



**Finance Committee Members**

*Rick Baker*                      *Mayor Stephen Kepley (Chair)*  
*Mayor Gary Carey*                      *Mayor Katie Favale*                      *Mayor Steve Maas*

**FINANCE COMMITTEE MEETING**

**Wednesday, January 20, 2021 – 4 p.m.**

**Virtual Meeting**

**AGENDA**

	<u>PRESENTER</u>	<u>ACTION</u>
<b>1. PUBLIC COMMENT</b>		
<b>2. MINUTES REVIEW – November 4, 2020</b>	Mayor Kepley	Approval
<b>3. DISCUSSION</b>		
a. FY 2020 BDO Audit Report	John LaFramboise, BDO	Review
b. November 2020 Operating Statement	Linda Medina	Review
<b>4. INFORMATION</b>		
a. CARES and CRSAA Act Funding	Linda Medina	Information
b. Timeline for Budget Amendment	Linda Medina	Information
c. Pension Allocation	Linda Medina	Information
d. Air Park Agreement	Mike Wieringa	Information
<b>5. ADJOURNMENT</b>		

Next meeting: April 14, 2021



**Finance Committee Members**

*Rick Baker*                      *Mayor Stephen Kepley (Chair)*  
*Mayor Gary Carey*                      *Mayor Katie Favale*                      *Mayor Steve Maas*

**FINANCE COMMITTEE MEETING MINUTES**

**Wednesday, November 4, 2020 – 4 p.m.**

**Virtual Meeting**

**ATTENDANCE:**

Committee Members Present:

Rick Baker, Mayor Katie Favale, Mayor Steven Kepley

Committee Members Absent:

Mayor Gary Carey, Mayor Steve Maas

Staff Attendees:

Michael Bulthuis, Max Dillivan, Julie Ilbrink, Win Irwin, Linda Medina, Nick Monoyios, Steve Schipper, Mike Weiringa, Kevin Wisselink

Other Attendees:

Troy Schabel (Watkins Ross), Chris Veenstra (Watkins Ross)

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Mayor Kepley called the meeting to order at 4:01 p.m.

**1. PUBLIC COMMENT**

No public comments were offered.

**2. DISCUSSION**

**a. Pension Report**

Chris Veenstra from Watkins Ross shared a pension report. He reviewed the executive summary which outlined the information from this year compared to the details from last year. At this time, no more benefits are being earned in the Projected Benefits category as the plan is frozen. All additional details are available in the supporting documents.

**b. FY 2020 Annual Operating Plan**

Linda Medina reviewed the FY 2020 Annual Operating Plan that was contained in the meeting packet. She shared we are showing a surplus at the end of the fiscal year in part to the influx of CARES Act money. This will be used in FY 2021. The audit will begin on Monday, November 9, and they are not anticipating any changes.

**c. Change in State Operating Assistance and Contract Service Rate**

Linda Medina shared that contract revenue service went down, however, state operating assistance went up. Linda shared there is a possibility that the State may re-evaluate their rates, and if so, we will adjust accordingly.

**d. Update on CARES Act Funding**

Linda Medina shared that the CARES Act Funding should be fully received. We have budgeted conservatively, which is allowing us to show a surplus. Mayor Kepley shared his thoughts on reinvesting the surplus into health care costs. Ms. Medina shared she will look into this, and analyze upcoming years to ensure this would be a good choice.

**e. Five Year Cash Flow**

Linda Medina walked the committee through the five year cash flow projections, along with funding source changes and continuances.

**f. Insurance**

Steve Schipper reviewed the increase in PLPD costs. As such, our insurance company dropped us as a customer. Our broker solicited quotes from other agencies, and a decision has been made to partner with a new agency. Mr. Schipper reviewed the detailed changes in insurance expenses including property, vehicles and liability. Our revised budget will include \$1,405,776 in additional insurance expenses as a result.

**g. FY 2021 Potential Budget Amendment**

Linda Medina explained the FY 2021 potential budget amendment will be an addition to funding for insurance. She is working on the timing of the amendment, and once determined, will bring it before the Board for approval. Mayor Kepley expressed his support of this decision.

**3. INFORMATIONAL ITEMS**

**a. Audit Plan**

Linda Medina shared the audit plan was sent to the board, and the audit will begin in the coming week.

**b. Finance Software**

Linda Medina shared we had a software package that begun implantation in 2018. In the process of implementation, they found significant issues including additional software and add-on's that were needed. As a result, we are making modifications to our current software package that is better suited for our needs.

**c. New Operating Statement Format**

Linda Medina shared her proposal for an updated operating statement format. The new format is simplified and combines two reports into one. It will quickly and easily show the projection and what actually occurred. Committee expressed they like the new format. Mayor Kepley supported the change effective immediately.

**d. Pilot Revenue Source**

Steve Schipper shared information regarding three new potential revenue sources.

- There is an opportunity for the lot of Central Station to be managed by a third party, utilizing an app for customers to be able to park. The revenue is shared 50/50, and they insure customers have paid. In the case we have meetings or our employees parking there, we can utilize the lot at no cost. We will do a 90 day trial on this service to see what revenue it will actually generate and to make sure the arrangement will be successful. If all goes well, we will seek a long-term contract.
- Mesmerize has approached us regarding advertising for cannabis. Currently, there is no policy in place as to what is allowed or not allowed in advertising. This includes Grand Rapids being known as “Beer City” and being able to advertise as such. Staff will be reviewing transit agency advertising policies and plan to come to the board for approval of an Advertising Sale Policy.
- The City of Grand Rapids is working on a biodigester plan. We have the opportunity to sign on to this plan with DTE, and anticipate revenue to be \$50k-\$100k over the next couple of years, which would increase as we add compressed natural gas powered vehicles.

Mayor Kepley shared appreciation for the revenue options. He expressed concern about exiting the COVID stage when we have more students transported we will want to closely look at advertising for marijuana and alcohol. Mr. Schipper will consult with legal counsel to further investigate.

**4. AJOURNMENT**

This meeting was adjourned at 5:30 p.m.

Respectfully submitted,



Julie Ilbrink, Board Secretary



**Date:** January 20, 2021  
**To:** Finance Committee  
**From:** Linda Medina, Finance Manager  
**Subject:** Financial Statements and Single Audit Reports Years Ended September 30, 2020 and 2019

**OVERVIEW**

Attached for your review are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2020 and 2019.

**BACKGROUND**

The FY 2020 audit was completed by BDO USA in accordance with standards contained in Government Auditing Standards. The necessary financial statements along with any required supplemental information per State and Federal regulations are presented in the Financial Statements and Single Audit Reports.

The financial statements are prepared in conformity with generally accepted accounting principles (GAAP) on an accrual basis. Revenues are recognized in the period in which they are earned and expenses are recognized in the period they incurred.

BDO USA expected to issue an unmodified opinion on the report. This opinion confirms that the financial statements are fairly and appropriately presented and in compliance with GAAP. Below are the highlights for FY 2020:

- Total revenues increased from FY 2019 to FY 2020 by 16%. Fare revenue decreased by 36% due to reduction in service levels, but non-operating revenue increased by 53% mainly because of the execution of the CARES Act grant.
- Services increased by 23.7% from FY 2019 to FY 2020 as additional safety protocols were put into place to ensure the safety of our employees and riders.
- The materials and supplies expenses decreased by 40.8% from FY 2019 to FY 2020. With the reduction in service levels, fuel consumption and fuel price was significantly lower in FY 2020.
- Purchase transportation expenses decreased from FY 2019 to FY 2020 by 23.5% as ridership and service was reduced due to COVID-19 restrictions.
- Miscellaneous expenses decreased from FY 2019 to FY 2020 by 16.5%. The decrease is mainly due to the reduction of attendance and travel to seminars, workshops, etc.

- Capital costs increased 18.3% from 2019 to FY 2020 with the completion of the Laker Line project.

Also included in the report is information regarding the defined benefit pension plans. In FY 2020, a high range or a mid-range contribution was made to the pension plans.

John LaFramboise from BDO USA will be at the meeting to discuss the audit.

Please feel free to contact me directly at (616) 774-1149 or [Imedina@ridetherapid.org](mailto:Imedina@ridetherapid.org) with any additional questions regarding the audit report.

# Interurban Transit Partnership

## AUDIT WRAP-UP

September 30, 2020



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of ITP, and is not intended and should not be used by anyone other than these specified parties.

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Tel: 616-774-7000  
Fax: 616-776-3680  
www.bdo.com

200 Ottawa Avenue NW, Suite 300  
Grand Rapids, MI 49503

January 20, 2021

Members of the Board of Directors  
Interurban Transit Partnership  
Grand Rapids, Michigan

Professional standards require us to communicate with you regarding matters related to the audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On August 17, 2020, we presented an overview of our plan for the audit of the financial statements of Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2020 (as of June 30, 2020 for the pension trust funds), including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of ITP's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to ITP and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

BDO USA, LLP

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# Discussion Outline

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# Status of Our Audit

We have substantially completed our audit of the financial statements and federal awards as of and for the year ended September 30, 2020. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or the management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We expect to issue an unmodified opinion on the financial statements and release our report in January 2021.
- ▶ Our responsibility for other information in documents containing ITP's audited financial statement management's discussion and analysis, schedule of changes in ITP's net pension liability and related ratios and the schedules of contributions and actuarial assumptions does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by ITP and considered whether such information, or the manner of its presentation, is materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of ITP's personnel throughout the course of our work.

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# Results of Our Audit

## ACCOUNTING PRACTICES, POLICIES, ESTIMATES

The following summarizes the more significant required communications related to our audit concerning ITP's accounting practices, policies, and estimates:

ITP's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- ▶ There were no changes in significant accounting policies and practices during 2020.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. ITP's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in notes of the financial statements.

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2020.

## CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.

There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

## QUALITY OF ITP'S FINANCIAL REPORTING

A discussion was held regarding the quality of ITP's financial reporting, which included the following:

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our conclusions regarding significant accounting estimates
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments

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# Internal Control Over Financial Reporting

In planning and performing our audit of ITP’s financial statements, we considered ITP’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ITP’s internal control. Accordingly, we do not express an opinion on the effectiveness of ITP’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in ITP’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
<b>Deficiency in Internal Control</b>	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
<b>Significant Deficiency</b>	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
<b>Material Weakness</b>	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Nonprofit’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we noted no material weaknesses.

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# Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to ITP:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding ITP's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Our evaluation of ITP's relationships and transactions with related parties and their impact on the financial statements	We have evaluated ITP's process to identify, authorize and approve, account for, and disclose its relationships and transactions with related parties and noted no significant issues.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to ITP's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Other matters significant to the oversight of the ITP's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of ITP's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

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# Independence Communication

Our engagement letter to you dated July 20, 2020 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of ITP with respect to independence as agreed to by ITP. Please refer to that letter for further information.

# **Interurban Transit Partnership**

**Financial Statements  
and Single Audit Reports**  
Years Ended September 30, 2020 and 2019

**Draft 1/15/2021**

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Draft - Subject to Revision

## **Interurban Transit Partnership**

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Financial Statements and Single Audit Reports  
Years Ended September 30, 2020 and 2019

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# Interurban Transit Partnership

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## Independent Auditor's Report

Members of the Board  
Interurban Transit Partnership  
Grand Rapids, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the Interurban Transit Partnership (ITP) as of and for the years ended September 30, 2020 and 2019 (as of and for the years ended June 30, 2020 and 2019 for the Pension Trust Funds), and the related notes to the financial statements, which collectively comprise ITP's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to ITP'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 ITP'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 Interurban Transit Partnership as of September 30, 2020 and 2019 (June 30, 2020 and 2019 for the Pension Trust Funds), and the respective changes in financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 11-15 and the schedules of changes in ITP's net pension liability and related ratios and the schedules of contributions and actuarial assumptions on pages 43-46 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.

### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise ITP's basic financial statements. The accompanying combining statements, various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying combining statements, various schedules as listed in the table of contents and the schedule of expenditures of federal awards, are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2021 on our consideration of ITP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ITP's internal control over financial reporting and compliance.

\_\_\_\_\_, 2021

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# Interurban Transit Partnership

## Management's Discussion and Analysis

### Year Ended September 30, 2020

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This section of Interurban Transit Partnership's (ITP) annual financial report presents our discussion and analysis of ITP's financial performance during the fiscal years ended September 30, 2020 and 2019.

#### Financial Highlights

- The state operating assistance rate for FY20 was 30.9848%, down from 32.04% in FY19, and 32.93% in FY18.
- ITP levied 1.45 mills in 2020 and 1.47 mills in both 2019 and 2018, as approved by the taxpayers, adjusted by MCL211.34d (Headlee adjustment).
- GASB 68 - *Accounting and Financial Reporting for Pensions* became effective for FY15. This pronouncement requires that ITP's net pension liability, as well as deferred outflows and inflows of resources related to pensions, be recorded in its financial statements. ITP recognized a net pension liability of \$4,015,145 and \$3,506,015 at September 30, 2020 and 2019, respectively.

#### Overview of the Financial Statements

The financial section of this annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements and notes to the financial statements, required supplementary information, and other supplementary information.

The financial statements provide both long-term and short-term information about ITP's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to public transit authorities on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses and Changes in Net Position. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of ITP are included in the Statements of Net Position.

The Statements of Net Position report the net position and how it has changed. Net position, the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, is one way to measure the financial health or position of ITP.

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**Interurban Transit Partnership**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2020**

**Financial Analysis of ITP**

***Net Position***

ITP's net position increased by \$34.2 million during FY20, an increase of 26% from FY19 (see Table A-1).

Table A-1  
Net Position  
(in thousands of dollars)

<i>September 30,</i>	2020	2019	2018
Current assets	\$ 38,543	\$ 33,692	\$ 27,770
Capital assets, net	158,354	133,881	114,089
<b>Total assets</b>	<b>196,897</b>	<b>167,573</b>	<b>141,859</b>
Deferred outflows of resources	1,327	1,125	969
Current liabilities	8,566	13,638	7,633
Net pension liability	4,015	3,506	3,163
Deferred inflows of resources	21,149	21,235	21,506
Net position			
Investment in capital assets	158,354	133,881	114,089
Unrestricted	6,140	(3,562)	(3,563)
<b>Total Net Position</b>	<b>\$ 164,494</b>	<b>\$ 130,319</b>	<b>\$ 110,526</b>

Net position increased by \$34.2 million from FY19. In FY20, total assets increased by \$29.3 million primarily due to the Laker Line going into service in August. Current liabilities decreased by \$5.1 million, also due to the completion of the Laker Line project, which decreased the accounts payable liability in FY20.

The increase in net position during FY19 was due to the increase in current and capital assets, primarily due to the Laker Line project. The grant receivables are significantly higher than previous years.

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**Interurban Transit Partnership**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2020**

***Changes in Net Position***

Net position increased by \$34.2 million from September 30, 2019 to September 30, 2020 (see Table A-2).

Table A-2  
Change in Net Position  
(in thousands of dollars)

<i>Year ended September 30,</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Operating revenues			
Passenger fares	\$ 4,075	\$ 6,590	\$ 7,018
Advertising	208	132	166
<b>Total operating revenues</b>	<b>4,283</b>	<b>6,722</b>	<b>7,184</b>
Operating expenses			
Salaries and fringe benefits	28,097	28,839	24,756
Supplies and other operating expenses	20,627	21,703	20,352
Depreciation and loss on disposal of assets	13,839	11,914	11,369
<b>Total operating expenses</b>	<b>62,563</b>	<b>62,456</b>	<b>56,477</b>
<b>Operating loss</b>	<b>(58,280)</b>	<b>(55,734)</b>	<b>(49,293)</b>
Non-operating revenues			
State and federal	31,052	20,247	17,974
Property taxes	16,791	16,238	16,067
Other local	6,300	7,335	6,230
<b>Total non-operating revenues</b>	<b>54,143</b>	<b>43,820</b>	<b>40,271</b>
<b>Loss before capital contributions</b>	<b>(4,137)</b>	<b>(11,914)</b>	<b>(9,022)</b>
<b>Capital contributions</b>	<b>38,312</b>	<b>31,707</b>	<b>7,785</b>
<b>Change in net position</b>	<b>34,175</b>	<b>19,793</b>	<b>(1,237)</b>
<b>Net Position, beginning of year</b>	<b>130,319</b>	<b>110,526</b>	<b>111,763</b>
<b>Net Position, end of year</b>	<b>\$ 164,494</b>	<b>\$ 130,319</b>	<b>\$ 110,526</b>

The change in total operating revenue from the prior year is mainly due to the reduction in service levels due to the majority of bus routes being shut down in April through June 2020 due to the COVID-19 pandemic. Non-operating revenues increased due to the execution of the CARES Act grant that assisted in the loss of revenue by reimbursing eligible operating expenses. Capital contributions increased by \$6.6 million in FY20 as the Laker Line project came to completion and started service in August. In 2019, as compared to 2018, capital contributions increased compared to the prior year due to the Laker Line project, resulting in an increase in net position.

**Interurban Transit Partnership**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2020**

Table A-3  
Operating Expenses Before Depreciation  
(in thousands of dollars)

<i>Year ended September 30,</i>	<b>2020</b>	<b>2019</b>	Percentage Change
Labor	\$ 18,326	\$ 18,723	(2.1) %
Fringe benefits	9,770	10,116	(3.4)
Services	3,782	3,058	23.7
Materials and supplies consumed	3,967	6,696	(40.8)
Utilities	1,010	920	9.8
Casualty and liability costs	1,772	1,597	11.0
Purchased transportation	6,691	8,745	(23.5)
Miscellaneous	543	650	(16.5)

The main reason for changes from FY19 to FY20 is due to the reduction in the service levels, along with the addition of safety protocols due to the pandemic.

Services expenses increased from FY19 to FY20 as additional safety protocols were put in place to disinfect buses, additional cleanings of the building, etc.

The materials and supplies expenses decreased from FY19 to FY20 due mainly to reduction in fuel consumption and price.

Purchase transportation expenses decreased because of the reduction in service from FY19 to FY20.

Table A-3  
Operating Expenses Before Depreciation  
(in thousands of dollars)

<i>Year ended September 30,</i>	<b>2019</b>	<b>2018</b>	Percentage Change
Labor	\$ 18,723	\$ 17,420	7.5%
Fringe benefits	10,116	7,336	37.9
Services	3,058	3,327	(8.0)
Materials and supplies consumed	6,696	5,083	31.7
Utilities	920	924	(0.4)
Casualty and liability costs	1,597	1,454	9.8
Purchased transportation	8,745	8,526	2.6
Miscellaneous	650	1,037	(37.3)

Labor costs increased from FY18 to FY19 due to the operators and maintenance staffing. Route 19 and Dash increased service at the end of FY18, but was operated for a full in year FY19 which caused wages to increase over FY18. The maintenance department was understaffed the majority of the year, which caused overtime to increase.

Fringe benefits increased in FY19 because in FY18, there were significant plan changes to the defined benefit programs, resulting in a significant decrease in pension liability. The decrease in pension liability resulted in a material savings in expense of \$1.8 million, which is a one year

**Interurban Transit Partnership**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2020**

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adjustment. This FY18 expense reduction is driving the variance from FY19 to FY18. In FY19, no major plan changes were made. It is expected that going forward the liability adjustments will not have a material impact on the pension expense.

The materials and supplies expenses increased from FY18 to FY19 due to noncapital expenses for the Laker Line project. FY18 did not include any materials and supplies expenses, as the project started construction in FY19.

### **Capital Assets**

As of September 30, 2020, ITP had invested \$260 million in capital assets including land, land improvements, buildings, revenue equipment, and machinery and equipment. Net of accumulated depreciation, capital assets at September 30, 2020 totaled approximately \$158 million (see Table A-4). This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$24.5 million, or 18.3%, from September 30, 2019.

As of September 30, 2019, ITP had invested \$226 million in capital assets including land, land improvements, buildings, revenue equipment, and machinery and equipment. Net of accumulated depreciation, capital assets at September 30, 2019 totaled approximately \$134 million (see Table A-4). This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$19.8 million, or 17.5%, from September 30, 2018.

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**Interurban Transit Partnership**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2020**

Table A-4  
Capital Assets, Net of Depreciation  
(in thousands of dollars)

<i>September 30,</i>	2020	2019	Percentage Change
Land	\$ 9,368	\$ 9,368	-
Artwork	368	368	-
Easements	55	55	-
Construction in progress	1,147	22,511	(94.9)
Land improvements	2,715	2,968	8.5
Facilities	87,855	53,214	65.1
Revenue vehicles	47,224	36,794	28.3
Support equipment	3,807	3,613	5.4
Information systems and technology	5,512	4,700	17.3
Software and software development	303	290	4.3
<b>Total Net Capital Assets</b>	<b>\$ 158,354</b>	<b>\$ 133,881</b>	<b>18.3 %</b>

Table A-4  
Capital Assets, Net of Depreciation  
(in thousands of dollars)

<i>September 30,</i>	2019	2018	Percentage Change
Land	\$ 9,368	\$ 9,368	-%
Artwork	368	368	-
Easements	55	55	-
Construction in progress	22,511	5,478	310.9
Land improvements	2,968	3,220	(7.8)
Facilities	53,214	56,010	(5.0)
Revenue vehicles	36,794	29,909	23.0
Support equipment	3,613	3,757	(3.8)
Information systems and technology	4,700	5,566	(15.6)
Software and software development	290	358	(19.0)
<b>Total Net Capital Assets</b>	<b>\$ 133,881</b>	<b>\$ 114,089</b>	<b>17.5%</b>

**Economic Factors and Next Year's Budget**

There are many unknowns in FY21 due to the impact of COVID-19. Our focus remains on improving and increasing service and ridership, while maintaining safety and community trust.

With reduction in service levels, passenger fares and contract service revenue will be lower in FY21. Property tax revenue is anticipated to be stable, and the addition of CARES Act funding will assist with the loss of fare revenue. State operating assistance will be 31.6001% in FY21.

The health and safety of our customers and employees is a priority. Additional bus and facility cleanings, personal protective equipment, and other safety supplies are included in the FY21 budget. The conversion of the line haul fleet from diesel to CNG (compressed natural gas) is on track. In FY21, the fleet will be 50% diesel and 50% CNG.

