Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING

Tuesday, February 21, 2023 – 9:00 a.m.

Rapid Central Station Conference Room (250 Cesar Chavez Avenue, SW)

AGENDA

		PRESENTER	ACTION
1.	**PUBLIC COMMENT**		
2.	**MINUTES REVIEW – November 9, 2022**	Mayor Kepley	Review
3.	**DISCUSSION**		
	a. FY 21/'22 BDO Audit Report	Linda Medina	Approval
	b. December Operating Statement	Linda Medina	Information
	c. Contract Service Rate	Linda Medina	information
4.	**ADJOURNMENT**		

Next meeting: April 19, 2023

Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, November 9, 2022 – 4:00 p.m.

Rapid Central Station Conference Room (250 Cesar E. Chavez Avenue, SW)

ATTENDANCE:

Committee Members Present:
Mayor Carey, Mayor Favale, Mayor Kepley, Rick Baker

Committee Members Absent:
Mayor Maas

Staff Attendees:
Deb Prato, Kris Heald, Andy Prokopy, Mike Wieringa, Jason Prescott, James Nguyen, Linda Medina, Kevin Wisselink, Steve Schipper, Nancy Groendal, Steve Luther, Amanda Moore, Peter Sillanpaa

Other Attendees:
Chris Veenstra (Watkins Ross)

Mayor Kepley called the meeting to order at 4:02 p.m.

1. PUBLIC COMMENT

No Public Comment

2. MINUTES – August 10, 2022

Mayor Kepley asked for approval of the meeting minutes from August 10, 2022. The meeting minutes passed unanimously.

3. DISCUSSION

a. Defined Benefit Pension Plans Actuarial & GASB

Ms. Medina introduced Mr. Chris Veenstra from Watkins Ross to give a high-level presentation regarding the defined benefit pension plans.

Mr. Veenstra started his presentation with the funding report for the Admin Plan. He highlighted the changes from last year to this year. The accrued liability from FY21- FY22 went down by $116,000.

The actuarial value of assets went down by approximately $350,000. The unfunded liability went up from $245,000 to just under $480,000, a $234,000 increase. This translates to a higher low-range contribution, which is a 20-year amortization of unfunded liability, and a higher mid-range contribution which is a 10-year amortization of unfunded liability and an appreciably higher high-range contribution.

Mr. Veenstra moved next to discuss Valuation Results based on the following four (4) principles:

- Expected unfunded liability
- Actual unfunded liability
- Total Gain/Loss
- Breakdown of where the Gain/Loss came from

He stated by taking the prior years and rolling it forward to the end of the year, we have an expected unfunded liability of $118,000. The actual $479,000 is higher than what was expected. There is a difference of $362,000 loss that was not expected. This loss came from poor asset performance. Total gain/loss was offset by actuarial gains and other demographic changes.

Contribution and Recommendations

Mr. Veenstra noted that the Mid-range was over 10 years, and the low range was over 20 years. The contribution pays some monthly benefit, and the trust pays the rest. He is recommending having it fully funded before everyone retires and putting in the full amount of $508,000.

Annual Benefit Payment

Mr. Veenstra expects the annual benefit to be $200,000 for the next couple of years. In a down market, it is desirable not to add more funds to the plan. On the fixed-income side, those high-interest rates are driving the value of the fixed-income assets
The recommendation is to keep in mind the liquidity of the plan. Not to contribute less than $200,000. Just contribute enough to cover the demand.

Mayor Kepley asked, on page 7, regarding the distributions of monthly benefits, a lump sum payment of $177,000. Is that where you got the $222,000?

Mr. Veenstra replied he got the $200,000 from the projected benefit payments that consider the likelihood of lump sums on the part of some people.

Mayor Kepley likes the idea of covering the annual costs. What will we be paying out next year?

Mr. Veenstra apologizes for the mistake on one (1) person, and he will revisit this detail.

Mayor Kepley agrees we should pay the annual cost from the general budget.

Ms. Medina confirmed that we budgeted $250,000 for the Admin plan.

Mr. Veenstra moved on to the GASB report which is an accounting construct for the auditors to review.

GASB Statement 67 and 68
Mr. Veenstra stated that if the numbers at the beginning of the year, (total pension liability), are identical, we would want this to work until the end of the year as additional benefits earned would equal the amount of the contribution being put in (1:1 correspondence). Interest on the liability (future benefits being discounted) at a greater return on the assets to offset 1:1.
At the beginning of the year, there was a shortfall of $479,000. Payoff the unfunded liability over two (2) years. Even though liability grew with interest, we see a decrease in the assets.

Union Funding Plan

Mr. Veenstra stated that the plan is frozen. Just expenses are being paid in the plan asset. The accrued liability went down by $190,000. The actuarial value of the asset went up by $239,000. We have three (3) ranges of contribution. The low-range plan is 25-year amortization, the mid-range is 10, and the high range is 5. The mid-range reflects an average future working lifetime. However, we have been making a high-range contribution of $435,000.

Mr. Veenstra recommends the 5-year plan would be less strain on the assets in a down market.

Ms. Medina replied we budgeted $650,000.

Mayor Kepley wanted to clarify; the total distribution of $803,000 from last year, and we budgeted $650,000. Would we use that first, and then cover the remainder of the $150,000?

Mr. Baker inquired on page 5, that 137 participants are receiving a combined total of $62,000 per month.

Mr. Veenstra replied the benefit isn't huge.

Mr. Veenstra added that the benefit is $25 x years of service. Page 13 shows an average monthly basis.

Mayor Kepley verified that the plan is $25/month x years of service. The breakdown equals over 18 years of service.

Mayor Kepley also asked if this was a closed plan.

Ms. Medina confirmed yes

Mayor Kepley stated it's not a very rich plan.

GASB report for the Union Plan.
With the shorter funding horizon, the investment position is more conservative at 6%. The liability will likely go up by 6.5%.

Mayor Kepley noted, in summary, we are going to stick to the same plan. We lost significant money in this one due to poor-performing assets. We went from 471-461 participants.

Mr. Veenstra said if this plan was flush with assets, then we would have a different conversation.

Ms. Medina presented the BDO Audit Plan

Mayor Kepley asked if this is a standard letter.

Mayor Carey asked about John/Josh.
Ms. Medina noted that we are fortunate to have had both for the last 5 years.

Mayor Kepley asked when they start.

Ms. Medina answered today!

Mayor Carey noted that a best practice email goes out in advance. We don't need to worry about it this year.

Financial Planning and Analysis

Ms. Medina stated overall we will come in $1.6 under budget. State Operating is down 14%, and expenses are also down, the main increase in advertising and misc. is bus advertising. They will come in at $400,000. We also have a program with DASH and we are advertising with them. Expenses are 12.5% under budget, fringes are down, and insurance compared to budget is down approximately 32% over what we budgeted. Compared to the increase we will use $1.9 – $2M dollars to balance the budget at this point.

Ms. Medina noted we look at all our operating expenses and then ask for reimbursements.

Ms. Prato added that in our 5-year projection for FY26-FY27, we were running out of money. We believe we will be favorably $5.4M under budget.

Ms. Medina said next year we will ask for the $28M we received from ARP money. We will have used up all the money that is available.

Ms. Prato added that we see fluctuations in fuel, and we can't find the people to run our services.

Mayor Carey added there are significant headwinds.

Ms. Prato thanked Ms. Medina for her conservative budget.

Mayor Kepley said the budget is wrong right when it gets passed. These are great numbers; we have bought a lot of time.

Ms. Medina believes in a conservative budget. This is easier than having to find more funds.

Ms. Medina reported next on the insurance. Overall, we saved $520,000 and we had a 3% increase. The big changes were in general liability according to our broker, Cyber was a 35% increase, and a nice decrease in our unemployment insurance, overall compared to FY 21-22 considering market changes.

Ms. Medina answered Mayor Carey's question regarding overtime. Scheduled vs Unscheduled. Approximately three (3) times a year the Operators pick their rosters. Planning determines what the rosters are going to be. If rosters do not get picked, then those schedules go on the extra board and that is how they fill the open rosters.

Ms. Prato reminded Mayor Kepley when he asked how many operators, we are short, and she didn't know; she replied we are trying to figure out what the smart over time that we can build in that doesn't cost us the extra fringe for another body and to have as much overtime picked so we don't have to call someone into work. We seem to have low operators on payday Fridays. The contract says you only need to call with one (1) hours' notice. We are trying to right-size the overtime.

Ms. Medina said with this pick there were 210 operators and 213 Rosters. We need to have those numbers switched.

Mayor Carey added these are budget killers.

Ms. Prato replied we don't have enough people sitting and waiting when we need to fill in the extra board.

Mayor Carey said this is not just the cost of the overtime piece, it's the sedentary and health issues. This could hurt us potentially in the years to come.

