assets
(in thousands of dollars)

	2020	2019	2018
Buses	\$ 267,718	\$ 269,956	\$ 265,170
Buildings and improvements	85,744	85,744	85,758
Shop and office equipment	30,229	29,527	29,503
Paratransit vans	24,377	21,304	21,239
Automobiles and trucks	3,226	3,203	3,321
	<u>411,294</u>	<u>409,734</u>	<u>404,991</u>
Less: Accumulated depreciation	<u>282,913</u>	<u>267,047</u>	<u>254,126</u>
	128,381	142,687	150,865
Land	53,985	53,985	53,985
Construction in progress	8,090	291	300
	<u>\$ 190,456</u>	<u>\$ 196,963</u>	<u>\$ 205,150</u>

City and County of Honolulu

Public Transportation System – Bus and Paratransit Operations

Management’s Discussion and Analysis

June 30, 2020 and 2019

Major capital asset additions and disposals to the public transportation system for the fiscal year ended June 30, 2020, included the following:

- Acquisition of 33 paratransit vans for \$4.5 million.
- Disposal of older buses, paratransit vans, automobiles, trucks, and equipment with an original cost of \$3.9 million.
- Acquisition of 8 diesel buses for \$7.3 million being prepared for service which are included in construction in progress.

Currently Known Facts, Decisions or Conditions

The City and County of Honolulu does not plan to make any significant reductions in bus or paratransit services in the near future as a result of the COVID-19 pandemic. As previously noted, 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.

Currently, plans for expansion of bus service to address possible interim opening of rail is under review by the Department of Transportation Services. In addition, the Handi-van fleet expansion from 190 to 232 vehicles is currently underway to address social distancing measures as ridership begins to climb.

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.

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, 2020, 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, 2020, was extended for one year to March 31, 2021.

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, 2020 and 2019

	2020	2019
Assets and Deferred Outflows of Resources		
Current assets		
Cash and cash equivalents	\$ 9,298,146	\$ 10,186,806
Accounts receivable	1,175,950	1,720,204
Advance to Oahu Transit Services, Inc. for accrued expenses	1,575,155	993,574
Parts, supplies and fuel inventories	<u>9,962,292</u>	<u>9,150,198</u>
Total current assets	22,011,543	22,050,782
Restricted assets held by Oahu Transit Services, Inc.	959,957	963,939
Capital assets, net	<u>190,456,466</u>	<u>196,962,716</u>
Total assets	<u>213,427,966</u>	<u>219,977,437</u>
Deferred outflows of resources		
Deferred outflows on asset retirement obligation	<u>991,868</u>	<u>1,259,162</u>
Total assets and deferred outflows of resources	<u>\$ 214,419,834</u>	<u>\$ 221,236,599</u>
Liabilities and Net Position		
Current liabilities		
Unearned revenue	\$ 1,012,131	\$ 1,256,110
Reserve for insurance claims payable	<u>11,421,675</u>	<u>10,581,569</u>
Total current liabilities	12,433,806	11,837,679
Asset retirement obligation	5,616,640	5,544,556
Reserve for insurance claims payable, noncurrent	<u>19,734,634</u>	<u>17,263,336</u>
Total liabilities	<u>37,785,080</u>	<u>34,645,571</u>
Commitments and contingencies		
Net position		
Net investment in capital assets	190,456,466	196,962,716
Unrestricted	<u>(13,821,712)</u>	<u>(10,371,688)</u>
Total net position	<u>176,634,754</u>	<u>186,591,028</u>
Total liabilities and net position	<u>\$ 214,419,834</u>	<u>\$ 221,236,599</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, 2020 and 2019