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## Basic Financial Statements

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# Interurban Transit Partnership

## Statements of Net Position Enterprise Fund

September 30,	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments (Note 2)	\$ 27,513,058	\$ 18,977,235
Property taxes receivable, net	1,730,862	2,268,505
Due from federal government	3,773,491	7,471,681
Due from State of Michigan	1,152,587	2,510,112
Billed receivables	3,766,690	1,660,555
Materials and supplies inventories	579,685	577,150
Prepaid expenses and deposits	26,625	226,625
<b>Total Current Assets</b>	<b>38,542,998</b>	<b>33,691,863</b>
<b>Capital Assets (Note 3)</b>		
Facilities	116,360,639	78,119,499
Revenue vehicles	87,165,968	73,298,797
Support equipment	16,237,255	15,719,161
Land and improvements	14,566,181	14,566,181
Information systems, technology and software	24,014,557	21,303,288
Other nondepreciable assets	423,470	423,470
Construction in progress	1,147,039	22,510,897
	259,915,109	225,941,293
Less accumulated depreciation	(101,560,892)	(92,059,724)
<b>Net Capital Assets</b>	<b>158,354,217</b>	<b>133,881,569</b>
<b>Total Assets</b>	<b>196,897,215</b>	<b>167,573,432</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions (Note 4)	1,326,678	1,124,566

# Interurban Transit Partnership

## Statements of Net Position Enterprise Fund

<i>September 30,</i>	2020	2019
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,447,545	\$ 9,115,285
Accrued payroll	2,648,305	2,658,988
Unredeemed fares	305,665	176,076
Unearned revenues	271,481	298,748
Due to State of Michigan	1,893,152	1,388,723
<b>Total Current Liabilities</b>	<b>8,566,148</b>	<b>13,637,820</b>
<b>Net Pension Liability (Note 4)</b>	<b>4,015,145</b>	<b>3,506,015</b>
<b>Total Liabilities</b>	<b>12,581,293</b>	<b>17,143,835</b>
<b>Deferred Inflows of Resources</b>		
Property taxes received or receivable before the levy date	17,395,614	16,584,149
Related to pensions (Note 4)	3,752,808	4,651,093
<b>Total Deferred Inflows of Resources</b>	<b>21,148,422</b>	<b>21,235,242</b>
<b>Net Position</b>		
Investment in capital assets	158,354,217	133,881,569
Unrestricted	6,139,961	(3,562,648)
<b>Total Net Position</b>	<b>\$ 164,494,178</b>	<b>\$ 130,318,921</b>

*See accompanying notes to financial statements.*

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**Interurban Transit Partnership**  
**Statements of Revenues, Expenses and Change in Net Position**  
**Enterprise Fund**

<i>Year ended September 30,</i>	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Passenger fares	\$ 4,075,367	\$ 6,590,438
Advertising (Note 1)	207,249	131,890
<b>Total operating revenues</b>	<b>4,282,616</b>	<b>6,722,328</b>
<b>Operating Expenses</b>		
Salaries and fringe benefits	28,096,715	28,838,832
Supplies and other operating expenses	20,626,630	21,703,354
Depreciation and loss on disposal of assets	13,839,510	11,914,171
<b>Total operating expenses</b>	<b>62,562,855</b>	<b>62,456,357</b>
<b>Operating loss</b>	<b>(58,280,239)</b>	<b>(55,734,029)</b>
<b>Non-Operating Revenues</b>		
State	15,621,444	16,460,562
Federal	15,430,314	3,786,323
Property taxes	16,791,217	16,237,538
Other local	6,300,363	7,335,434
<b>Total non-operating revenues</b>	<b>54,143,338</b>	<b>43,819,857</b>
<b>Loss before capital contributions</b>	<b>(4,136,901)</b>	<b>(11,914,172)</b>
<b>Capital Contributions</b>	<b>38,312,158</b>	<b>31,707,206</b>
<b>Change in net position</b>	<b>34,175,257</b>	<b>19,793,034</b>
<b>Net Position, beginning of year</b>	<b>130,318,921</b>	<b>110,525,887</b>
<b>Net Position, end of year</b>	<b>\$ 164,494,178</b>	<b>\$ 130,318,921</b>

*See accompanying notes to financial statements.*

# Interurban Transit Partnership

## Statements of Cash Flows Enterprise Fund

Year ended September 30,	2020	2019
<b>Cash From (for) Operating Activities</b>		
Receipts from customers	\$ 2,306,070	\$ 8,306,327
Payments to suppliers	(26,096,905)	(14,921,122)
Payments to employees and fringe benefits	(28,698,665)	(29,462,006)
<b>Net cash for operating activities</b>	<b>(52,489,500)</b>	<b>(36,076,801)</b>
<b>Cash From Noncapital Financing Activities</b>		
Federal grants received	15,434,023	3,786,325
State grants received	17,484,330	14,225,121
Local government assistance received	5,871,211	7,032,845
Property taxes	18,140,325	17,267,100
Other income	305,772	164,961
<b>Net cash from noncapital financing activities</b>	<b>57,235,661</b>	<b>42,476,352</b>
<b>Cash From (for) Capital and Related Financing Activities</b>		
Federal contributed capital	34,396,324	19,850,866
State contributed capital	7,657,077	6,341,441
Local contributed capital	(74,961)	74,961
Purchase of capital assets	(38,312,158)	(31,707,206)
Proceeds from sale of capital assets	49,991	69,778
<b>Net cash from (for) capital and related financing activities</b>	<b>3,716,273</b>	<b>(5,370,160)</b>
<b>Cash From Investing Activity</b>		
Interest received on investments	73,389	67,850
<b>Net Increase in Cash and Investments</b>	<b>8,535,823</b>	<b>1,097,241</b>
<b>Cash and Investments, beginning of year</b>	<b>18,977,235</b>	<b>17,879,994</b>
<b>Cash and Investments, end of year</b>	<b>\$ 27,513,058</b>	<b>\$ 18,977,235</b>

# Interurban Transit Partnership

## Statements of Cash Flows Enterprise Fund

<i>Year ended September 30,</i>	2020	2019
<b>Reconciliation of Operating Loss to Net Cash for Operating Activities</b>		
Operating loss	\$ (58,280,239)	\$ (55,734,029)
Adjustments to reconcile operating loss to net cash for operating activities:		
Depreciation and loss on disposal of assets	13,839,510	11,914,171
Changes in assets and liabilities:		
(Increase) decrease in billed receivables	(2,106,135)	1,463,504
Increase in inventories	(2,535)	(8,011)
(Increase) decrease in prepaid expenses and deposits	200,000	(50,000)
Increase (decrease) in accounts payable	(5,667,740)	6,840,242
Increase (decrease) in accrued payroll	(10,683)	3,407
Increase in unredeemed fares	129,589	120,496
Decrease in pension-related items	(591,267)	(626,581)
<b>Net Cash for Operating Activities</b>	<b>\$ (52,489,500)</b>	<b>\$ (36,076,801)</b>

*See accompanying notes to financial statements.*

**Interurban Transit Partnership**  
**Statements of Fiduciary Net Position**  
**Fiduciary Funds**

<i>June 30,</i>	Pension Trust Funds	
	2020	2019
<b>Assets</b>		
Cash and short-term investments (Note 2)	\$ 1,166,424	\$ 757,128
Receivables		
Interest and dividends receivable	50	466
Investments, at fair value (Note 2)		
Bond mutual funds	3,199,577	3,238,283
Equity mutual funds	8,009,798	7,915,045
Total investments, at fair value	11,209,375	11,153,328
<b>Total Assets</b>	<b>12,375,849</b>	<b>11,910,922</b>
<b>Net Position Held in Trust for Pension Benefits</b>	<b>\$ 12,375,849</b>	<b>\$ 11,910,922</b>

*See accompanying notes to financial statements.*

**Interurban Transit Partnership**  
**Statements of Change in Fiduciary Net Position**  
**Fiduciary Funds**

<i>Year ended June 30,</i>	Pension Trust Funds	
	2020	2019
<b>Additions</b>		
Employer and employee contributions	\$ 806,514	\$ 650,000
Investment income:		
Net appreciation	305,683	563,134
Interest	6,950	16,262
Dividends	280,966	291,978
Investment expense	(12,317)	(28,700)
<b>Total investment income</b>	<b>581,282</b>	<b>842,674</b>
<b>Total additions</b>	<b>1,387,796</b>	<b>1,492,674</b>
<b>Deductions</b>		
Benefits	883,235	3,963,272
Administrative expense	39,634	43,049
<b>Total deductions</b>	<b>922,869</b>	<b>4,006,321</b>
Change in net position	464,927	(2,513,647)
<b>Net Position Held in Trust for Pension Benefits, beginning of year</b>	<b>11,910,922</b>	<b>14,424,569</b>
<b>Net Position Held in Trust for Pension Benefits, end of year</b>	<b>\$ 12,375,849</b>	<b>\$ 11,910,922</b>

*See accompanying notes to financial statements.*

# Interurban Transit Partnership

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

The Interurban Transit Partnership (ITP) was created in 2000 pursuant to the provisions of the Public Transit Authority Act of 1986, as amended. The six-member municipalities of East Grand Rapids, Grand Rapids, Grandville, Kentwood, Walker, and Wyoming each levy 1.47 mills to fund operations. ITP replaced the Grand Rapids Area Transit Authority.

ITP provides public passenger transportation to the general public in the greater Grand Rapids area. These financial statements include the Enterprise Fund and the Pension Trust Funds of ITP.

#### *Measurement Focus and Basis of Accounting*

The Enterprise Fund's and Pension Trust Funds' financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned; expenses are recognized when incurred. Grants are recognized as revenue as soon as all eligibility requirements have been met.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expense generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues are passenger fares. Operating expense include salaries and benefits, supplies and operating expense and depreciation. All revenues not meeting this definition are reported as non-operating revenues.

#### *Cash*

ITP considers cash on hand, demand deposits, and short-term investments in Kent County's investment pool, and governmental money market funds with local financial institutions with maturities of three months or less when purchased to be cash for the statements of cash flows.

#### *Materials and Supplies Inventories*

Materials and supplies inventories are stated at the lower of average cost or market.

#### *Investments*

Investments in bond mutual funds and equities are recorded at fair value based on quoted market prices.

#### *Capital Assets*

Property, buildings and equipment are recorded at cost. Depreciation is computed on the straight-line method based on the estimated useful lives of the related assets. Assets having a useful life in excess of three years and whose costs exceed \$1,000 are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Contributions of funds from federal, state or local sources for the purpose of purchasing property, plant and equipment are recorded as contributions when received.

# Interurban Transit Partnership

## Notes to Financial Statements

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Estimated useful lives of the related assets by asset category are as follows:

<i>Asset category</i>	Useful Life (in Years)
Facilities	20 - 40
Revenue vehicles	3 - 12
Support equipment	3 - 10
Land improvements	10 - 30
Information systems, technology and software	3 - 10

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### ***Unearned Revenues***

Unearned revenues arise when resources are received by ITP before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when ITP has a legal claim to the resources, the liability for unearned revenue is removed from the statement of net position and revenue is recognized.

### ***Deferred Outflows of Resources***

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. ITP has pension-related items that qualify to be reported in this category. These amounts are expensed in the plan years in which it applies.

### ***Deferred Inflows of Resources***

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. ITP has two items that qualify for reporting in this category. First, ITP reports a deferred inflow of resources for property taxes received or receivable prior to the period for which they were levied. Second are the future resources yet to be recognized in relation to the pension actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension liability and the actual results. The amounts are amortized over a period determined by the actuary.

### ***Pensions***

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

# Interurban Transit Partnership

## Notes to Financial Statements

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### ***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position invested in capital assets is net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through legislation or external restrictions imposed by creditors, grantors, laws or regulations of other governments.