Ms. Prato noted we have two big swings to battle with. Once we right-size it will be a whole other problem when people who are accustomed to overtime will not be getting that anymore.

Contract Service Rate

Ms. Medina reported that these Contract Service Rates are normally three (3) years behind. With covid and where we are now, the numbers look at that calculation, and do we want to stay the same or change?

Ms. Prato asked why we share our state operating assistance. Could we do quarterly audits? We want to be smarter about our contracts. Mr. Frazier and Mr. Erber are out selling our service. How do we write a contract that is right-sized?

Mayor Kepley said this is more about policy instead of numbers. This would be a good Retreat topic.

Mr. Baker feels like this group should come to the table first.

Mayor Carey asked if there is a way to get the contractual language when we re-write it. Even though we are signing up now for the October timeframe.

Mayor Kepley asked if we offer state operating or not.

Ms. Medina noted if fares aren't going to come back, we are behind 2 years and there is a big change year to year.

Ms. Prato added a 30% discount could help close the gap.

Mr. Baker asked what it would look like if we didn't have state operating. Would they get a rebate?

Ms. Medina replied that they would be taking money from us.

Ms. Prato said we met with Newago County, and they are sitting on a pile of planning and transit money, and they are not using any of it. If we extend the Ferris run, what would the rate be that we would contract our service out? Many factors. We would be growing in a way that would start covering the farebox loss. How we sell excess capacity and make money on it.

Ms. Medina confirmed this is not marked up at all.

Ms. Prato answered there are a lot of revenue hours. We charge only for the revenue service.

Mayor Kepley said water and sewer charges a ready-ness to serve charge.

Ms. Medina asked Mayor Kepley if they use his current budget.

Mayor Kepley replied this is when they come up with the numbers for cost, per unit price, and readiness to serve cost.

4. ADJOURNMENT

This meeting was adjourned at 5:30 p.m.
The next meeting is scheduled for January 18, 2023

Respectfully submitted

Kris Heald, Board Secretary

THE RAPID

Interurban Transit Partnership

Date: February 21, 2023

To: ITP Finance Committee

From: Linda Medina, Finance Manager

Subject: Financial Statements and Single Audit Reports Years Ended September 30, 2022, and 2021

OVERVIEW

Attached for your review and recommendation are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2022, and 2021 and the audit wrap up report.

BACKGROUND

The FY 21/22 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 general accepted accounting procedures (GAAP) on an accrual basis. Revenues are recognized in the period in which earned, and expenses are recognized in the period incurred.

Once again, BDO USA issued an unmodified opinion on the report and no material weaknesses or significant deficiencies were identified. This opinion confirms that the financial statements are fairly and appropriately presented and in compliance with GAAP. Below are the highlights for FY 21/22:

- Net position increased by $14.4 million dollars from FY 20/21. Operating revenue increased $1.4 million (44%) compared to FY 20/21 due to additional advertising revenue and increased ridership, but non-operating revenue decreased $656 thousand (1%) with the reduction in capital spending.

- Overall expenses did not increase dramatically compared to FY 20/21. The major changes in expenses include an increase of $1 million (27.5 in Materials and Supplies due to the price and fluctuation of diesel and CNG fuel costs and overall increase in materials due to economic pressures. A reduction of $797 thousand (24.5%) in Casualty and liability costs due to the continued staff commitment to reduce ITP's loss ratio.

- From year to year there was a 4.3% decrease in capital assets. The RAPID continues to invest in revenue vehicles, facilities, information systems technology, etc. to maintain and achieve community and regional outcomes. This year purchases included purchase of the Laker Line Park and Ride property, GO Bus facility (Busch Drive) property, the completion of the Butterworth facilities project and upgrades to the information systems technology.

- Comparing FY 21/22 actual to budget, expenses were $5.9 million under budget and revenues were $1.3 million over budget. Due to the decrease in expenses and increase in revenue, $400 thousand of federal covid funding was needed to fill the revenue gap instead of the budgeted $7.6 million, a reduction of $7.2 million.

Also included in the report is information regarding the defined benefit pension plans. In FY 21/22, a high range contribution was made to both plans, but the return on the plan was unfavorable compared to last year due to economic pressures.

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

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2022 and 2021

Required Supplementary Information, Supplementary Information, and Schedule of Expenditures of Federal Awards and Reports Required by *Government Auditing Standards* and Uniform Guidance
Year Ended September 30, 2022

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2022 and 2021

Required Supplementary Information, Supplementary Information, and Schedule of Expenditures of Federal Awards and Reports Required by *Government Auditing Standards* and Uniform Guidance
Year Ended September 30, 2022

Interurban Transit Partnership

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Independent Auditor's Report

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of Interurban Transit Partnership (ITP) as of and for the years ended September 30, 2022 and 2021 (as of and for the years ended June 30, 2022 and 2021 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Interurban Transit Partnership as of September 30, 2022 and 2021 (June 30, 2022 and 2021 for the Pension Trust Funds), and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of ITP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ITP's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ITP's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7-12, the schedules of changes in the net pension liability and related ratios on pages 34-35, and the schedules of contributions on pages 36-39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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, and 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 required parts of the basic financial statements.

The accompanying combining statements, and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and to 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 to other additional procedures in accordance with U.S. GAAS. In our opinion, the combining statements, and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2023 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 solely 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 the effectiveness of ITP's 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.

BDO USA, LLP

January 12, 2023

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, 2022 and 2021.

Financial Highlights

- The state operating assistance rate for fiscal year (FY) ending 2022 was 29.5134%, down from 31.6001% in FY 2021, and 30.9848% in FY 2020.
- ITP levied 1.41 mils in 2022, 1.43 mills and 1.45 mills in 2021 and 2020, respectively, as approved by the taxpayers, adjusted by MCL211.34d (Headlee adjustment).
- GASB 68 - *Accounting and Financial Reporting for Pensions*, 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 $2,927,208 and $739,049 at September 30, 2022 and 2021, 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 (U.S. 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.

Financial Analysis of ITP

Net Position

ITP's net position increased by $14.4 million as of September 30, 2022, an increase of 8% from September 30, 2021 (see Table A-1). The increase in current assets is largely due to the federal covid reimbursement of operating expenses. The reimbursement increased cash investments and ITP's five-year financial outlook. ITP continues to invest in capital assets (land, buildings, vehicles, equipment, and infrastructure) to achieve community and regional outcomes. This fiscal year's significant capital purchases include the purchase of the GO BUS Operations facility (Busch Drive), the purchase of the Standale Laker Line Park and Ride lot, and the completion of the new Facilities building at 720 Butterworth. The net pension liability increased as the asset return was unfavorable for the defined benefit plans. The following table shows the net position as of September 30, 2022, 2021, and 2020:

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

September 30,	**2022**	2021	2020
Current assets	**$ 77,697**	$ 62,817	$ 38,543
Capital assets, net	**151,476**	158,283	158,354
Total Assets	**229,173**	221,100	196,897
Deferred Outflows of Resources	**1,821**	996	1,327
Current Liabilities	**7,836**	13,842	8,566
Net Pension Liability	**2,927**	739	4,015
Deferred Inflows of Resources	**21,248**	22,912	21,149
Net Position			
Net investment in capital assets	**151,476**	158,283	158,354
Unrestricted	**47,508**	26,320	6,140
Total Net Position	**198,984**	184,603	164,494

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Changes in Net Position

Net position increased by $14.4 million from September 30, 2021 to September 30, 2022 (see Table A-2). Operating revenues increased as ridership and fares are recovering while non-operating revenue is consistent due to federal funding through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) and American Rescue (ARP) Acts. Capital contributions decreased this fiscal year as the prior year included the purchase of revenue buses and Laker Line ticket vending machines.

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

Year ended September 30,	**2022**	2021	2020
Operating Revenues			
Passenger fares	$ **4,216**	$ 2,962	$ 4,075
Advertising	**411**	258	208
Total Operating Revenues	**4,627**	3,220	4,283
Operating Expenses			
Salaries and fringe benefits	**26,582**	26,892	28,097
Supplies and other operating expenses	**20,263**	20,210	20,627
Depreciation and loss on disposal of assets	**16,234**	15,677	13,839
Total Operating Expenses	**63,079**	62,779	62,563
Operating Loss	**(58,452)**	(59,559)	(58,280)
Non-Operating Revenues			
State and federal	**38,298**	40,121	31,052
Property taxes	**18,012**	17,472	16,791
Other local	**7,096**	6,469	6,300
Total Non-Operating Revenues	**63,406**	64,062	54,143
Income (Loss), before capital contributions	**4,954**	4,503	(4,137)
Capital Contributions	**9,427**	15,606	38,312
Change in Net Position	**14,381**	20,109	34,175
Net Position, beginning of year	**184,603**	164,494	130,319
Net Position, end of year	$ **198,984**	$ 184,603	$ 164,494

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

The table below compares fiscal year ended September 30, 2022 to September 30, 2021 operating expenses before depreciation. The main changes from year-to-year are attributed to an increase in overtime due to labor challenges, the volatility in fuel prices, and increased costs for materials, supplies, and services due to economic factors. Insurance costs reduced from last year but reducing ITP's loss ratio and exposure remains its priority.