	2020	2019
Operating revenues		
Passenger fares for transit services	\$ 46,214,292	\$ 56,878,622
Nontransportation revenue	<u>336,836</u>	<u>381,903</u>
Total operating revenues	<u>46,551,128</u>	<u>57,260,525</u>
Operating expenses		
Contract services	203,029,917	194,692,728
Insurance	21,524,962	15,294,917
Depreciation	19,753,807	20,714,236
Materials and supplies	15,894,090	15,108,574
Fuel and lubricants	15,111,807	15,812,785
Outside services	12,423,583	12,201,322
State fuel taxes	2,957,066	3,062,229
Utilities, rentals and others	<u>2,955,889</u>	<u>2,912,559</u>
Total operating expenses	<u>293,651,121</u>	<u>279,799,350</u>
Loss from operations	(247,099,993)	(222,538,825)
Nonoperating income (expense)		
Noncapital contributions	23,405,365	21,000,000
Loss on disposal of equipment and parts	<u>(149,019)</u>	<u>(11,294)</u>
Total nonoperating income	<u>23,256,346</u>	<u>20,988,706</u>
Loss before transfers and capital contributions	(223,843,647)	(201,550,119)
Transfers	201,667,490	182,419,545
Capital contributions	<u>12,219,883</u>	<u>12,318,430</u>
Change in net position	(9,956,274)	(6,812,144)
Net position		
Beginning of year	<u>186,591,028</u>	<u>193,403,172</u>
End of year	<u>\$ 176,634,754</u>	<u>\$ 186,591,028</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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Cash received from passengers	\$ 46,514,567	\$ 57,016,324
Cash paid to suppliers	(159,368,163)	(150,444,943)
Cash paid to reimburse OTS for its employees	<u>(112,084,227)</u>	<u>(108,253,247)</u>
Net cash used in operating activities	<u>(224,937,823)</u>	<u>(201,681,866)</u>
Cash flows from noncapital financing activities		
Transfers and noncapital contributions	<u>225,072,855</u>	<u>203,419,545</u>
Net cash provided by noncapital financing activities	<u>225,072,855</u>	<u>203,419,545</u>
Cash flows from capital and related financing activities		
Purchases of capital assets	<u>(1,027,674)</u>	<u>(209,003)</u>
Net cash used in capital and related financing activities	<u>(1,027,674)</u>	<u>(209,003)</u>
Net increase (decrease) in cash and cash equivalents	(892,642)	1,528,676
Cash and cash equivalents		
Beginning of year	<u>11,150,745</u>	<u>9,622,069</u>
End of year (including \$959,957 and \$963,939 of cash and cash equivalents in restricted assets in 2020 and 2019, respectively)	<u>\$ 10,258,103</u>	<u>\$ 11,150,745</u>
Reconciliation of loss from operations to net cash used in operating activities		
Loss from operations	\$ (247,099,993)	\$ (222,538,825)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	19,753,807	20,714,236
Loss on disposal of equipment and parts	(149,019)	(11,294)
Changes in assets and liabilities		
Accounts receivable and advance to Oahu Transit Services, Inc.	(37,327)	(231,775)
Parts, supplies, fuel inventories, and other current assets	(812,094)	(331,957)
Deferred outflows on asset retirement obligation	267,294	244,864
Unearned revenue	(243,979)	51,030
Asset retirement obligation	72,084	114,036
Reserve for insurance claims payable	<u>3,311,404</u>	<u>307,819</u>
Net cash used in operating activities	<u>\$ (224,937,823)</u>	<u>\$ (201,681,866)</u>
Supplemental disclosure of noncash capital and related financing activities		
Contribution of capital assets from the City and County of Honolulu	\$ 12,219,883	\$ 12,318,430

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, 2020 and 2019

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”), covers 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, 2020, except for administrative clerks and maintenance employees which expired on March 31, 2019. A one-year agreement from April 1, 2019 through March 21, 2020 was finalized in September 2019 for administrative clerks and maintenance employees. During the year ended June 30, 2020, the Union and OTS, for its Paratransit operations, entered into a one-year collective bargaining agreement to March 31, 2021 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 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, 2020 and 2019

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, 2020 and 2019 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 Card holder uses the card to pay for fares on TheBus by tapping the Holo Card on a fare reader upon entering a bus. Cash received upon purchase of the Holo Card’s stored value is recorded as unearned revenue. When the Holo Card holder taps the card on the fare reader to ride TheBus, unearned revenue is recognized as revenue.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2020 and 2019

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.

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.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2020 and 2019

New Accounting Pronouncements

In June 2017, GASB issued Statement No. 87 (“GASB 87”), *Leases*. GASB 87 establishes standards of accounting and financial reporting for certain leases. The requirements of this Statement apply to financial statements of all state and local governments. Upon the issuance of GASB 95, the provisions of GASB 87 were deferred to periods beginning after June 15, 2021. Management has determined this Statement will have no effect on the 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 fiscal years ended June 30, 2020 and 2019. The current agreement with the City provides for the City to pay OTS approximately \$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’ 2020 and 2019 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.

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.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2020 and 2019

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.

At June 30, 2020 and 2019, the restricted assets held by OTS consisted of cash and cash equivalents that were uninsured and uncollateralized.

Restricted assets as of June 30, 2020 and 2019 consisted of the following:

	2020	2019
Cash	\$ 207,066	\$ 307,325
Money market mutual fund	752,891	656,614
	<u>\$ 959,957</u>	<u>\$ 963,939</u>

6. Capital Assets

The changes in capital assets were as follows:

	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>

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2020 and 2019

	Balance July 1, 2018	Additions	Retirements/ Transfers	Balance June 30, 2019
Buses	\$ 265,169,953	\$ 12,318,430	\$ (7,532,713)	\$ 269,955,670
Buildings and improvements	85,758,275	-	(13,952)	85,744,323
Shop and office equipment	29,502,810	108,882	(84,841)	29,526,851
Paratransit vans	21,238,509	65,936	-	21,304,445
Automobiles and trucks	3,320,943	-	(118,648)	3,202,295
	<u>404,990,490</u>	<u>12,493,248</u>	<u>(7,750,154)</u>	<u>409,733,584</u>
Less: Accumulated depreciation	<u>(254,126,106)</u>	<u>(20,714,236)</u>	<u>7,792,899</u>	<u>(267,047,443)</u>
	150,864,384	(8,220,988)	42,745	142,686,141
Land	53,985,443	-	-	53,985,443
Construction in progress	299,692	-	(8,560)	291,132
Capital assets, net	<u>\$ 205,149,519</u>	<u>\$ (8,220,988)</u>	<u>\$ 34,185</u>	<u>\$ 196,962,716</u>

Depreciation expense approximated \$19,754,000 and \$20,714,000 for the fiscal years ended June 30, 2020 and 2019, respectively.

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 GASB Statement No. 83, *Certain Asset Retirement Obligations*. Under Statement No. 83, 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, 2020 and 2019 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 ARO’s were as follows:

	Balance June 30, 2020	Balance June 30, 2019
Balance at beginning of year	\$ 5,544,556	\$ 5,430,520
Liabilities incurred	<u>72,084</u>	<u>114,036</u>
Balance at end of year	<u>\$ 5,616,640</u>	<u>\$ 5,544,556</u>

As of June 30, 2020, 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.

City and County of Honolulu
Public Transportation System – Bus and Paratransit Operations
Notes to Financial Statements
June 30, 2020 and 2019

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.

The amounts payable for claims incurred and claims incurred but not reported for the fiscal years ended June 30, 2020 and 2019 were as follows:

	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>

	Balance July 1, 2018	Incurred	Payments	Balance June 30, 2019	Amounts Due Within One Year
Automotive and general liability	\$ 8,871,750	\$ 656,974	\$ (2,966,824)	\$ 6,561,900	\$ 2,674,141
Workers' compensation	<u>18,665,336</u>	<u>11,726,735</u>	<u>(9,109,066)</u>	<u>21,283,005</u>	<u>7,907,428</u>
Reserve for insurance claims payable	<u>\$ 27,537,086</u>	<u>\$ 12,383,709</u>	<u>\$ (12,075,890)</u>	<u>\$ 27,844,905</u>	<u>\$ 10,581,569</u>

The workers' compensation loss and allocated loss adjustment expense ("ALAE") reserve as of June 30, 2020 for accidents occurring from March 1, 1998 to June 30, 2020 is estimated to be \$24.2 million on an undiscounted basis and \$21.2 million on a discounted basis (discounted at 4.5%). The automotive and general liability loss and ALAE reserve as of June 30, 2020 for accidents occurring from January 1, 2000 through June 30, 2020, is estimated to be \$6.9 million on an undiscounted basis and \$6.3 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, 2020 and 2019

9. Transfers and Contributions

The Bus and Paratransit Operations receive significant support for operations from the City and the Federal Transit Administration (“FTA”). Transfers from the City totaled approximately \$201.7 million and \$182.4 million for the fiscal years ended June 30, 2020 and 2019, respectively. In addition, capital and noncapital contributions for the fiscal years ended June 30, 2020 and 2019 were as follows:

	2020	2019
Federal capital contributions	\$ 9,712,804	\$ 9,792,329
City capital contributions	<u>2,507,079</u>	<u>2,526,101</u>
Total capital contributions	<u>\$ 12,219,883</u>	<u>\$ 12,318,430</u>
FTA preventative maintenance funds	\$ 5,779,966	\$ 21,000,000
Other federal non-operating revenues	<u>17,625,399</u>	<u>-</u>
Noncapital contributions	<u>\$ 23,405,365</u>	<u>\$ 21,000,000</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.

11. Subsequent Event

In October 2020, the Bus and Paratransit Operations received approximately \$12.8 million in funds provided to local governments through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act. The CARES Act requires that these payments only be used to cover necessary expenditures incurred due to the public health emergency with respect to COVID-19.

Supplementary Schedules

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	<u>51,968,665</u>	<u>-</u>	<u>(51,968,665)</u>	<u>-</u>
Total current assets	73,525,732	454,476	(51,968,665)	22,011,543
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	12,433,806	51,968,665	(51,968,665)	12,433,806
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	37,785,080	51,968,665	(51,968,665)	37,785,080
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 Net Position
June 30, 2019