### ***Compensated Absences***

Bus operators, maintenance and facility employees are credited 56 hours of personal paid leave each year on their seniority date. An employee who has worked less than 1,680 hours in the prior 12 months shall be credited with a proportionate share of paid personal leave. Paid personal leave may be accrued with no maximum limit. Upon termination, employees are paid for unused personal leave at their current rates.

### ***Property Taxes***

Property taxes are levied as an enforceable lien on property as of December 1. ITP's taxes are billed on July 1 and are due without penalty on July 31 for the City of Grand Rapids and September 14 for all other local governments. Real property taxes not collected as of March 1 are turned over to Kent County for collection. The County then advances ITP 100% of the delinquent real property taxes. Collection of the delinquent personal property taxes remains the responsibility of the local communities.

Property taxes are recognized as revenue in the period for which they are levied, with proper allowances made for estimated uncollectible amounts. ITP levied 1.47 mills for FY20, as approved by the voters and adjusted by MCL211.34d (Headlee adjustment) in a prior year.

### ***Advertising***

ITP advertising is outsourced. The contracting agency is responsible for any related expenses. ITP records no advertising expenses, and none are included in total eligible operating expenses.

### ***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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### ***Subsequent Events***

Management has evaluated subsequent events through \_\_\_\_\_, 2021, the date the financial statements were available to be issued.

# Interurban Transit Partnership

## Notes to Financial Statements

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### 2. Cash and Investments

#### *Deposits*

State statutes require that certificates of deposit, savings accounts, deposit accounts and depository receipts are made with banks doing and having a place of business in the State of Michigan that are also members of a federal or national insurance corporation.

#### *Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, ITP's deposits might not be recovered. ITP minimizes custodial credit risk by pre-qualifying financial institutions. At September 30, 2020, the bank balances were \$28,334,561, of which \$27,584,561 was uninsured and uncollateralized.

#### *Accounts Held by Government Depositors are Insured as Follows:*

In-state accounts: All time, savings and demand deposits owned by a public unit in an insured depository institution are added together and insured up to \$250,000.

#### *Investments*

State statutes authorize ITP to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, bankers acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, investment pools authorized by the Surplus Funds Investment Pool Act, and mutual funds composed entirely of the above investments.

At September 30, 2020, ITP's Enterprise Fund had the following investment, which is measured at amortized cost:

Investment	Maturity	Amortized Cost
Kent County Investment Pool	Less than 1 year	\$ 378,774

#### *Interest Rate Risk*

ITP minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term investments.

#### *Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, ITP will not be able to recover the value of its investments that are in the possession of an outside party. ITP minimizes custodial credit risk by limiting investments and pre-qualifying financial institutions. ITP had no investments subject to custodial credit risk at September 30, 2020.

# Interurban Transit Partnership

## Notes to Financial Statements

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### ***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. ITP's policy to mitigate such risk is by limiting investment choices to that of the highest ratings and direct obligations of the United States or those which are guaranteed by the United States.

At September 30, 2020, ITP's investments had the following credit ratings and exposure:

Investment Type	Rating	Credit Exposure as a Percentage of Total Investments
<b>Enterprise Fund</b>		
Kent County Investment Pool	Not rated	100%
<b>Pension Trust Funds</b>		
Money market funds	Moody's A-mf	9.43
Bond mutual funds	Not rated	25.85

### ***Fair Value Measurement***

ITP is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

*Level 1* - Quoted prices in active markets for identical securities.

*Level 2* - Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

*Level 3* - Prices determined using significant unobservable inputs. In situations where quoted prices are observable, inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect on ITP's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The following tables set forth by level within the fair value hierarchy the investment assets at fair value as of June 30, 2020 and 2019. As required by the fair value measurement standard, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

# Interurban Transit Partnership

## Notes to Financial Statements

The balances of assets measured at fair value on a recurring basis are as follows:

<i>June 30, 2020</i>	Level 1	Level 2	Level 3	Total
<b>Pension Trust Fund</b>				
Cash and short-term investments	\$ 1,166,424	\$ -	\$ -	\$ 1,166,424
Equity mutual funds	8,009,797	-	-	8,009,797
Bond mutual funds	3,199,578	-	-	3,199,578
<b>Investments, at fair value</b>	<b>\$ 12,375,799</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,375,799</b>
<hr/>				
<i>June 30, 2019</i>	Level 1	Level 2	Level 3	Total
<b>Pension Trust Fund</b>				
Cash and short-term investments	\$ 757,128	\$ -	\$ -	\$ 757,128
Equity mutual funds	7,915,045	-	-	7,915,045
Bond mutual funds	3,238,283	-	-	3,238,283
<b>Investments, at fair value</b>	<b>\$ 11,910,456</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,910,456</b>

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# Interurban Transit Partnership

## Notes to Financial Statements

### 3. Capital Assets

Capital asset activity for the year ended September 30, 2020 is as follows:

	Balance October 1, 2019	Additions	Transfers/ Deletions	Balance September 30, 2020
<b>Capital Assets</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 22,510,897	\$ -	\$ 21,363,858	\$ 1,147,039
Land	9,367,620	-	-	9,367,620
Artwork	368,470	-	-	368,470
Easements - intangible	55,000	-	-	55,000
Software in development	-	-	-	-
Capital assets being depreciated:				
Facilities	78,119,499	38,466,872	225,732	116,360,639
Revenue vehicles	73,298,797	17,116,074	3,248,903	87,165,968
Support equipment	15,719,161	1,373,141	855,047	16,237,255
Land improvements	5,198,561	-	-	5,198,561
Information systems and technology	18,152,222	2,526,480	2,201	20,676,501
Software - intangible	3,151,066	193,450	6,460	3,338,056
<b>Total capital assets</b>	<b>225,941,293</b>	<b>59,676,017</b>	<b>25,702,201</b>	<b>259,915,109</b>
Accumulated depreciation:				
Facilities	24,905,568	3,826,218	225,732	28,506,054
Revenue vehicles	36,503,867	6,667,243	3,229,359	39,941,751
Support equipment	12,106,339	1,179,162	855,047	12,430,454
Land improvements	2,231,165	252,157	-	2,483,322
Information systems and technology	13,451,970	1,714,263	2,203	15,164,030
Software - intangible	2,860,815	180,923	6,457	3,035,281
<b>Total accumulated depreciation</b>	<b>92,059,724</b>	<b>13,819,966</b>	<b>4,318,798</b>	<b>101,560,892</b>
<b>Net Capital Assets</b>	<b>\$ 133,881,569</b>	<b>\$ 45,856,051</b>	<b>\$ 21,383,403</b>	<b>\$ 158,354,217</b>

Please note the \$21,363,858 transfer amount in construction in progress was done to distribute prior year expenditures to the appropriate asset category when the Laker Line went into service.

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# Interurban Transit Partnership

## Notes to Financial Statements

Capital asset activity for the year ended September 30, 2019 is as follows:

	Balance October 1, 2018	Additions	Transfers/ Deletions	Balance September 30, 2019
<b>Capital Assets</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 5,478,493	\$ 17,032,404	\$ -	\$ 22,510,897
Land	9,367,620	-	-	9,367,620
Artwork	368,470	-	-	368,470
Easements - intangible	55,000	-	-	55,000
Software in development	282,184	-	282,184	-
Capital assets being depreciated:				
Facilities	78,066,782	54,450	1,733	78,119,499
Revenue vehicles	65,718,670	12,863,458	5,283,331	73,298,797
Support equipment	14,846,288	1,015,468	142,595	15,719,161
Land improvements	5,198,561	-	-	5,198,561
Information systems and technology	17,799,200	652,397	299,375	18,152,222
Software - intangible	2,779,853	89,029	282,184	3,151,066
<b>Total capital assets</b>	<b>199,961,121</b>	<b>31,707,206</b>	<b>5,727,034</b>	<b>225,941,293</b>
Accumulated depreciation:				
Facilities	22,056,315	2,850,986	1,733	24,905,568
Revenue vehicles	35,810,158	5,798,047	5,104,338	36,503,867
Support equipment	11,089,396	1,159,538	142,595	12,106,339
Land improvements	1,978,871	252,294	-	2,231,165
Information systems and technology	12,233,127	1,518,218	299,375	13,451,970
Software - intangible	2,704,721	156,094	-	2,860,815
<b>Total accumulated depreciation</b>	<b>85,872,588</b>	<b>11,735,177</b>	<b>5,548,041</b>	<b>92,059,724</b>
<b>Net Capital Assets</b>	<b>\$ 114,088,533</b>	<b>\$ 19,972,029</b>	<b>\$ 178,993</b>	<b>\$ 133,881,569</b>

#### 4. Pension and Retirement Plans

ITP has two single-employer defined benefit pension plans which provide retirement benefits to plan members and beneficiaries consisting of the Interurban Transit Partnership Pension Plan (Administrative Plan) and the Interurban Transit Partnership and Amalgamated Transit Union Pension Plan (Non-Administrative Plan).

##### *Plan Description - Administrative Plan*

ITP administers the Administrative Plan, a single-employer defined benefit pension plan that provides pensions for participants as defined by the plan document. The plan is currently closed to new participants. Administrative employees were eligible to participate when they attained 21 years of age and completed one full year of service. One full year of service is defined as at least 1,000 hours of service in the 12-consecutive-month period beginning on the employee's hire date. The

# Interurban Transit Partnership

## Notes to Financial Statements

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plan provided for vesting based on years of credited service, ranging from 20% at three years to 100% at five or more years. The pension benefit, payable monthly for life to the retired employee, equals 50% of the employee's average monthly compensation, adjusted for the employee's years of credited service. Full benefits are received if the employee retires at age 65 and is fully vested.

The financial statements of the plan are included in these financial statements as a Pension Trust Fund (a fiduciary fund).

As of June 30, the plan's membership consisted of:

	2020	2019
Retirees and beneficiaries currently receiving benefits	16	15
Terminated employees entitled to benefits but not yet receiving them	16	16
Active plan members	1	2
<b>Total</b>	<b>33</b>	<b>33</b>

### *Plan Description - Non-Administrative Plan*

ITP administers the Amalgamated Transit Union Pension Plan, a single-employer defined benefit pension plan that provides pensions for participants as defined by the plan document. The plan is a non-contributory defined benefit pension plan for ITP's non-administrative employees (drivers and mechanics). The plan is currently closed to new participants. Non-administrative employees were eligible to participate upon completion of 60 days of continuous service. Accumulated benefits attributable to ITP contributions are fully vested after five years of service. Termination of employment prior to completion of five years of service results in the forfeiture of the accumulated benefits attributable to ITP contributions. The pension benefit, payable monthly for life to the retired employee, equals a minimum of \$230.45, increased by a function of the employee's years of credited service or \$34 per year of service, whichever is greater.

The financial statements of the plan are included in these financial statements as a Pension Trust Fund (a fiduciary fund).

As of June 30, the plan's membership consisted of:

	2020	2019
Retirees and beneficiaries currently receiving benefits	129	125
Terminated employees entitled to benefits but not yet receiving them	127	126
Active plan members	225	242
<b>Total</b>	<b>481</b>	<b>493</b>

### *Basis of Accounting*

The financial statements of both plans have been prepared on the accrual basis. The employer contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits are recognized when due and payable, according to the terms of the plans. Investments are reported at fair value.

# Interurban Transit Partnership

## Notes to Financial Statements

### **Funding Policy**

The Administrative Plan was established and is being funded under the authority of ITP. Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. ITP retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. ITP is required to contribute the actuarially determined amount.