Year ended September 30,		**2022**		2021	Change (%)
Labor	**$**	**18,207**	$	17,538	3.8
Fringe benefits		**8,375**		9,354	(10.5)
Services		**3,946**		4,289	(8.0)
Materials and supplies consumed		**4,745**		3,723	27.5
Utilities		**1,334**		1,226	8.8
Casualty and liability costs		**2,453**		3,250	(24.5)
Purchased transportation		**6,855**		6,415	6.9
Miscellaneous		**492**		549	(10.4)

The main reason for changes from FY 2020 to FY 2021 is due to the reduction in the service levels, along with the addition of safety protocols due to the pandemic. Services expenses increased from FY 2020 to FY 2021 as additional safety protocols were put in place to disinfect buses, additional cleanings of the building, etc. The materials and supplies expenses decreased from FY 2020 to FY 2021 due mainly to reduction in fuel consumption and price. Purchase transportation expenses decreased because of the reduction in service from FY 2020 to FY 2021.

Year ended September 30,		2021		2020	Change (%)
Labor	$	17,538	$	18,326	(4.3)
Fringe benefits		9,354		9,770	(4.3)
Services		4,289		3,782	13.4
Materials and supplies consumed		3,723		3,967	(6.2)
Utilities		1,226		1,010	21.4
Casualty and liability costs		3,250		1,772	83.4
Purchased transportation		6,415		6,691	(4.1)
Miscellaneous		549		543	1.1

Capital Assets

As of September 30, 2022, ITP had invested $230 million in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and equipment. Net of accumulated depreciation, capital assets on September 30, 2022 totaled approximately $151 million (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately $6.8 million, or 4.3%, from September 30, 2021.

As of September 30, 2021, ITP had invested $261 million in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and equipment. Net of accumulated depreciation, capital assets on September 30, 2021 totaled approximately $158 million (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately $70,800, or 0.04%, from September 30, 2020.

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

September 30,	**2022**	2021	Change (%)
Land	**$ 12,139**	$ 9,368	29.6
Artwork	**368**	368	-
Easements	**55**	55	-
Construction in progress	**-**	172	(100.0)
Land improvements	**2,709**	2,586	4.7
Facilities	**83,112**	84,620	(1.8)
Revenue vehicles	**42,700**	49,152	(13.1)
Support equipment	**3,883**	4,026	(3.6)
Information systems and technology	**5,908**	7,564	(21.9)
Software and software development	**602**	372	61.8
Total Net Capital Assets	**$ 151,476**	$ 158,283	(4.3)

September 30,	2021	2020	Change (%)
Land	$ 9,368	$ 9,368	-
Artwork	368	368	-
Easements	55	55	-
Construction in progress	172	1,147	(85.0)
Land improvements	2,586	2,715	(4.8)
Facilities	84,620	87,855	(3.7)
Revenue vehicles	49,152	47,224	4.1
Support equipment	4,026	3,807	5.8
Information systems and technology	7,564	5,512	37.2
Software and software development	372	303	22.8
Total Net Capital Assets	$ 158,283	$ 158,354	0.04

Economic Factors and Next Year's Budget

ITP's focus in FY 2022/2023 is on the value transit provides in achieving community and regional goals and outcomes. Transit is no longer a conversation limited to how many riders are on ITP's system. The conversation has turned to the value a transit network and infrastructure brings to support and promote the vitality of the community it serves. ITP is a strategic partner in growth and economic development, playing its part means providing access to employment, health care, and education and by offering and continuously improving and reimagining a flexible network of public transportation and mobility solutions.

For FY 2022/2023, the Board of Directors adopted a $52.8 million operating budget, exclusive of depreciation, and a $24.1 million capital budget. Passenger fares continue to recover and contract service revenue remains consistent. The balance of eligible federal funding will be received in FY 2022/2023 and will continue to assist with fare box deficits. Property tax revenue is anticipated to be stable, and state operating assistance will be 29.2015%, which is a slight decrease from last fiscal year, despite an increase in local bus operating (LBO) funds. Converting ITP's fleet to zero emissions continues to be a priority as ITP has partnered with the city of Grand Rapids and DTE for renewable Compressed Natural Gas energy and the city of Grand Rapids to receive fuel from their biodigester for ITP's buses. The linehaul fleet is currently 60% CNG and 40% diesel. Staff will continue to monitor and investigate options to control costs.

Basic Financial Statements

Interurban Transit Partnership

Statements of Net Position
Enterprise Fund

September 30,		**2022**		2021
Assets				
Current Assets				
Cash and investments (Note 2)	**$**	**67,052,999**	$	46,149,497
Property taxes receivable, net		**1,387,045**		1,247,099
Due from federal government		**1,789,509**		8,981,916
Due from state of Michigan		**854,585**		1,963,634
Billed receivables		**4,618,419**		3,098,116
Materials and supplies inventories		**696,091**		578,826
Prepaid expenses and deposits		**1,298,725**		797,464
Total Current Assets		**77,697,373**		62,816,552
Capital Assets (Note 3)				
Facilities		**120,752,930**		117,678,642
Revenue vehicles		**83,915,094**		83,340,271
Support equipment		**17,876,445**		16,790,853
Land and improvements		**17,861,038**		14,692,152
Information systems, technology, and software		**29,545,913**		28,313,794
Other non-depreciable assets		**423,814**		423,814
Construction in progress		**-**		171,715
		270,375,234		261,411,241
Less: accumulated depreciation		**(118,899,166)**		(103,127,823)
Net Capital Assets		**151,476,068**		158,283,418
Total Assets	**$**	**229,173,441**	$	221,099,970
Deferred Outflows of Resources				
Related to pensions (Note 4)	**$**	**1,821,163**	$	996,227
Liabilities				
Current Liabilities				
Accounts payable	**$**	**3,311,065**	$	8,736,940
Accrued payroll		**1,904,372**		2,598,871
Unredeemed fares		**627,090**		509,523
Unearned revenues		**274,008**		278,331
Due to state of Michigan		**1,719,160**		1,718,653
Total Current Liabilities		**7,835,695**		13,842,318
Net Pension Liability (Note 4)		**2,927,208**		739,049
Total Liabilities	**$**	**10,762,903**	$	14,581,367
Deferred Inflows of Resources				
Property taxes received or receivable before the levy date	**$**	**18,627,623**	$	17,785,399
Related to pensions (Note 4)		**2,620,129**		5,126,311
Total Deferred Inflows of Resources	**$**	**21,247,752**	$	22,911,710
Net Position				
Net investment in capital assets	**$**	**151,476,068**	$	158,283,418
Unrestricted		**47,507,881**		26,319,702
Total Net Position	**$**	**198,983,949**	$	184,603,120

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Revenues, Expenses, and Changes in Net Position
Enterprise Fund

Year ended September 30,	**2022**	2021
Operating Revenues		
Passenger fares	**$ 4,216,120**	$ 2,961,800
Advertising	**410,866**	258,253
Total Operating Revenues	**4,626,986**	3,220,053
Operating Expenses		
Salaries and fringe benefits	**26,582,153**	26,892,299
Supplies and other operating expenses	**20,262,989**	20,210,358
Depreciation and loss on disposal of assets	**16,234,357**	15,677,114
Total Operating Expenses	**63,079,499**	62,779,771
Operating Loss	**(58,452,513)**	(59,559,718)
Non-Operating Revenues		
State	**16,062,177**	17,387,842
Federal	**22,235,906**	22,733,207
Property taxes	**18,012,199**	17,472,240
Other local	**7,096,053**	6,469,054
Total Non-Operating Revenues	**63,406,335**	64,062,343
Income, before capital contributions	**4,953,822**	4,502,625
Capital Contributions	**9,427,007**	15,606,317
Change in Net Position	**14,380,829**	20,108,942
Net Position, beginning of year	**184,603,120**	164,494,178
Net Position, end of year	**$ 198,983,949**	$ 184,603,120