	Bus Operations	Paratransit Operations	Eliminations	Total
Assets and Deferred Outflows of Resources				
Current assets				
Cash and cash equivalents	\$ 10,186,206	\$ 600	\$ -	\$ 10,186,806
Accounts receivable	1,707,725	12,479	-	1,720,204
Advance to Oahu Transit Services, Inc. for accrued expenses	993,574	-	-	993,574
Parts, supplies and fuel inventories	8,782,747	367,451	-	9,150,198
Inter-unit receivables	<u>52,030,991</u>	<u>-</u>	<u>(52,030,991)</u>	<u>-</u>
Total current assets	73,701,243	380,530	(52,030,991)	22,050,782
Restricted assets held by Oahu Transit Services, Inc.	963,939	-	-	963,939
Capital assets, net	<u>179,226,507</u>	<u>17,736,209</u>	<u>-</u>	<u>196,962,716</u>
Total assets	<u>253,891,689</u>	<u>18,116,739</u>	<u>(52,030,991)</u>	<u>219,977,437</u>
Deferred outflows of resources				
Deferred outflows on asset retirement obligation	<u>1,259,162</u>	<u>-</u>	<u>-</u>	<u>1,259,162</u>
Total assets and deferred outflows of resources	<u>\$ 255,150,851</u>	<u>\$ 18,116,739</u>	<u>\$ (52,030,991)</u>	<u>\$ 221,236,599</u>
Liabilities and Net Position				
Current liabilities				
Inter-unit payables	\$ -	\$ 52,030,991	\$ (52,030,991)	\$ -
Unearned revenue	1,256,110	-	-	1,256,110
Reserve for insurance claims payable	<u>10,581,569</u>	<u>-</u>	<u>-</u>	<u>10,581,569</u>
Total current liabilities	11,837,679	52,030,991	(52,030,991)	11,837,679
Asset retirement obligation	5,544,556	-	-	5,544,556
Reserve for insurance claims payable, noncurrent	<u>17,263,336</u>	<u>-</u>	<u>-</u>	<u>17,263,336</u>
Total liabilities	34,645,571	52,030,991	(52,030,991)	34,645,571
Net position				
Net investment in capital assets	179,226,507	17,736,209	-	196,962,716
Unrestricted	<u>41,278,773</u>	<u>(51,650,461)</u>	<u>-</u>	<u>(10,371,688)</u>
Total net position	<u>220,505,280</u>	<u>(33,914,252)</u>	<u>-</u>	<u>186,591,028</u>
Total liabilities and net position	<u>\$ 255,150,851</u>	<u>\$ 18,116,739</u>	<u>\$ (52,030,991)</u>	<u>\$ 221,236,599</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	Eliminations	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>-</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>-</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	<u>23,261,434</u>	<u>(5,088)</u>	<u>-</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>-</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>-</u>	<u>186,591,028</u>
End of year	<u>\$ 207,753,402</u>	<u>\$ (31,118,648)</u>	<u>\$ -</u>	<u>\$ 176,634,754</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, 2019

	Bus Operations	Paratransit Operations	Eliminations	Total
Operating revenues				
Passenger fares for transit services	\$ 54,693,194	\$ 2,185,428	\$ -	\$ 56,878,622
Nontransportation revenue	344,765	37,138	-	381,903
Total operating revenues	<u>55,037,959</u>	<u>2,222,566</u>	<u>-</u>	<u>57,260,525</u>
Operating expenses				
Contract services	156,025,760	38,666,968	-	194,692,728
Depreciation	16,885,692	3,828,544	-	20,714,236
Fuel and lubricants	13,127,659	2,685,126	-	15,812,785
Insurance	12,648,711	2,646,206	-	15,294,917
Materials and supplies	13,710,315	1,398,259	-	15,108,574
Outside services	5,304,652	6,896,670	-	12,201,322
State fuel taxes	2,485,490	576,739	-	3,062,229
Utilities, rentals and others	1,600,472	1,312,087	-	2,912,559
Total operating expenses	<u>221,788,751</u>	<u>58,010,599</u>	<u>-</u>	<u>279,799,350</u>
Loss from operations	(166,750,792)	(55,788,033)	-	(222,538,825)
Nonoperating income (expense)				
Noncapital contributions	21,000,000	-	-	21,000,000
Loss on disposal of equipment and parts	(11,294)	-	-	(11,294)
Total nonoperating income	<u>20,988,706</u>	<u>-</u>	<u>-</u>	<u>20,988,706</u>
Loss before transfers and capital contributions	(145,762,086)	(55,788,033)	-	(201,550,119)
Interfund transfers	(49,177,765)	49,177,765	-	-
Transfers	182,419,545	-	-	182,419,545
Capital contributions	<u>12,318,430</u>	<u>-</u>	<u>-</u>	<u>12,318,430</u>
Change in net position	(201,876)	(6,610,268)	-	(6,812,144)
Net position				
Beginning of year	<u>220,707,156</u>	<u>(27,303,984)</u>	<u>-</u>	<u>193,403,172</u>
End of year	<u>\$ 220,505,280</u>	<u>\$ (33,914,252)</u>	<u>\$ -</u>	<u>\$ 186,591,028</u>