The Non-Administrative Plan was established and is being funded under the authority of ITP and under agreements with the union representing employees covered by the plan. The plan's funding policy is that the employer will contribute to the plan based on the current negotiated rate; for July 1, 2017 to December 10, 2017, this rate is \$1.00 for each hour of service completed. ITP is required by the terms of the plan to contribute based on the negotiated rate. This fund is now closed.

### **Actuarial Assumptions**

The total pension liability for both plans was determined by an actuarial valuation as of July 1, 2020 and the following actuarial assumptions, applied to all periods included in the measurement:

	Administrative Plan	Non-Administrative Plan
Inflation	2.50%	2.50%
Salary increases	0.00	0.00
Investment rate of return	3.50	4.00

### **Discount Rate**

The discount rate used to measure the total pension liability for the Administrative Plan was 6.00% and 6.50% for the Non-Administrative Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, both plans' fiduciary net position was not projected to be sufficient to make all future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the depletion date), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate is used to determine the total pension liability.

### **Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following tables present the pension plans' net pension liability, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.00%)	Current Rate (6.00%)	1% Increase (7.00%)
<b>Administrative Plan</b>			
<b>Net Pension Liability</b>	\$ 1,030,561	\$ 743,819	\$ 498,641

# Interurban Transit Partnership

## Notes to Financial Statements

<i>Non-Administrative Plan</i>	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
<b>Net Pension Liability</b>	\$ 4,833,420	3,271,326	\$ 1,973,328

### *Long-Term Expected Rates of Return and Asset Allocation*

The long-term expected rates of return of retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rates of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation. Best estimates are arithmetic real rates of return for each major asset class included in the retirement plan's investment policy.

<i>Asset Class</i>	Administrative Plan		Non-Administrative Plan	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	50%	6.0%	50%	6.50%
International equity	10	6.0	15	6.50
Fixed income	40	6.0	25	6.50
Real estate	0	0.0	10	6.50

### *Changes in the Net Pension Liability*

The following table summarizes changes in the net pension liability related to the Administrative Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance, June 30, 2019</b>	\$ 2,759,802	\$ 1,907,376	\$ 852,426
Changes in pension liability			
Service cost			
Interest	166,683	-	166,683
Experience losses	70,045	-	70,045
Contributions - employer	-	419,186	(419,186)
Assumption change	139,623	-	139,623
Net investment income	-	79,677	(79,677)
Benefit payment	(185,757)	(185,757)	-
Administrative expenses	-	(13,905)	13,905
<b>Net changes in pension liability</b>	<b>190,594</b>	<b>299,201</b>	<b>(108,607)</b>
<b>Balance, June 30, 2020</b>	<b>\$ 2,950,396</b>	<b>\$ 2,206,577</b>	<b>\$ 743,819</b>

# Interurban Transit Partnership

## Notes to Financial Statements

The following table summarizes changes in the net pension liability related to the Non-Administrative Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance, June 30, 2019</b>	\$ 12,657,135	\$ 10,003,546	\$ 2,653,589
Changes in pension liability			
Interest	800,046	-	800,046
Experience losses	43,263	-	43,263
Contributions - employer	-	387,328	(387,328)
Assumption change	637,632	-	637,632
Net investment income	-	501,605	(501,605)
Benefit payment	(697,478)	(697,478)	-
Administrative expenses	-	(25,729)	25,729
<b>Net changes in pension liability</b>	<b>783,463</b>	<b>165,726</b>	<b>617,737</b>
<b>Balance, June 30, 2020</b>	<b>\$ 13,440,598</b>	<b>\$ 10,169,272</b>	<b>\$ 3,271,326</b>

### *Deferred Inflows and Outflows of Resources Related to the Pension Plan*

At September 30, 2020, ITP reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Administrative Plan		Non-Administrative Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 217,374	\$ -	\$ 209,038	\$ 261,931
Changes of assumptions	-	992	825,822	3,456,453
Investment earnings losses	74,444	-	-	33,432
<b>Total</b>	<b>\$ 291,818</b>	<b>\$ 992</b>	<b>\$ 1,034,860</b>	<b>\$ 3,751,816</b>

Deferred outflows of resources and deferred inflows of resources that are the result of differences in expected and actual experience with regard to economic and demographic factors, or from changes in assumptions regarding those factors, are amortized over a closed period equal to the average of the expected remaining period of service for all plan participants. Those time periods are five years for both plans. The differences between projected and actual investment earnings are amortized over five years.

# Interurban Transit Partnership

## Notes to Financial Statements

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ending September 30,</i>	Administrative Plan	Non- Administrative Plan	Total
2021	\$ 228,082	\$ (566,129)	\$ (328,047)
2022	28,767	(507,744)	(478,977)
2023	24,699	(494,966)	(470,267)
2024	9,278	(475,081)	(465,803)
2025	-	(502,622)	(502,622)
Thereafter	-	(170,414)	(170,414)

### ***Components of Pension Expense***

For the year ended September 30, 2020, ITP recognized pension expense of \$480,715 for the Administrative Plan and \$(265,468) for the Non-Administrative Plan.

Below are the components of the total pension expense:

<i>Year ended September 30, 2020</i>	Administrative Plan	Non- Administrative Plan
Interest	\$ 166,683	\$ 800,046
Experience (gains) losses	226,140	(16,024)
Assumption change	142,489	(486,598)
Projected earnings on pension plan investments	(126,071)	(639,314)
Investment earnings losses	57,569	50,693
Administrative expenses	13,905	25,729
<b>Total Pension Expense</b>	<b>\$ 480,715</b>	<b>\$ (265,468)</b>

For the year ended September 30, 2020, actual cash payments made were \$419,186 and \$387,328 for the Administrative Plan and the Non-Administrative Plan, respectively.

### ***Defined Contribution - Administrative Plan***

ITP has a non-contributory defined contribution benefit plan for its administrative employees. The plan was established July 1, 2000. Administrative employees are eligible to participate on the first day of the month following completion of six months of service, provided that the employee has at least 500 hours of service. The plan provides 100% vesting after five years of service. The contribution is made monthly at 9% of compensation paid during the month. ITP made contributions totaling \$423,761 for the year ended September 30, 2020.

### ***Defined Contribution - Non-Administrative Plan***

ITP has a contributory defined contribution benefit plan for its non-administrative employees. The plan had an initial effective date of August 1, 2018, with ITP contributions retroactive to the December 11, 2017 effective date of a new bargaining agreement. Non-administrative employees

# Interurban Transit Partnership

## Notes to Financial Statements

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are eligible to participate after completion of a probationary period of 90 or 150 days. The plan provides 100% vesting after five years of service, with intermediate vesting levels for fewer years of service. Contributions are made bi-weekly and consist of 6% of eligible compensation, plus a match of participants' additional elective contributions up to 1% of eligible compensation. ITP made contributions totaling \$886,654 for the year ended September 30, 2020.

### 5. Risk Management

ITP is exposed to various risks of loss related to torts, theft of and damage to assets, errors and omissions, injuries to employees and natural disasters. ITP carries commercial insurance for most risks of loss, including employee life, health and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. ITP participated in a public entity risk pool for property and liability coverage through November 30, 2009. ITP paid an annual premium to the pool, which is adjusted retroactively to reflect the actual cost. Each member is responsible for all losses falling within its selected retention level, plus its share of pool losses and administrative expenses, less its share of investment income. The agreement for formation of the Michigan Transit Pool (the Pool) provides that the Pool will be self-sustaining through member premiums and will provide property and liability coverage to its members for the first \$2,000,000 per occurrence. The Pool has purchased excess insurance for an additional \$3,000,000 per occurrence. In addition, ITP carried excess insurance for an additional \$5,000,000 per occurrence. The Pool publishes its own financial report which can be obtained from the Pool. ITP's participation in the Pool ended as of December 1, 2009 except with regard to known and unknown covered events occurring prior to December 1, 2009. ITP currently purchases commercial insurance for property and liability with coverage of \$5,000,000 per occurrence with a \$50,000 deductible and has excess coverage for an additional \$5,000,000. ITP carries catastrophic insurance to cover direct damage to property.

### 6. Description of Grant Funding

The following is a description of ITP's major grant funding:

#### *Operations*

ITP's general operations are funded as follows:

The Michigan Department of Transportation (MDOT) authorized funding for fiscal years 2020 and 2019 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$21,379,383 and \$22,771,743 in 2020 and 2019, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 30.9848% and 32.04%, respectively, totaled \$13,248,718 and \$14,591,040 in 2020 and 2019, respectively.

#### *Capital Acquisitions*

Funds used to purchase property, buildings and equipment were advanced to ITP pursuant to grants provided by agencies of the state and federal governments. Funding is generally provided by the Federal Transit Authority (FTA) (80%) and by MDOT (20%). Pursuant to the terms of those grants and applicable state and federal law, ITP is required to remit to the state and federal governments substantially all of the amounts it may receive as a result of the sale or other disposal of the property which has been purchased with monies provided by state and federal grants.

# Interurban Transit Partnership

## Notes to Financial Statements

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### *Contingencies*

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

### **7. Risks and Uncertainties**

#### **COVID-19**

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak) and the risks to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

ITP's operations are heavily dependent on the ability to raise property taxes and charges for services. Additionally, access to grants and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, ITP's financial condition and liquidity may be negatively impacted for FY21.

#### **CARES Act**

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

It also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. There is no assurance ITP is eligible for these funds or will be able to obtain them.

Also, as part of the CARES Act, ITP received a Section 5307 grant for operating and capital assistance. This grant was fully federal and did not require a local match. The grant award was \$28.4 million, of which ITP spent \$11.2 million as of September 30, 2020.

ITP continues to examine the impact that the CARES Act may have on its operations. Currently, ITP is unable to determine the impact that the CARES Act will have on its financial condition, results of operations, or liquidity.

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**Required Supplementary Information**

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## Interurban Transit Partnership

### Schedule of Changes in the Net Pension Liability and Related Ratios - Administrative Plan

Year ended June 30,	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 77,449
Interest	166,683	222,849	298,964	304,879	305,827
Changes of benefit terms	-	-	-	-	(271,192)
Difference between expected and actual experience	70,045	652,124	(17,596)	29,585	(472,647)
Change of assumptions	139,623	(2,976)	92,870	414,758	(793,053)
Benefit payments	(185,757)	(3,355,575)	(177,586)	(178,477)	(214,300)
<b>Net Change in Total Pension Liability</b>	<b>190,594</b>	<b>(2,483,578)</b>	<b>196,652</b>	<b>570,745</b>	<b>(1,367,916)</b>
<b>Total Pension Liability - beginning</b>	<b>2,759,802</b>	<b>5,243,380</b>	<b>5,046,728</b>	<b>4,475,983</b>	<b>5,843,899</b>
<b>Total Pension Liability - ending (a)</b>	<b>2,950,396</b>	<b>2,759,802</b>	<b>5,243,380</b>	<b>5,046,728</b>	<b>4,475,983</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	419,186	400,000	457,924	800,000	434,492
Net investment income	79,677	126,980	250,474	369,137	(226)
Benefit payments	(185,757)	(3,355,575)	(177,586)	(178,477)	(214,300)
Administrative expenses	(13,905)	(14,445)	(12,580)	(11,874)	(17,484)
<b>Net Change in Fiduciary Net Position</b>	<b>299,201</b>	<b>(2,843,040)</b>	<b>518,232</b>	<b>978,786</b>	<b>202,482</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>1,907,376</b>	<b>4,750,416</b>	<b>4,232,184</b>	<b>3,253,398</b>	<b>3,050,916</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>2,206,577</b>	<b>1,907,376</b>	<b>4,750,416</b>	<b>4,232,184</b>	<b>3,253,398</b>
<b>Net Pension Liability - ending (a)-(b)</b>	<b>\$ 743,819</b>	<b>\$ 852,426</b>	<b>\$ 492,964</b>	<b>\$ 814,544</b>	<b>\$ 1,222,585</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>74.8%</b>	<b>69.1%</b>	<b>90.6%</b>	<b>83.9%</b>	<b>72.7%</b>
Covered-employee payroll	\$ 205,047	\$ 210,141	\$ 707,023	\$ 703,623	\$ 725,494
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>362.8%</b>	<b>405.6%</b>	<b>69.7%</b>	<b>115.8%</b>	<b>168.5%</b>

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, ITP presents information for those years for which information is available.