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Cash Flows
Enterprise Fund

Year ended September 30,	2022	2021
Cash from Operating Activities		
Receipts from customers	$ 3,224,250	$ 4,092,485
Payments to suppliers	(26,307,390)	(15,690,943)
Payments to employees and fringe benefits	(28,419,611)	(28,513,875)
Net Cash Used in Operating Activities	(51,502,751)	(40,112,333)
Cash from Noncapital Financing Activities		
Federal grants received	22,235,906	22,733,207
State grants received	17,167,411	16,409,144
Local government assistance received	6,740,388	6,158,695
Property taxes	18,714,477	18,345,788
Other income	205,599	107,106
Net Cash Provided by Noncapital Financing Activities	65,063,781	63,753,940
Cash from Capital and Related Financing Activities		
Federal contributed capital	14,764,292	7,402,453
State contributed capital	1,855,121	2,995,439
Purchase of capital assets	(9,427,007)	(15,606,317)
Proceeds from sale of capital assets	30,460	137,737
Net Cash Provided by (Used in) Capital and Related Financing Activities	7,222,866	(5,070,688)
Cash from Investing Activity		
Interest received on investments	119,606	65,520
Net Increase in Cash and Investments	20,903,502	18,636,439
Cash and Investments, beginning of year	46,149,497	27,513,058
Cash and Investments, end of year	$ 67,052,999	$ 46,149,497
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (58,452,513)	$ (59,559,718)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and loss on disposal of assets	16,234,357	15,677,114
Changes in assets and liabilities:		
Increase (decrease) in billed receivables	(1,520,303)	668,574
Increase (decrease) in inventories	(117,265)	859
Decrease in prepaid expenses and deposits	(501,261)	(770,839)
Increase (decrease) in accounts payable	(5,425,875)	5,289,395
Decrease in accrued payroll	(694,499)	(49,434)
Increase in unredeemed fares	117,567	203,858
Decrease in pension-related items	(1,142,959)	(1,572,142)
Net Cash Used in Operating Activities	$ (51,502,751)	$ (40,112,333)

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Fiduciary Net Position
Fiduciary Funds

June 30,

	Pension Trust Funds	
	2022	2021
Assets		
Cash and short-term investments (Note 2)	**$ 738,603**	$ 1,038,622
Receivables:		
Interest and dividends receivable	**671**	16
Investments, at fair value (Note 2):		
Bond mutual funds	**3,025,040**	3,421,811
Equity mutual funds	**8,955,882**	10,756,010
Total Investments, at fair value	**11,980,922**	14,177,821
Total Assets	**12,720,196**	15,216,459
Net Position Held in Trust for Pension Benefits	**$ 12,720,196**	$ 15,216,459

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30,

	Pension Trust Funds	
	2022	2021
Additions		
Employer and employee contributions	**$ 688,771**	$ 1,175,294
Investment income (loss):		
Net appreciation (depreciation)	**(2,517,648)**	3,125,968
Interest	**1,428**	277
Dividends	**357,762**	335,747
Investment expense	**(12,353)**	(11,154)
Total Investment Income (Loss)	**(2,170,811)**	3,450,838
Total Additions	**(1,482,040)**	4,626,132
Deductions		
Benefits	**975,093**	1,743,415
Administrative expense	**39,130**	42,107
Total Deductions	**1,014,223**	1,785,522
Change in Net Position	**(2,496,263)**	2,840,610
Net Position Held in Trust for Pension Benefits, beginning of year	**15,216,459**	12,375,849
Net Position Held in Trust for Pension Benefits, end of year	**$ 12,720,196**	$ 15,216,459

See accompanying notes to financial statements.

1. Summary of Significant Accounting Policies

Reporting Entity

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 1.43 mills to fund operations.

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 expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues are passenger fares. Operating expenses 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.

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

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

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 statements 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 (expenses) 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.

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 1.4308 mills for fiscal year 2022, operations 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 January 12, 2023, the date the financial statements were available to be issued.

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, 2022, the bank balances were $68,200,004, of which $67,450,004 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.

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

September 30,		**2022**	2021
Investment	Maturity	**Amortized Cost**	Amortized Cost
Kent County Investment Pool	Less than 1 year	**$ 6,139,098**	$ 6,106,957

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, 2022.

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 that are guaranteed by the United States.

At September 30, 2022, ITP's investments had the following credit ratings and exposure:

Investment Type	Rating	Credit Exposure as a Percentage of Total Investments (%)
Enterprise Fund		
Kent County Investment Pool	Not rated	100
Pension Trust Funds		
Money market funds	Moody's A-mf	5.81
Bond mutual funds	Not rated	23.78

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 – This level consists of quoted prices in active markets for identical securities.

Level 2 – This level consists of 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 – This level consists of prices determined using significant unobservable inputs. In situations where quoted prices are observable, or 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, 2022 and 2021. 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.

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

June 30, 2022

	Level 1	Level 2	Level 3	Total
Pension Trust Fund				
Cash and short-term investments	$ 738,603	$ -	$ -	$ 738,603
Equity mutual funds	8,955,882	-	-	8,955,882
Bond mutual funds	3,025,040	-	-	3,025,040
Investments, at fair value	$ 12,719,525	$ -	$ -	$ 12,719,525

June 30, 2021

	Level 1	Level 2	Level 3	Total
Pension Trust Fund				
Cash and short-term investments	$ 1,038,622	$ -	$ -	$ 1,038,622
Equity mutual funds	10,756,010	-	-	10,756,010
Bond mutual funds	3,421,811	-	-	3,421,811
Investments, at fair value	$ 15,216,443	$ -	$ -	$ 15,216,443

3. Capital Assets

Capital asset activity is as follows:

	Balance, October 1, 2021	Additions	Deletions/ Reclassifications	**Balance, September 30, 2022**
Capital Assets				
Capital assets not being depreciated:				
Construction in progress	$ 171,715	$ -	$ 171,715	**$ -**
Land	9,367,620	2,771,272	-	**12,138,892**
Artwork	368,470	-	-	**368,470**
Easements - intangible	55,343	-	-	**55,343**
Capital assets being depreciated:				
Facilities	117,678,642	3,074,288	-	**120,752,930**
Revenue vehicles	83,340,271	574,823	-	**83,915,094**
Support equipment	16,790,853	1,121,877	36,285	**17,876,445**
Land improvements	5,324,532	397,614	-	**5,722,146**
Information systems and technology	24,679,954	1,224,357	413,469	**25,490,842**
Software - intangible	3,633,841	434,491	13,260	**4,055,072**
Total Capital Assets	261,411,241	9,598,722	634,729	**270,375,234**
Accumulated Depreciation				
Facilities	33,059,029	4,581,537	-	**37,640,566**
Revenue vehicles	34,188,162	7,027,428	-	**41,215,590**
Support equipment	12,764,597	1,265,510	36,285	**13,993,822**
Land improvements	2,738,505	275,037	-	**3,013,542**
Information systems and technology	17,115,909	2,880,253	413,469	**19,582,693**
Software - intangible	3,261,621	204,592	13,260	**3,452,953**
Total Accumulated Depreciation	103,127,823	16,234,357	463,014	**118,899,166**
Net Capital Assets	$ 158,283,418	$ (6,635,635)	$ 171,715	**$ 151,476,068**

Please note the $171,715 amount in construction in progress was done to distribute prior-year capital assets to the appropriate asset category for the fare revenue machines for the Laker Line.

	Balance October 1, 2020	Additions	Transfers/ Deletions	**Balance September 30, 2021**
Capital Assets				
Capital assets not being depreciated:				
Construction in progress	$ 1,147,039	$ 171,715	$ 1,147,039	**$ 171,715**
Land	9,367,620	-	-	**9,367,620**
Artwork	368,470	-	-	**368,470**
Easements – intangible	55,000	343	-	**55,343**
Capital assets being depreciated:				
Facilities	116,360,639	1,318,003	-	**117,678,642**
Revenue vehicles	87,165,968	9,051,813	12,877,510	**83,340,271**
Support equipment	16,237,255	1,466,431	912,833	**16,790,853**
Land improvements	5,198,561	125,971	-	**5,324,532**
Information systems and technology	20,676,501	4,323,293	319,840	**24,679,954**
Software – intangible	3,338,056	295,785	-	**3,633,841**
Total Capital Assets	259,915,109	16,753,354	15,257,222	**261,411,241**
Accumulated Depreciation				
Facilities	28,506,054	4,552,975	-	**33,059,029**
Revenue vehicles	39,941,751	7,123,921	12,877,510	**34,188,162**
Support equipment	12,430,454	1,246,976	912,833	**12,764,597**
Land improvements	2,483,322	255,183	-	**2,738,505**
Information systems and technology	15,164,030	2,271,719	319,840	**17,115,909**
Software – intangible	3,035,281	226,340	-	**3,261,621**
Total Accumulated Depreciation	101,560,892	15,677,114	14,110,183	**103,127,823**
Net Capital Assets	$ 158,354,217	$ 1,076,240	$ 1,147,039	**$ 158,283,418**

4. Pension and Retirement Plans

ITP has two single-employer defined benefit pension plans that 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 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:

	2022	2021
Retirees and beneficiaries currently receiving benefits	**14**	15
Terminated employees entitled to benefits but not yet receiving them	**13**	14
Active plan members	**1**	1
Total	**28**	30

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:

	2022	2021
Retirees and beneficiaries currently receiving benefits	**136**	137
Terminated employees entitled to benefits but not yet receiving them	**160**	129
Active plan members	**165**	210
Total	**461**	476

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.

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, 2021, 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	6.00	6.50

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 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 one percentage point lower or one percentage point higher than the current rate:

Administrative Plan	1% Decrease (5.00)	Current Rate (6.00)	1% Increase (7.00)
Net Pension Liability	$ 676,356	$ 479,630	$ 310,002

Non-Administrative Plan	1% Decrease (5.50)	Current Rate (6.50)	1% Increase (7.50)
Net Pension Liability	$ 3,931,083	$ 2,447,578	$ 1,205,084

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.

	Administrative Plan		Non-Administrative Plan	
Asset Class	Target Allocation (%)	Long-Term Expected Rate of Return (%)	Target Allocation (%)	Long-Term Expected Rate of Return (%)
Domestic equity	50.00	7.50	50.00	7.50
International equity	10.00	8.50	15.00	8.50
Domestic bonds	32.25	2.50	20.00	2.50
International bonds	7.50	3.50	5.00	3.50
Real estate	0.00	0.00	10.00	4.50

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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)
Balance, July 1, 2021	$ 2,314,364	$ 2,068,935	$ 245,429
Changes in Pension Liability			
Service cost	-	-	-
Interest	132,650	-	132,650
Experience gains	(28,168)	-	(28,168)
Contributions – employer	-	152,611	(152,611)
Assumption change	(13,943)	-	(13,943)
Net investment income (loss)	-	(281,958)	281,958
Benefit payments	(207,063)	(207,063)	-
Administrative expenses	-	(14,315)	14,315
Net Changes in Pension Liability	(116,524)	(350,725)	234,201
Balance, June 30, 2022	$ 2,197,840	$ 1,718,210	$ 479,630

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)
Balance, July 1, 2021	$ 13,641,144	$ 13,147,524	$ 493,620
Changes in Pension Liability			
Interest	861,713	-	861,713
Experience gains	(228,921)	-	(228,921)
Contributions – employer	-	536,160	(536,160)
Assumption change	(56,342)	-	(56,342)
Net investment income (loss)	-	(1,888,853)	1,888,853
Benefit payments	(768,030)	(768,030)	-
Administrative expenses	-	(24,815)	24,815
Net Changes in Pension Liability	(191,580)	(2,145,538)	1,953,958
Balance, June 30, 2022	$ 13,449,564	$ 11,001,986	$ 2,447,578

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2022, 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	$ -	$ -	$ 238,503	$ 319,180
Changes of assumptions	-	-	607,660	2,300,949
Investment earnings losses	154,902	-	820,098	-
Total	$ 154,902	$ -	$ 1,666,261	$ 2,620,129

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.

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

Year ending September 30,	Administrative Plan	Non-Administrative Plan	Total
2023	$ 38,071	$ (506,611)	$ (468,540)
2024	22,650	(460,793)	(438,143)
2025	13,374	(410,536)	(397,162)
2026	80,807	251,736	332,543
2027	-	79,676	79,676
Thereafter	-	92,660	92,660

Components of Pension Expense

For the year ended September 30, 2022, ITP recognized pension expense of $24,920 for the Administrative Plan and $(479,108) for the Non-Administrative Plan.

Below are the components of the total pension expense:

Year ended September 30, 2022

		Administrative Plan		Non-Administrative Plan
Interest	$	132,650	$	861,713
Experience gains		(28,168)		(86,475)
Assumption change		(13,943)		(507,086)
Projected earnings on pension plan investments		(122,073)		(846,247)
Investment earnings losses		42,139		74,172
Administrative expenses		14,315		24,815
Total Pension Expense	$	24,920	$	(479,108)

For the year ended September 30, 2022, actual cash payments made were $152,611 and $536,160 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 10% of compensation paid during the month. ITP made contributions totaling $492,090 for the year ended September 30, 2022.

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 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 $904,228 for the year ended September 30, 2022.

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 entity risk 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 2022 and 2021 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled $22,465,395 and $22,321,281 in 2022 and 2021, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 29.5134% and 31.6001%, respectively, totaled $13,260,604 and $14,107,094 in 2022 and 2021, 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 that has been purchased with monies provided by state and federal grants.

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 that may be disallowed by the grantor cannot be determined at this time, although ITP expects such amounts, if any, to be immaterial.

Required Supplementary Information

Interurban Transit Partnership

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

Year ended June 30,	**2022**	2021	2020	2019	2018
Total Pension Liability					
Service cost	**$ -**	$ -	$ -	$ -	$ -
Interest	**132,650**	147,516	166,683	222,849	298,964
Changes in benefit terms	**-**	-	-	-	-
Difference between expected and actual experience	**(28,168)**	208,572	70,045	652,124	(17,596)
Change of assumptions	**(13,943)**	(8,535)	139,623	(2,976)	92,870
Benefit payments	**(207,063)**	(983,585)	(185,757)	(3,355,575)	(177,586)
Net Change in Total Pension Liability	**(116,524)**	(636,032)	190,594	(2,483,578)	196,652
Total Pension Liability - beginning	**2,314,364**	2,950,396	2,759,802	5,243,380	5,046,728
Total Pension Liability - ending (a)	**2,197,840**	2,314,364	2,950,396	2,759,802	5,243,380
Plan Fiduciary Net Position					
Contributions - employer	**152,611**	408,451	419,186	400,000	457,924
Net investment income (loss)	**(281,958)**	451,877	79,677	126,980	250,474
Benefit payments	**(207,063)**	(983,585)	(185,757)	(3,355,575)	(177,586)
Administrative expenses	**(14,315)**	(14,385)	(13,905)	(14,445)	(12,580)
Net Change in Fiduciary Net Position	**(350,725)**	(137,642)	299,201	(2,843,040)	518,232
Plan Fiduciary Net Position - beginning	**2,068,935**	2,206,577	1,907,376	4,750,416	4,232,184
Plan Fiduciary Net Position - ending (b)	**1,718,210**	2,068,935	2,206,577	1,907,376	4,750,416
Net Pension Liability - ending (a)-(b)	**$ 479,630**	$ 245,429	$ 743,819	$ 852,426	$ 492,964
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (%)	**78.2**	89.4	74.8	69.1	94.1
Covered-employee payroll	**$ 48,532**	$ 48,337	$ 205,047	$ 210,141	$ 707,023
Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	**988.3**	507.7	362.8	405.6	41.9

Note: This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-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,	**2022**	2021	2020	2019	2018
Total Pension Liability					
Service cost	**$ -**	$ -	$ -	$ -	$ 424,425
Interest	**861,713**	848,945	800,046	782,627	823,542
Changes in benefit terms	**-**	-	-	-	(1,612,940)
Difference between expected and actual experience	**(228,921)**	111,431	43,263	194,529	25,377
Change of assumptions	**(56,342)**	-	637,632	(56,593)	373,105
Benefit payments	**(768,030)**	(759,830)	(697,478)	(607,696)	(597,778)
Net Change in Total Pension Liability	**(191,580)**	200,546	783,463	312,867	(564,269)
Total Pension Liability - beginning	**13,641,144**	13,440,598	12,657,135	12,344,268	12,908,537
Total Pension Liability - ending (a)	**13,449,564**	13,641,144	13,440,598	12,657,135	12,344,268
Plan Fiduciary Net Position					
Contributions - employee	**-**	-	-	-	-
Contributions - employer	**536,160**	766,843	387,328	250,000	529,010
Net investment income (loss)	**(1,888,853)**	2,998,961	501,605	715,694	648,430
Benefit payments	**(768,030)**	(759,830)	(697,478)	(607,696)	(597,778)
Administrative expenses	**(24,815)**	(27,722)	(25,729)	(28,605)	(32,948)
Net Change in Fiduciary Net Position	**(2,145,538)**	2,978,252	165,726	329,393	546,714
Plan Fiduciary Net Position - beginning	**13,147,524**	10,169,272	10,003,546	9,674,153	9,127,439
Plan Fiduciary Net Position - ending (b)	**11,001,986**	13,147,524	10,169,272	10,003,546	9,674,153
Net Pension Liability - ending (a)-(b)	**$ 2,447,578**	$ 493,620	$ 3,271,326	$ 2,653,589	$ 2,670,115
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (%)	**81.8**	96.4	75.7	79.0	78.4
Covered-employee payroll	**N/A**	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	**N/A**	N/A	N/A	N/A	N/A

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

Interurban Transit Partnership

Schedule of Contributions - Administrative Plan

Year ended June 30,	**2022**	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 144,807**	$ 408,541	$ 419,186	$ 192,821	$ 52,414	$ 74,018	$ 216,577
Actual contribution	**152,611**	408,451	419,186	400,000	457,924	800,000	434,492
Contribution (Excess)	**$ (7,804)**	$ 90	$ -	$ (207,179)	$ (405,510)	$ (725,982)	$ (217,915)
Covered payroll	**$ 48,532**	$ 48,337	$ 205,047	$ 210,141	$ 707,023	$ 703,623	$ 725,494
Actual contribution as % of covered payroll (%)	**314.5%**	845.0	204.4	190.3	64.8	113.7	59.9

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2022
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-2019 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
Cost of living adjustments after retirement	None

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

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

Year ended June 30,	**2022**	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 321,702**	$ 455,490	$ 387,328	$ 376,920	$ 735,101	$ 775,392	$ 746,846
Actual contribution	**536,160**	766,843	387,328	250,000	529,010	987,300	644,412
Contribution (Excess)	**$ (214,458)**	$ (311,353)	$ -	$ 126,920	$ 206,091	$ (211,908)	$ 102,434
Covered payroll	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A
Actual contribution as % of covered payroll (%)	**N/A**	N/A	N/A	N/A	N/A	N/A	N/A

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2022
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	SOA RP-2014 adjusted to 2006 Mortality Table for Blue-Collar Employees with MP-2020 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 ten years. However, until a full ten-year trend is compiled, ITP presents information for those years for which information is available.