## Interurban Transit Partnership

### Schedule of Changes in the Net Pension Liability and Related Ratios - Non-Administrative Plan

Year ended June 30,	2020	2019	2018	2017	2016
<b>Total Pension Liability</b>					
Service cost	\$ -	\$ -	\$ 424,425	\$ 623,310	\$ 628,910
Interest	800,046	782,627	823,542	740,441	686,559
Changes in benefit terms	-	-	(1,612,940)	-	-
Difference between expected and actual experience	43,263	194,529	25,377	(261,781)	(51,400)
Change of assumptions	637,632	(56,593)	373,105	(2,723,243)	(465,876)
Benefit payments	(697,478)	(607,696)	(597,778)	(545,433)	(499,710)
<b>Net Change in Total Pension Liability</b>	<b>783,463</b>	<b>312,867</b>	<b>(564,269)</b>	<b>(2,166,706)</b>	<b>298,483</b>
<b>Total Pension Liability - beginning</b>	<b>12,657,135</b>	<b>12,344,268</b>	<b>12,908,537</b>	<b>15,075,243</b>	<b>14,776,760</b>
<b>Total Pension Liability - ending (a)</b>	<b>13,440,598</b>	<b>12,657,135</b>	<b>12,344,268</b>	<b>12,908,537</b>	<b>15,075,243</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employee	-	-	-	-	644,412
Contributions - employer	387,328	250,000	529,010	987,300	-
Net investment income	501,605	715,694	648,430	889,974	(36,996)
Benefit payments	(697,478)	(607,696)	(597,778)	(545,433)	(499,710)
Administrative expenses	(25,729)	(28,605)	(32,948)	(22,431)	(25,584)
<b>Net Change in Fiduciary Net Position</b>	<b>165,726</b>	<b>329,393</b>	<b>546,714</b>	<b>1,309,410</b>	<b>82,122</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>10,003,546</b>	<b>9,674,153</b>	<b>9,127,439</b>	<b>7,818,029</b>	<b>7,735,907</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>10,169,272</b>	<b>10,003,546</b>	<b>9,674,153</b>	<b>9,127,439</b>	<b>7,818,029</b>
<b>Net Pension Liability - ending (a)-(b)</b>	<b>\$ 3,271,326</b>	<b>\$ 2,653,589</b>	<b>\$ 2,670,115</b>	<b>\$ 3,781,098</b>	<b>\$ 7,257,214</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>75.7%</b>	<b>79.0%</b>	<b>78.4%</b>	<b>70.7%</b>	<b>51.9%</b>
Covered-employee payroll	n/a	n/a	n/a	n/a	n/a
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, ITP presents information for those years for which information is available.

# Interurban Transit Partnership

## Schedule of Contributions - Administrative Plan

<i>Fiscal year ended September 30,</i>	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 419,186	\$ 192,821	\$ 52,414	\$ 74,018	\$ 216,577
Actual contribution	419,186	400,000	457,924	800,000	434,492
Contribution (excess)	\$ -	\$ (207,179)	\$ (405,510)	\$ (725,982)	\$ (217,915)
Covered payroll	\$ 205,047	\$ 210,141	\$ 707,023	\$ 703,623	\$ 725,494
Actual contribution as % of covered payroll	204.4%	190.3%	64.8%	113.7%	59.9%

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2020
Actuarial cost method	Unit Credit
Asset valuation method	Market value
Retirement age	Age 65
Interest rate	6.00% per year
Mortality tables:	
Pre-retirement	None
Post-retirement	Pub-2010 Public Retirement Plans Mortality Tables for General Employees; annuitant and non-annuitant, sex-distinct with modified MP-2018 improvement factors
Turnover rates	None
Salary scale	None
Ancillary benefits values	None
Administrative experience	Prior year, rounded to nearest \$100
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross
Changes since prior valuation	Mortality updated to public pension tables; interest rate changed to 6.00%
Cost of living adjustments after retirement	None

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, ITP presents information for those years for which information is available.

# Interurban Transit Partnership

## Schedule of Contributions - Non-Administrative Plan

Fiscal year ended September 30,	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 387,328	\$ 376,920	\$ 735,101	\$ 775,392	\$ 746,846
Actual contribution	387,328	250,000	529,010	987,300	644,412
Contribution deficiency (excess)	\$ -	\$ 126,920	\$ 206,091	\$ (211,908)	\$ 102,434
Covered payroll	n/a	n/a	n/a	n/a	n/a
Actual contribution as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2020
Actuarial cost method	Unit Credit
Asset valuation method	75% of expected assets plus 25% of market value of assets, including contributions accrued for hours worked through the valuation date, but not less than 80%, nor more than 120% of market value
Retirement age	10% of active employees are assumed to retire at age 62 (if eligible for early retirement) and all remaining at age 65 (or current age if older); terminated vested participants are assumed to retire at age 65
Interest rate	6.50%
Mortality table	Public Plan Mortality Table for Blue-Collar Employees with MP-2019 Improvement Scale
Post-disablement mortality rates	Disabled retirees receiving benefits who have not attained age 65 are valued with applicable mortality rates from IRS Rev. Rul. 96-7 and 1964 OASDI rates of mortality
Turnover rates	Crocker-Sarason-Straight T-5
Ancillary benefits values	Vesting and pre-retirement death
Normal cost expenses (non-investment related)	Estimated expense is calculated as the average of prior two years' non-investment related expenses paid from the trust, rounded to the nearest \$1,000
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross
Changes since prior valuation	The mortality tables updated to public mortality tables
Cost of living adjustments after retirement	None

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, ITP presents information for those years for which information is available.

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**Combining Statements and Supplementary Information**

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**Interurban Transit Partnership**  
**Combining Statement of Plan Net Position**  
**Pension Trust Funds**

<i>June 30, 2020</i>	Administrative Plan	Non- Administrative Plan	Total
<b>Assets</b>			
Cash and short-term investments	\$ 691,285	\$ 475,139	\$ 1,166,424
Receivables			
Interest and dividends receivable	35	15	50
Investments, at fair value			
Bond mutual funds	544,363	2,655,214	3,199,577
Equity mutual funds	970,894	7,038,904	8,009,798
Total investments, at fair value	1,515,257	9,694,118	11,209,375
<b>Total Assets</b>	<b>2,206,577</b>	<b>10,169,272</b>	<b>12,375,849</b>
<b>Net Position Held in Trust for Pension Benefits</b>	<b>\$ 2,206,577</b>	<b>\$ 10,169,272</b>	<b>\$ 12,375,849</b>

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**Interurban Transit Partnership**  
**Combining Statement of Changes in Plan Net Position**  
**Pension Trust Funds**

<i>Year ended June 30, 2020</i>	Administrative Plan	Non- Administrative Plan	Total
<b>Additions</b>			
Employer and employee contributions	\$ 419,186	\$ 387,328	\$ 806,514
Investment income (loss):			
Net appreciation	38,282	267,401	305,683
Interest	5,429	1,521	6,950
Dividends	38,027	242,939	280,966
Investment expense	(2,061)	(10,256)	(12,317)
Total investment income	79,677	501,605	581,282
Total additions	498,863	888,933	1,387,796
<b>Deductions</b>			
Benefits	185,757	697,478	883,235
Administrative expense	13,905	25,729	39,634
Total deductions	199,662	723,207	922,869
Change in net position	299,201	165,726	464,927
<b>Net Position Held in Trust for Pension Benefits,</b> beginning of year	1,907,376	10,003,546	11,910,922
<b>Net Position Held in Trust for Pension Benefits,</b> end of year	\$ 2,206,577	\$ 10,169,272	\$ 12,375,849

# Interurban Transit Partnership

## Schedule of Non-Operating Revenues - Local

Year ended September 30, 2020

### Local Revenue

Property taxes	\$ 16,791,217
Grand Valley State University	2,282,372
Network180	390,640
DASH - City of Grand Rapids	2,058,507
Route 19	248,366
Van pool	57,302
Ferris State University	69,991
Grand Rapids Community College	69,845
Amtrak	43,275
Alpine Township	82,998
Byron Township	61,400
Cascade Township	379,738
Gaines Township	46,257
Other local services	80,520

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Total local revenue	22,662,428
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### Other Income

Gain on sale of property	49,991
Sale of wave cards	30,467
Retail lease	37,270
Family First Coronavirus Response Act (FFCRA)	124,253
Interest income	73,389
Miscellaneous	9,270
Ride project coordination	50,764
Vending machine	31,676
Billboard lease	22,072

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Total other income	429,152
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<b>Total Non-Operating Revenues - Local</b>	<b>\$ 23,091,580</b>
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# Interurban Transit Partnership

## Schedule of Non-Operating Revenues - State and Federal

Year ended September 30, 2020

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### State of Michigan Grants

General operating assistance	\$	13,849,041
Capital assistance		825,744
Preventive maintenance (operating)		11,360
Planning and miscellaneous project assistance		408,002
Specialized services		527,297

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Total State of Michigan grants		15,621,444
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### Federal Government Grants

Capital assistance		3,437,567
CARES Act assistance		11,137,090
Preventive maintenance (operating)		45,437
Planning and miscellaneous project assistance		810,220

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Total federal government grants		15,430,314
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<b>Total Non-Operating Revenues - State and Federal</b>	<b>\$</b>	<b>31,051,758</b>
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**Interurban Transit Partnership**  
**Schedule of Operating Expenses by Function**

<i>Year ended September 30, 2020</i>	General	
	Operations	Maintenance
<b>Labor</b>		
Operators' salaries and wages	\$ 10,286,500	\$ -
Other salaries and wages	3,146,403	2,451,423
Dispatchers' salaries and wages	300,779	-
<b>Total labor</b>	<b>13,733,682</b>	<b>2,451,423</b>
<b>Fringe Benefits</b>		
Pension - defined benefit (actual paid)	562,338	98,452
Pension - defined benefit (GASB adjustment)	(517,097)	(95,560)
Pension - defined contribution	986,698	176,249
Other fringe benefits	6,102,167	1,082,511
<b>Total fringe benefits</b>	<b>7,134,106</b>	<b>1,261,652</b>
<b>Services</b>		
Audit fees	-	-
Other services	404,251	1,406,939
<b>Total services</b>	<b>404,251</b>	<b>1,406,939</b>
<b>Materials and Supplies Consumed</b>		
Fuel and lubricants	1,689,995	-
Tires and tubes	-	41,458
Other materials and supplies	85,693	1,497,219
<b>Total materials and supplies consumed</b>	<b>1,775,688</b>	<b>1,538,677</b>
<b>Utilities</b>		
Other	133,796	-
<b>Casualty and Liability Costs</b>		
Premiums for public liability and property damage insurance	1,486,059	-
Other insurance	-	-
<b>Total casualty and liability costs</b>	<b>\$ 1,486,059</b>	<b>\$ -</b>