Supplementary Information

Interurban Transit Partnership

Combining Statement of Plan Net Position
Pension Trust Funds

June 30, 2022

	Administrative Plan	Non-Administrative Plan	Total
Assets			
Cash and short-term investments	$ 26,495	$ 712,108	$ 738,603
Receivables:			
Interest and dividends receivable	47	624	671
Investments, at fair value:			
Bond mutual funds	644,030	2,381,010	3,025,040
Equity mutual funds	1,047,638	7,908,244	8,955,882
Total Investments, at fair value	1,691,668	10,289,254	11,980,922
Total Assets	1,718,210	11,001,986	12,720,196
Net Position Held in Trust for Pension Benefits	$ 1,718,210	$ 11,001,986	$ 12,720,196

Interurban Transit Partnership

Combining Statement of Changes in Plan Net Position
Pension Trust Funds

Year ended June 30, 2022

	Administrative Plan	Non-Administrative Plan	Total
Additions			
Employer and employee contributions	$ 152,611	$ 536,160	$ 688,771
Investment income (loss):			
Net deprecation	(330,237)	(2,187,411)	(2,517,648)
Interest	118	1,310	1,428
Dividends	49,759	308,003	357,762
Investment expense	(1,598)	(10,755)	(12,353)
Total Investment Loss	(281,958)	(1,888,853)	(2,170,811)
Total Additions	(129,347)	(1,352,693)	(1,482,040)
Deductions			
Benefits	207,063	768,030	975,093
Administrative expense	14,315	24,815	39,130
Total Deductions	221,378	792,845	1,014,223
Change in Net Position	(350,725)	(2,145,538)	(2,496,263)
Net Position Held in Trust for Pension Benefits, beginning of year	2,068,935	13,147,524	15,216,459
Net Position Held in Trust for Pension Benefits, end of year	$ 1,718,210	$ 11,001,986	$ 12,720,196

Interurban Transit Partnership

Schedule of Non-Operating Revenues - Local

Year ended September 30, 2022		
Local Revenue		
Property taxes	$	18,012,199
Grand Valley State University		3,257,449
Network180		393,262
DASH - city of Grand Rapids		2,289,137
Van pool		64,517
Ferris State University		102,845
Grand Rapids Community College		92,325
Amtrak		104,559
Alpine Township		93,566
Byron Township		32,314
Cascade Township		254,738
Gaines Township		45,326
Other local services		6,025
Total Local Revenue		24,748,262
Other Income		
Gain on sale of capital assets		30,460
Retail lease		27,179
CNG fuel sales		11,747
Interest income		119,606
Miscellaneous		17,943
Ride project coordination		89,446
Vending machine		33,503
Fare evasion fines		1,233
Billboard lease		28,873
Total Other Income		359,990
Total Non-Operating Revenues - Local	$	25,108,252

Interurban Transit Partnership

Schedule of Non-Operating Revenues - State and Federal

Year ended September 30, 2022		
State of Michigan Grants		
General operating assistance	$	15,105,760
Capital assistance		289,100
Preventive maintenance (operating)		83,842
Planning and miscellaneous project assistance		41,106
Specialized services		542,369
Total State of Michigan Grants		16,062,177
Federal Government Grants		
Capital assistance		1,293,612
CARES Act assistance		199
CRRSA Act assistance		2,386,853
ARP Act Assistance		18,055,453
Preventive maintenance (operating)		335,367
Planning and miscellaneous project assistance		164,422
Total Federal Government Grants		22,235,906
Total Non-Operating Revenues - State and Federal	$	38,298,083

Interurban Transit Partnership

Schedule of Operating Expenses by Function

Year ended September 30, 2022

	General Operations					
	Operations	Maintenance	Administration	Total	Grants	Total System
Labor						
Operators' salaries and wages	$ 11,891,322	$ -	$ -	$ 11,891,322	$ -	$ 11,891,322
Other salaries and wages	1,586,640	2,583,118	1,955,671	6,125,429	19,974	6,145,403
Dispatchers' salaries and wages	170,623	-	-	170,623	-	170,623
Total Labor	13,648,585	2,583,118	1,955,671	18,187,374	19,974	18,207,348
Fringe Benefits						
Pension - defined benefit (actual paid)	524,083	97,337	67,351	688,771	-	688,771
Pension - defined benefit (GASB adjustment)	(929,111)	(157,495)	(56,353)	(1,142,959)	-	(1,142,959)
Pension - defined contribution	869,501	158,072	97,435	1,125,008	-	1,125,008
Other fringe benefits	5,628,534	1,143,819	921,879	7,694,232	9,753	7,703,985
Total Fringe Benefits	6,093,007	1,241,733	1,030,312	8,365,052	9,753	8,374,805
Services						
Audit fees	-	-	68,515	68,515	-	68,515
Other services	503,283	1,640,472	1,229,073	3,372,828	504,338	3,877,166
Total Services	503,283	1,640,472	1,297,588	3,441,343	504,338	3,945,681
Materials and Supplies Consumed						
Fuel and lubricants	2,838,082	-	-	2,838,082	-	2,838,082
Tires and tubes	-	26,555	-	26,555	291,278	317,833
Other materials and supplies	16,341	1,485,438	75,187	1,576,966	12,291	1,589,257
Total Materials and Supplies Consumed	2,854,423	1,511,993	75,187	4,441,603	303,569	4,745,172
Utilities						
Other	-	-	1,334,390	1,334,390	-	1,334,390
Casualty and Liability Costs						
Premiums for public liability and property damage insurance	2,144,540	-	-	2,144,540	-	2,144,540
Other insurance	-	-	308,181	308,181	-	308,181
Total Casualty and Liability Costs	2,144,540	-	308,181	2,452,721	-	2,452,721

Interurban Transit Partnership

Schedule of Operating Expenses by Function

Year ended September 30, 2022

	General Operations					
	Operations	Maintenance	Administration	Total	Grants	Total System
Purchased Transportation	$ 5,558,118	$ -	$ -	$ 5,558,118	$ 1,296,863	$ 6,854,981
Miscellaneous						
Travel and training	12,932	3,662	21,594	38,188	19,160	57,348
Meetings	1,669	422	1,014	3,105	-	3,105
Advertising and promotion	-	-	87,463	87,463	133,526	220,989
Dues	1,488	-	90,139	91,627	24,808	116,435
Other miscellaneous	3,272	36,374	54,495	94,141	-	94,141
Total Miscellaneous	19,361	40,458	254,705	314,524	177,494	492,018
Depreciation and Loss on Disposal of Assets	-	-	16,234,357	16,234,357	-	16,234,357
Non-Rapid Enhancements	-	-	-	-	18,817	18,817
Preventive Maintenance	-	-	-	-	419,209	419,209
Total Expenses	$ 30,821,317	$ 7,017,774	$ 22,490,391	$ 60,329,482	$ 2,750,017	$ 63,079,499