**Interurban Transit Partnership**  
**Schedule of Operating Expenses by Function**

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Operations				Total
Administration	Total	Grants	System	
\$ -	\$ 10,286,500	\$ -	\$ 10,286,500	
2,106,781	7,704,607	34,416	7,739,023	
-	300,779	-	300,779	
2,106,781	18,291,886	34,416	18,326,302	
145,724	806,514	-	806,514	
21,390	(591,267)	-	(591,267)	
147,468	1,310,415	-	1,310,415	
1,050,026	8,234,704	10,047	8,244,751	
1,364,608	9,760,366	10,047	9,770,413	
48,175	48,175	-	48,175	
785,532	2,596,722	1,136,802	3,733,524	
833,707	2,644,897	1,136,802	3,781,699	
-	1,689,995	-	1,689,995	
-	41,458	209,385	250,843	
155,976	1,738,888	287,322	2,026,210	
155,976	3,470,341	496,707	3,967,048	
875,944	1,009,740	-	1,009,740	
-	1,486,059	-	1,486,059	
285,982	285,982	-	285,982	
\$ 285,982	\$ 1,772,041	\$ -	\$ 1,772,041	

**Interurban Transit Partnership**  
**Schedule of Operating Expenses by Function**

<i>Year ended September 30, 2020</i>	General	
	Operations	Maintenance
<b>Purchased Transportation</b>	\$ 5,326,226	\$ -
<b>Miscellaneous</b>		
Travel and meetings	3,919	899
Advertising/promotion media	-	-
Dues and subscriptions	1,471	-
Other miscellaneous	150	38,390
<b>Total miscellaneous</b>	<b>5,540</b>	<b>39,289</b>
<b>Depreciation and Loss on Disposal of Assets</b>	-	-
<b>Non Rapid Enhancements</b>	-	-
<b>Preventive Maintenance</b>	-	-
<b>Total Expenses</b>	<b>\$ 29,999,348</b>	<b>\$ 6,697,980</b>

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**Interurban Transit Partnership**  
**Schedule of Operating Expenses by Function**

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Operations			
Administration	Total	Grants	Total System
\$ -	\$ 5,326,226	\$ 1,365,227	\$ 6,691,453
59,792	64,610	3,843	68,453
60,184	60,184	212,660	272,844
93,897	95,368	24,074	119,442
43,920	82,460	-	82,460
257,793	302,622	240,577	543,199
13,839,510	13,839,510	-	13,839,510
-	-	2,804,654	2,804,654
-	-	56,796	56,796
\$ 19,720,301	\$ 56,417,629	\$ 6,145,226	\$ 62,562,855

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# Interurban Transit Partnership

## Schedule of Expenses by Grant

<i>Year ended September 30, 2020</i>	Total	001 General Operations	530 MI-2016-X009 12-0104-P12 FY16 Section 5307
<b>Expenses</b>			
Labor	\$ 18,326,302	\$ 18,291,886	\$ -
Fringe benefits	9,770,413	9,760,365	-
Services	3,781,699	2,644,897	35,865
Materials and supplies consumed	3,967,048	3,549,942	-
Utilities	1,009,740	1,009,740	-
Casualty and liability costs	1,772,041	1,772,041	-
Purchased transportation	6,691,453	5,326,226	-
Miscellaneous	543,199	302,621	88,707
Depreciation and loss on disposal of assets	13,839,510	13,839,510	-
Nonrapid enhancements	2,804,654	-	-
Preventive maintenance	56,796	-	-
<b>Total Expenses</b>	<b>\$ 62,562,855</b>	<b>\$ 56,497,228</b>	<b>\$ 124,572</b>

ITP charges only direct costs to its grant projects. Therefore, ITP has no Bureau of Passenger Transportation approved cost allocation plan. As there are no indirect costs allocated to programs such as specialized services, there was no review of the methodology for capturing nonfinancial information for such programs.

# Interurban Transit Partnership

## Schedule of Expenses by Grant

540 MI-2017-X023 12-0070-P3 FY17 Section 5307	550 MI-16-X009 FY18 Section 5307	560 FY19 Section 5307	771 MI-2016-013 12-0104-P17 FY16 Section 5307	796 17-0070-P11 Specialized Services	870 MI-2017-015 FY17 Section 5339
\$ -	\$ -	\$ -	\$ 19,021	\$ -	\$ -
-	-	-	9,802	-	-
72,195	19,609	312,065	-	-	488
170,115	46,566	709	105	-	199,611
-	-	-	-	-	-
-	-	-	-	-	-
-	110,819	589,181	-	527,297	-
1,095	-	23,399	105,647	-	21,730
-	-	-	-	-	-
-	-	-	-	-	2,804,654
56,796	-	-	-	-	-
<b>\$ 300,201</b>	<b>\$ 176,994</b>	<b>\$ 925,354</b>	<b>\$ 134,575</b>	<b>\$ 527,297</b>	<b>\$ 3,026,483</b>

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# Interurban Transit Partnership

## Schedule of Regular Service Expenses by Function - Urban

Year ended September 30, 2020	Operations	Maintenance	Administration	Total
<b>Labor</b>				
Operators' salaries and wages	\$ 10,286,500	\$ -	\$ -	\$ 10,286,500
Other salaries and wages	3,146,403	2,451,423	2,106,781	7,704,607
Dispatchers' salaries and wages	300,779	-	-	300,779
<b>Total labor</b>	<b>13,733,682</b>	<b>2,451,423</b>	<b>2,106,781</b>	<b>18,291,886</b>
<b>Fringe Benefits</b>				
Pension - defined benefit	562,338	98,452	145,724	806,514
Pension - defined benefit (GASB)	(517,097)	(95,560)	21,390	(591,267)
Pension - defined contributions	986,698	176,249	147,468	1,310,415
Other fringe benefits	6,102,167	1,082,511	1,050,026	8,234,704
<b>Total fringe benefits</b>	<b>7,134,106</b>	<b>1,261,652</b>	<b>1,364,608</b>	<b>9,760,366</b>
<b>Services</b>				
Audit fees	-	-	48,175	48,175
Other services	404,251	1,406,939	785,532	2,596,722
<b>Total services</b>	<b>404,251</b>	<b>1,406,939</b>	<b>833,707</b>	<b>2,644,897</b>
<b>Materials and Supplies Consumed</b>				
Fuel and lubricants	1,689,995	-	-	1,689,995
Tires and tubes	-	41,458	-	41,458
Other materials and supplies	85,693	1,497,219	155,976	1,738,888
<b>Total materials and supplies consumed</b>	<b>1,775,688</b>	<b>1,538,677</b>	<b>155,976</b>	<b>3,470,341</b>
<b>Utilities</b>				
Other	133,796	-	875,944	1,009,740
<b>Total utilities</b>	<b>133,796</b>	<b>-</b>	<b>875,944</b>	<b>1,009,740</b>
<b>Casualty and Liability Costs</b>				
Premiums for public liability and property damage insurance	1,486,059	-	-	1,486,059
Other insurance	-	-	285,982	285,982
<b>Total casualty and liability costs</b>	<b>1,486,059</b>	<b>-</b>	<b>285,982</b>	<b>1,772,041</b>
<b>Purchased Transportation</b>	<b>5,326,226</b>	<b>-</b>	<b>-</b>	<b>5,326,226</b>
<b>Miscellaneous</b>				
Travel and meetings	3,919	899	59,792	64,610
Advertising/promotion media	-	-	60,184	60,184
Dues and subscriptions	1,471	-	93,897	95,368
Other miscellaneous	150	38,390	43,920	82,460
<b>Total miscellaneous</b>	<b>5,540</b>	<b>39,289</b>	<b>257,793</b>	<b>302,622</b>
<b>Depreciation and Loss on Disposal of Assets</b>	<b>-</b>	<b>-</b>	<b>13,839,510</b>	<b>13,839,510</b>
<b>Total Expenses</b>	<b>\$ 29,999,348</b>	<b>\$ 6,697,980</b>	<b>\$ 19,720,301</b>	<b>\$ 56,417,629</b>

**Interurban Transit Partnership**  
**Schedule of Regular Service Revenues - Urban**

*Year ended September 30, 2020*

**Operating Revenues**

Passenger fares	\$ 4,075,367
Advertising	207,249

Total operating revenues 4,282,616

**Non-Operating Revenues**

State and federal assistance	31,051,758
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**Local Revenue**

Property taxes	16,791,217
Grand Valley State University	2,282,372
Network180	390,640
DASH - City of Grand Rapids	2,058,507
Route 19	248,366
Van pool	57,302
Ferris State University	69,991
Grand Rapids Community College	69,845
Amtrak	43,275
Alpine Township	82,998
Byron Township	61,400
Cascade Township	379,738
Gaines Township	46,257
Other local services	80,520

Total local revenue 22,662,428

**Other Income**

Gain on sale of property	49,991
Sale of wave cards	30,467
Retail lease	37,270
Family First Coronavirus Response Act (FFCRA)	124,253
Interest income	73,389
Miscellaneous	9,270
Ride project coordination	50,764
Vending machine	31,676
Billboard lease	22,072

Total other income 429,152

**Total Revenues** **\$ 58,425,954**

## Interurban Transit Partnership

### Schedule of Hours and Miles - Urban

<i>Year ended September 30, 2020</i>	Weekday	Saturday	Sunday	Total
Total vehicle hours - linehaul	322,158	32,385	15,697	370,240
Revenue hours - linehaul	309,760	31,431	15,113	356,304
Total vehicle hours - bus rapid transit	21,509	2,390	1,970	25,869
Revenue hours - bus rapid transit	20,832	2,324	1,893	25,049
Total vehicle hours - demand response	111,930	8,665	7,960	128,555
Revenue hours - demand response	97,274	7,538	6,920	111,732
Total vehicle miles - linehaul	4,234,299	410,558	200,118	4,844,975
Revenue miles - linehaul	4,041,914	394,601	189,796	4,626,311
Total vehicle miles - bus rapid transit	287,311	30,096	25,108	342,515
Revenue miles - bus rapid transit	272,868	28,581	23,278	324,727
Total vehicle miles - demand response	1,769,235	120,360	105,934	1,995,529
Revenue miles - demand response	1,379,596	104,056	89,945	1,573,597

The methodology used for compiling non-financial data on OAR schedules is an adequate and reliable methodology.

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**Interurban Transit Partnership**  
**Schedule of Operating Assistance Calculation**

<i>Year ended September 30, 2020</i>	<b>State Operating Assistance Urban</b>
<b>General Operating Expenses</b>	<b>\$ 62,562,855</b>
<b>Add Eligible Expenses</b>	
Reverse GASB entry to pension to reflect actual paid pension expenses	591,267
<b>Less Ineligible Expenses</b>	
Depreciation expense and loss on disposal of assets	13,839,510
Capital funds used for operating expenses	6,145,227
Amtrak - billed directly to the State of Michigan	128,299
Non-transportation revenue	126,997
APTA and MPTA dues	7,528
Preventive maintenance	56,796
Other (lobbying fees)	91,000
	19,804,090
<b>Eligible Operating Expenses</b>	<b>\$ 42,758,765</b>
<b>Maximum State Operating Assistance (50%)</b>	<b>\$ 21,379,383</b>
<b>State Operating Assistance Accrual (30.9848%)</b>	<b>\$ 13,248,718</b>

**Notes to the Schedule of Operating Assistance Calculation**

ITP has deducted all known ineligible expenses in completing this calculation of state operating assistance. Any refunds or rebates are deducted from the appropriate expense item when received. Any expenses related to miscellaneous revenue were netted against said revenue. ITP had no "other" post-employment benefits. No such expense was accrued or paid during fiscal year 2019 and, therefore, there are no applicable issues regarding calculation of eligible operating expenses or the related assistance from the State of Michigan. ITP did not apply for non-urban assistance for fiscal year 2020; therefore, schedules for urban and non-urban expenses are not included.