Interurban Transit Partnership

Schedule of Expenses by Grant

Year ended September 30, 2022

	Total	001 General Operations	540 MI-2017-X023 17-0070-P3 FY17 Section 5307	550 MI-2018-011 17-0070-P7 FY18 Section 5307	560 MI-2019-023 17-0070-P13 FY19 Section 5307	570 MI-2020-047 17-0070-P16 FY20 Section 5307	580 MI-2021-022 17-0070-P18 FY20 Section 5307	601 MI-2020-016 FY21 Section 5307	772 MI-2019-024 17-0070-P12 FY 19 -21 Section 5307	797 2022-0073-P1 FY 22 Specialized Services	870 MI-2017-015 FY17 Section 5339	849 MI-2022-029 22-0073-P3 FY22 Section 5339	987 MI-2019-010 TOD Grant
Expenses													
Labor	$ 18,207,348	$ 18,187,374	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,974	$ -	$ -	$ -	$ -
Fringe benefits	8,374,805	8,365,052	-	-	-	-	-	-	9,753	-	-	-	-
Services	3,945,681	3,441,343	93,046	122,930	7,139	25,487		-	-	-	242,363	9,019	4,354
Materials and supplies consumed	4,745,172	4,441,603	181	110,202	189,002	3,445	-	199	540	-	-	-	-
Utilities	1,334,390	1,334,390	-	-	-	-	-	-	-	-	-	-	-
Casualty and liability costs	2,452,721	2,452,721	-	-	-	-	-	-	-	-	-	-	-
Purchased transportation	6,854,981	5,558,118	-	-	-	110,819	589,181	-	54,494	542,369	-	-	
Miscellaneous	492,018	314,524	6,285	7,569	675	-	25,855	-	133,430	-	3,680	-	-
Depreciation and loss on disposal of assets	16,234,357	16,234,357	-	-	-	-	-	-	-	-	-	-	-
Nonrapid enhancements	18,817	-	-	-	-	-	-	-	-	-	18,817	-	-
Preventive maintenance	419,209	-	352,932	66,277	-	-	-	-	-		-	-	-
Total Expenses	$ 63,079,499	$ 60,329,482	$ 452,444	$ 306,978	$ 196,816	$ 139,751	$ 615,036	$ 199	$ 218,191	$ 542,369	$ 264,860	$ 9,019	$ 4,354

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 Regular Service Expenses by Function - Urban

Year ended September 30, 2022

	Operations	Maintenance	Administration	Total
Labor				
Operators' salaries and wages	$ 11,891,322	$ -	$ -	$ 11,891,322
Other salaries and wages	1,586,640	2,583,118	1,955,671	6,125,429
Dispatchers' salaries and wages	170,623	-	-	170,623
Total Labor	13,648,585	2,583,118	1,955,671	18,187,374
Fringe Benefits				
Pension - defined benefit	524,083	97,337	67,351	688,771
Pension - defined benefit (GASB)	(929,111)	(157,495)	(56,353)	(1,142,959)
Pension - defined contributions	869,501	158,072	97,435	1,125,008
Other fringe benefits	5,628,534	1,143,819	921,879	7,694,232
Total Fringe Benefits	6,093,007	1,241,733	1,030,312	8,365,052
Services				
Audit fees	-	-	68,515	68,515
Other services	503,283	1,640,472	1,229,073	3,372,828
Total Services	503,283	1,640,472	1,297,588	3,441,343
Materials and Supplies Consumed				
Fuel and lubricants	2,838,082	-	-	2,838,082
Tires and tubes	-	26,555	-	26,555
Other materials and supplies	16,341	1,485,438	75,187	1,576,966
Total Materials and Supplies Consumed	2,854,423	1,511,993	75,187	4,441,603
Utilities				
Other	-	-	1,334,390	1,334,390
Total Utilities	-	-	1,334,390	1,334,390
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	2,144,540	-	-	2,144,540
Other insurance	-	-	308,181	308,181
Total Casualty and Liability Costs	2,144,540	-	308,181	2,452,721
Purchased Transportation	5,558,118	-	-	5,558,118
Miscellaneous				
Travel and training	12,932	3,662	21,594	38,188
Meetings	1,669	422	1,014	3,105
Advertising/promotion media	-	-	87,463	87,463
Dues	1,488	-	90,139	91,627
Other miscellaneous	3,272	36,374	54,495	94,141
Total Miscellaneous	19,361	40,458	254,705	314,524
Depreciation and Loss on Disposal of Assets	-	-	16,234,357	16,234,357
Total Expenses	$ 30,821,317	$ 7,017,774	$ 22,490,391	$ 60,329,482

Interurban Transit Partnership

Schedule of Regular Service Revenues - Urban

Year ended September 30, 2022		
Operating Revenues		
Passenger fares	$	4,216,120
Advertising		410,866
Total Operating Revenues		4,626,986
Non-Operating Revenues		
State and federal assistance		38,298,083
Local Revenue		
Property taxes		18,012,199
Grand Valley State University		3,257,449
Network180		393,262
DASH – city of Grand Rapids		2,289,137
Van pool		64,517
Ferris State University		102,845
Grand Rapids Community College		92,325
Amtrak		104,559
Alpine Township		93,566
Byron Township		32,314
Cascade Township		254,738
Gaines Township		45,326
Other local services		6,025
Total Local Revenue		24,748,262
Other Income		
Gain on sale of property		30,460
Retail lease		27,179
CNG fuel sales		11,747
Interest income		119,606
Miscellaneous		17,943
Ride project coordination		89,446
Vending machine		33,503
Fare evasion fees		1,233
Billboard lease		28,873
Total Other Income		359,990
Total Revenues	$	68,033,321

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

Year ended September 30, 2022

	Weekday	Saturday	Sunday	Total
Total vehicle hours – linehaul	1,331	650	315	390,931
Revenue hours - linehaul	1,288	631	303	378,342
Total vehicle hours - bus rapid transit	90	47	37	27,367
Revenue hours - bus rapid transit	88	46	36	26,750
Total vehicle hours - demand response	425	143	129	124,818
Revenue hours - demand response	312	121	104	95,351
Total vehicle miles - linehaul	18,299	8,796	4,598	5,381,733
Revenue miles - linehaul	17,471	8,452	4,344	5,138,612
Total vehicle miles - bus rapid transit	1,123	595	473	343,057
Revenue miles - bus rapid transit	1,086	567	438	330,285
Total vehicle miles - demand response	5,446	2,085	1,962	1,683,173
Revenue miles - demand response	4,892	1,802	1,675	1,477,796

The methodology used for compiling nonfinancial data on Operating Assistance Report (OAR) schedules is an adequate and reliable methodology.

Interurban Transit Partnership

Schedule of Operating Assistance Calculation

Year ended September 30, 2022

		State Operating Assistance Urban
General Operating Expenses	$	63,079,499
Add: Eligible Expenses		
Reverse GASB entry to pension to reflect actual paid pension expenses		1,142,959
Less: Ineligible Expenses		
Depreciation expense and loss on disposal of assets		16,234,357
Capital funds used for operating expenses		2,330,810
Amtrak		104,559
Non-transportation revenue		86,975
APTA and MPTA dues		7,580
Preventive maintenance		419,209
Other		108,179
		18,148,710
Eligible Operating Expenses	$	44,930,789
Maximum State Operating Assistance (50%)	$	22,465,395
State Operating Assistance Accrual (29.5134%)	$	13,260,604

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 2022 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 2022; 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.

Capital Funds Used to Pay for Operating – Operating expenses of $2,330,810 were paid for with capital funds. This amount was subtracted out as an 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 $220,780 and non-administrative staff is $904,228. The entire sum of $1,125,008 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 $152,611 and the non-administrative plan is $536,160. The entire sum of $688,771 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 is a decrease of $1,142,959 to the pension expense, which is a reduction of $127,691 to the administration plan and a reduction of $1,015,268 to the union plan. Therefore, the $688,771 is an eligible expense and was added to the total operating expense for the calculation of state operating assistance.

$2,386,853 was received in the CRRSA Act and $18,055,453 in the ARP Act funding in fiscal year 2022 to reimburse eligible operating expenses through September 30, 2022. These expenses are included in the schedule of operating expenses by function under general operations.