The following are statements of assurances for the state:

Cost Allocation Plan - ITP charges only direct costs to its grant programs; therefore, no Office of Passenger Transportation (OPT) approved cost allocation plans are required, and none were used in the preparation of financial statements.

Nonfinancial Methodology Plan - The method used for compiling miles for linehaul and demand response service has been reviewed, and the recording method has been found to be adequate and reliable.

# Interurban Transit Partnership

## Schedule of Operating Assistance Calculation

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Capital Funds Used to Pay for Operating - Operating expenses of \$6,145,227 were paid for with capital funds. This amount was subtracted out as ineligible expense. No other operating expenses were paid for with capital funds. Ineligible expenses are identified according to the definition in the revenue and expense manual.

Depreciation - The depreciation expense is identified as an ineligible expense and subtracted from expenses. Therefore, the depreciation assurance regarding approval of useful life is not required.

Expenses associated with auxiliary transportation revenue - There are no costs associated with this revenue in eligible operating expenses, because advertising and concessions are outsourced and the contracting agency is responsible for any related expenses.

Retirement Benefits - ITP offers two types of pension compensation plans: defined benefit and defined contribution for administrative and non-administrative staff. The defined contribution expenses paid this year for the administrative staff is \$423,761 and non-administrative staff is \$886,654. The entire sum of \$1,310,415 was expensed on the books and paid with out-of-pocket funds.

The defined benefit plan expenses paid this year for the administrative plan is \$419,186 and the non-administrative plan is \$387,338. The entire sum of \$806,514 was expensed on the books and paid with out-of-pocket funds. The defined benefit plan is calculated pursuant to the GASB 68 Implementation Guide. The GASB adjustment recognized as required is a decrease of \$591,267 to the pension expense which is reflected on page 54, an increase of \$61,529 to the administration plan and a reduction of \$652,796 to the union plan. Therefore, the \$806,504 is an eligible expense and was added to the total operating expense for the calculation of state operating assistance.

\$11,137,090 was received in CARES Act funding in FY 20 to reimburse eligible operating expenses through September 30, 2020. These expenses are included in the Schedule of Operating Expenses by Function under General Operations.

**Interurban Transit Partnership**  
**Schedule of Expenditures of Federal Awards**

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*Year ended September 30, 2020*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through	Pass-Through Federal Grantor Number	Passed Through to Subrecipients
<b>Federal Transit Cluster</b>				
Federal Transit Formula Grants	20.507	Direct	MI-2016-X009	\$ -
Federal Transit Formula Grants	20.507	Direct	MI-2017-X023	-
Federal Transit Formula Grants	20.507	Direct	MI-2018-011	-
Federal Transit Formula Grants	20.507	Direct	MI-2019-023	-
Federal Transit Formula Grants	20.507	Direct	MI-2016-013	-
Federal Transit Formula Grants	20.507	Direct	MI-2019-024	-
Federal Transit Formula Grants (CARES Act)	20.507	Direct	MI-2020-016	-
Bus and Bus Facilities Formula Program	20.526	Direct	MI-2019-023	-
Federal Transit Capital Investment Grants	20.500	Direct	MI-2017-015	-
Federal Transit Capital Investment Grants	20.500	Direct	MI-2019-010	-
<b>Total Federal Awards</b>				<b>\$ -</b>

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# Interurban Transit Partnership

## Schedule of Expenditures of Federal Awards

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Capital Capital	Expenditures Other	Total Federal Expenditures
\$ 668,143	\$ 99,658	\$ 767,801
1,127,450	240,160	1,367,610
450,815	141,596	592,411
3,917,224	740,282	4,657,506
149,835	134,575	284,410
180,919	-	180,919
26,773	11,137,090	11,163,863
1,100,200	-	1,100,200
23,033,721	2,481,158	25,514,879
-	455,795	455,795
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\$ 30,655,080	\$ 15,430,314	\$ 46,085,394

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# Interurban Transit Partnership

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of ITP under programs of the federal government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ITP, it is not intended to and does not present the financial position, changes in net assets or cash flows of ITP.

### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### 3. Indirect Cost Rate

ITP has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

### 4. Matching Costs

Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

**Interurban Transit Partnership**  
**Schedule of Expenditures of State Awards**

<i>Year ended September 30, 2020</i>	State Grantor Number	Grantee Number	Accrued (Unearned) Revenue October 1, 2019	Receipts
<b>Program</b>				
Section 5307	MI-2016-x009	530	\$ 137,273	\$ 313,584
Section 5307	MI-2017-023	540	402,058	720,392
Section 5307	MI-2018-011	550	107,620	246,495
Section 5307	MI-2019-023	560	22,499	408,854
Section 5307	MI-2016-013	771	10,233	9,893
Section 5307	MI-2016-013	772	-	-
Specialized Services	2017-0070-P8	795	115,823	115,823
Specialized Services	2017-0070-P11	796	-	271,184
Section 5339	MI-2019-023	846	-	-
Section 5309	MI-2017-015	870	1,633,551	6,964,785
Section 5303	2017-0070-P10	986	86,437	291,884
Section 5303	MI-2019-010	987	(12,461)	81,591
<b>Total State Assistance</b>			\$ 2,503,033	\$ 9,424,485

**Interurban Transit Partnership**  
**Schedule of Expenditures of State Awards**

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Expenditures Capital	Expenditures Other	Accrued (Unearned) Revenue September 30, 2020
\$ 167,036	\$ 24,914	\$ 15,639
281,862	60,041	23,569
112,704	35,398	9,227
979,306	185,072	778,023
37,459	-	37,799
45,230	-	45,230
-	-	-
-	527,297	256,113
275,050	-	275,050
5,758,431	545,325	972,522
-	205,447	-
-	188,909	94,857
<b>\$ 7,657,078</b>	<b>\$ 1,772,403</b>	<b>\$ 2,508,029</b>

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## Additional Information

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Board  
Interurban Transit Partnership  
Grand Rapids, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise ITP’s basic financial statements and have issued our report thereon dated \_\_\_\_\_, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ITP’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ITP’s internal control. Accordingly, we do not express an opinion on the effectiveness of ITP’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the ITP’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ITP's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ITP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ITP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

\_\_\_\_\_, 2021

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## **Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

Members of the Board  
Interurban Transit Partnership  
Grand Rapids, Michigan

### **Report on Compliance for Each Major Federal Program**

We have audited Interurban Transit Partnership’s (ITP) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of ITP’s major federal programs for the year ended September 30, 2020. ITP’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

#### ***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of ITP’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ITP’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ITP’s compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Interurban Transit Partnership complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2020.

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## Report on Internal Control Over Compliance

Management of ITP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ITP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ITP's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

\_\_\_\_\_, 2021

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# Interurban Transit Partnership

## Schedule of Findings and Questioned Costs Year Ended September 30, 2020

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness(es) identified? no

Significant deficiency(ies) identified? none reported

Noncompliance material to financial statements noted? no

#### Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? no

Significant deficiency(ies) identified? none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? no

Identification of major federal programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
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20.500, 20.507 and 20.526	Federal Transit Cluster
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Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes

### Section II - Financial Statement Findings

There were no findings which are required to be reported under *Government Auditing Standards*.

### Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs related to Federal awards.

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The Rapid  
 FY 2021 Operating Statement  
 Year to Date as of November 30, 2020

	YTD as of November 30		Variance		FY 2020 YTD Actual	Note - Annual FY 2021 Budget
	Budget	Actual	\$	%		
Revenues and Operating Assistance						
Passenger Fares	\$ 724,862	\$ 466,302	\$ (258,560)	-35.7%	\$ 1,046,681	\$ 4,753,105
Sale of Transportation Services						
CMH Contribution	139,460	55,697	(83,763)	-60.1%	126,018	836,760
Dash Contract	442,240	387,638	(54,602)	-12.3%	440,963	2,653,438
Grand Valley State University	1,064,555	580,854	(483,702)	-45.4%	675,829	4,236,285
Van Pool Transportation	8,000	2,500	(5,500)	-68.8%	9,383	96,000
Township Services	153,537	100,335	(53,202)	-34.7%	100,336	921,223
Other	99,172	40,930	(58,242)	-58.7%	76,861	595,030
Subtotal Sale of Transportation Services	1,906,964	1,167,953	(739,011)	-38.8%	1,517,521	9,338,736
State Operating	1,869,354	2,878,634	1,009,280	54.0%	2,888,247	9,547,265
Property Taxes	2,725,645	2,899,085	173,440	6.4%	2,764,830	16,353,871
Advertising & Miscellaneous	101,933	93,801	(8,133)	-8.0%	53,250	699,349
Subtotal Revenues and Operating Assistance	7,328,758	7,505,775	177,016	2.4%	8,270,529	40,692,326
Grant Operating Revenue (Cares Act)	1,174,000	4,175,504	3,001,504	100.0%	-	7,043,999
<b>Total Revenues and Operating Assistance</b>	<b>\$ 8,502,758</b>	<b>\$ 11,681,278</b>	<b>\$ 3,178,520</b>	<b>37.4%</b>	<b>\$ 8,270,529</b>	<b>\$ 47,736,325</b>
Expenses						
Salaries and Wages						
Administrative	\$ 1,035,508	\$ 976,864	\$ (58,644)	-5.7%	\$ 974,338	\$ 5,384,641
Operators	2,789,336	2,421,822	(367,514)	-13.2%	2,851,691	14,071,600
Maintenance	398,373	365,494	(32,879)	-8.3%	384,989	2,071,539
Subtotal Salaries and Wages	4,223,217	3,764,180	(459,037)	-10.9%	4,211,018	21,527,780
Benefits	1,955,843	1,852,081	(103,762)	-5.3%	1,967,415	8,778,120
Contractual Services	650,795	595,668	(55,127)	-8.5%	288,273	3,586,561
Materials and Supplies						
Fuel and Lubricants	212,863	131,075	(81,788)	-38.4%	331,398	1,725,633
Other	194,464	177,605	(16,859)	-8.7%	292,028	1,863,690
Subtotal Materials and Supplies	407,326	308,680	(98,647)	-24.2%	623,426	3,589,323
Utilities, Insurance, and Miscellaneous	1,052,561	1,706,287	653,725	62.1%	845,652	4,113,462
Purchased Transportation	1,057,025	882,677	(174,348)	-16.5%	1,385,708	6,141,136
Expenses Before Capitalized Operating	9,346,769	9,109,573	(237,196)	-2.5%	9,321,492	47,736,382
Capitalized Operating Expenses	-	-	-	0.0%	-	-
<b>Total Operating Expenses</b>	<b>\$ 9,346,769</b>	<b>\$ 9,109,573</b>	<b>\$ (237,196)</b>	<b>-2.5%</b>	<b>\$ 9,321,492</b>	<b>\$ 47,736,382</b>
Net Surplus/(Deficit) without CARES		\$ (1,603,798)			\$ (1,050,963)	
Net Surplus/(Deficit) with CARES		\$ 2,571,705				