Interurban Transit Partnership

Schedule of Expenditures of State Awards

Year ended September 30, 2022

Title	Federal CFDA Number	Federal Grant Number	State Authorization Number	Total State Award Amount	Current Year's Expenditures: Federal	State	Local	Total	Prior Year's State Expenditures	State Amount Remaining	Expensed as Operating	Reference
FY 2021 §5307 - Local Formula	20.507	MI-2021-022	2017-0070-P18	$ 2,513,394	$ 1,552,613	$ 388,153	$ -	$ 1,940,766	$ 270,133	$ 1,855,109	$ 123,007	580
FY 2021 §5339 - Local Bus and Bus Facilities	20.526	MI-2021-022	2017-0070-P18	263,400	-	-	-	-	263,400	-	-	848
FY 2020 §5307 - Local Formula	20.507	MI-2020-047	2017-0070 P16	2,501,061	2,316,135	579,034	-	2,895,169	677,255	1,244,772	27,950	570
FY 2020 §5339 - Local Bus and Bus Facilities	20.526	MI-2020-047	2017-0070 P16	284,093	-	-	-	-	284,093	-	-	847
FY 2019 §20005(b) Map-21 Transit Oriented Development	20.500	MI-2019-010	2017-0070 P14	174,000	3,483	871	-	4,354	173,126	3	871	987
FY 2019 §5307 - Local Formula	20.507	MI-2019-023	2017-0070 P13	2,537,958	937,466	234,367	-	1,171,833	1,457,797	845,795	39,363	560
FY 2019 §5339 - Local Bus and Bus Facilities	20.526	MI-2019-023	2017-0070 P13	275,050	-	-	-	-	275,050	-	-	846
FY 2019 & FY 2020 §5307 - Local Formula and CMAQ	20.507	MI-2019-024	2017-0070 P12	622,500	279,343	28,912	-	308,255	507,500	86,088	10,899	772
FY 2021 & 2020 Specialized Services		N/A	2017-0070 P11	1,084,738	-	-	-	-	1,084,738	-	-	796
FY 2019 Michigan Mobility Challenge		N/A	2017-0070 P10	373,782	-	-	-	-	291,883	81,899	-	986
FY 2018 §5307 - Local Formula	20.507	MI-2018-011	2017-0070 P7	2,353,918	475,879	118,970	-	594,849	1,786,700	448,248	61,396	550
FY 2018 §5339 - Local Bus and Bus Facilities	20.526	MI-2018-011	2017-0070 P7	299,201	-	-	-	-	299,201	-	-	845
FY 2017 §5307 - Local Formula	20.507	MI-2017-023	2017-0070 P3	2,431,404	516,438	129,110	-	645,548	2,261,527	40,767	90,489	540
FY 2017 §5339 - Local Bus and Bus Facilities	20.526	MI-2017-023	2017-0070 P3	226,537	-	-	-	-	226,537	-	-	844
FY 2016 & FY 2017 §5309 Capital Investment	20.500	MI-2017-015	2012-0104 P20	14,047,417	1,155,005	325,799	-	1,480,804	12,028,043	1,693,575	58,269	870
FY 2016 §5307 - Local Formula and CMAQ	20.507	MI-2016-009	2012-0104 P18	2,269,162	-	-	-	-	2,259,477	9,685	-	530
FY 2016 §5339 - Local Bus and Bus Facilities	20.526	MI-2016-009	2012-0104 P18	231,376	-	-	-	-	231,376	-	-	843
FY 2016 5307 - 2016 Local Formula and CMAQ	20.507	MI-2016-013	2012-0104-P17	875,683	-	-	-	-	849,483	26,200	-	771
FY 2022 §5307 - Local Formula	20.507	MI-2022-0029	2022-0073-P3	3,065,663	1,828,581	457,145	-	2,285,726	-	2,608,518	-	590
FY 2022 5339 - Local Bus and Bus Facilities	20.507	MI-2022-0029	2022-0073-P3	252,438	7,216	1,804	-	9,020	-	250,634	1,804	849
FY 2022 Specialized Services		N/A	2022-0073-P1	542,369	-	542,369	-	542,369	-	-	542,369	797
Total				$ 37,225,144	$ 9,072,159	$ 2,806,534	$ -	$ 11,878,693	$ 25,227,319	$ 9,191,293	$ 956,417	

Interurban Transit Partnership

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Passed Through	Pass-Through Federal Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
Federal Transit Cluster					
Federal Transit Formula Grants	20.507	Direct	MI-2022-029	$ -	$ 1,828,581
Federal Transit Formula Grants	20.507	Direct	MI-2017-023	-	516,438
Federal Transit Formula Grants	20.507	Direct	MI-2018-011	-	475,879
Federal Transit Formula Grants	20.507	Direct	MI-2019-023	-	937,466
Federal Transit Formula Grants	20.507	Direct	MI-2020-047	-	2,316,135
Federal Transit Formula Grants	20.507	Direct	MI-2021-022	-	1,552,614
Federal Transit Formula Grants (CARES Act)	20.507	Direct	MI-2020-016	-	273,310
Federal Transit Formula Grants	20.507	Direct	MI-2021-004	-	2,386,853
Federal Transit Formula Grants	20.507	Direct	MI-2016-013	-	-
Federal Transit Formula Grants	20.507	Direct	MI-2019-024	-	279,343
Federal Transit Formula Grants	20.507	Direct	MI-2022-002	-	18,055,453
Federal Transit Capital Investment Grants	20.500	Direct	MI-2017-015	-	1,155,922
Federal Transit Capital Investment Grants	20.500	Direct	MI-2022-029	-	7,216
Federal Transit Capital Investment Grants	20.500	Direct	MI-2019-010	-	3,483
Total Federal Awards				$ -	$ 29,788,693

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, 2022. 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.

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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 years ended September 30, 2022 and 2021 (as of and for the years ended June 30, 2022 and 2021 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 and have issued our report thereon dated January 12, 2023.

Report on 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 entity'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ITP's financial statements are free from 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 financial statements. 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.

BDO USA, LLP

January 12, 2023

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Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance Required by the Uniform Guidance, and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

Opinion on Each Major Federal Program

We have audited Interurban Transit Partnership's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Interurban Transit Partnership's major federal programs for the year ended September 30, 2022. Interurban Transit Partnership's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Interurban Transit Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of Interurban Transit Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Interurban Transit Partnership's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Interurban Transit Partnership's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Interurban Transit Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Interurban Transit Partnership's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Interurban Transit Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Interurban Transit Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Interurban Transit Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Interurban Transit Partnership as of and for the year ended September 30, 2022, and have issued our report thereon dated January 12, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and to other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

BDO USA, LLP

January 12, 2023

Section 1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ 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)?	☐ Yes	☒ No

Identification of major federal programs:

Federal CFDA Number	Name of Federal Program or Cluster
20.500, 20.507, and 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$893,660	
Auditee qualified as low-risk auditee?	☒ Yes	☐ No

Section 2. Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section 3. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.

Report to Board of Directors

INTERURBAN TRANSIT PARTNERSHIP

Audit Wrap Up for the
Year Ended September 30, 2022

BDO

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QUICK ACCESS TO THE
FULL REPORT

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.

Welcome

January 25, 2023

Members of the Board of Directors and Finance Committee
Interurban Transit Partnership

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 September 19, 2022, we presented an overview of our plan for the audit of the financial statements including the schedule of expenditures of federal awards of Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2022, 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 the ITP's accounting practices and policies, management's judgements and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the 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

JOHN LAFRAMBOISE
Engagement Director
jlaframboise@bdo.com

JOSHUA LARAMY
Engagement Senior Manager
jlaramy@bdo.com

Executive Summary

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended September 30, 2022. 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 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 have issued an unmodified opinion on the financial statements and released our report on January 12, 2023.
- We also issued an unmodified opinion on ITP's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA). In Planning and performing our audit of the SEFA, we considered ITP's internal control over compliance with requirements that could have a direct and material effect on its major federal programs to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- Our responsibility for other information in documents containing ITP's audited financial statements 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, was 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.

Results of the Audit

ACCOUNTING PRACTICES, POLICIES, AND ESTIMATES

The following summarizes the more significant required communications related to our audit concerning ITP’s accounting practices, policies, 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 Note1 to the financial statements.

- There were no changes in significant accounting policies and practices during 2022.

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 Note 1 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 2022.

Results of the Audit

QUALITATIVE ASPECTS OF ITP’S FINANCIAL REPORTING

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

- Qualitative Aspects of Significant Accounting Policies and Practices
- Our Conclusions Regarding Significant Accounting Estimates
- Significant Unusual Transactions
- Financial Statement Presentation and Disclosures
- New Accounting Pronouncements
- Alternative Accounting Treatments

Results of the Audit

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.

Internal Control Over Financial Reporting

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 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 control over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Control Deficiency	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.
Significant Deficiency	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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of ITP'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.

Additional Required Communications

Additional Required Communications

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

Requirement	Discussion Point
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.
If applicable, 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.
Significant findings and issues arising during the audit in connection with ITP's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.

Additional Required Communications

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

Requirement	Discussion Point
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.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
If applicable, 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 the ITP's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence

Our engagement letter to you dated September 19, 2022 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.

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Financial Planning & Analysis
The Rapid

Finance Committee

February 21st, 2023

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December 2022 Operating Statement - Revenues

	YTD as of December 31, 2022		Variance		Last Year FY 21/22*	Current Year FY 22/23**
	Budget	Actual	$	%	YTD Actual	Annual Budget
Revenues and Operating Assistance						
Passenger Fares	$ 982,274	$ 1,074,627	$ 92,353	9.4%	$ 912,669	$ 3,978,849
Sale of Transportation Services						
CMH Contribution	104,006	96,875	(7,131)	-6.9%	104,225	414,711
Dash Contract	350,895	407,731	56,836	16.2%	609,763	1,465,874
Grand Valley State University	820,908	827,693	6,785	0.8%	977,693	3,113,764
Van Pool Transportation	-	(1,162)	(1,162)		6,000	-
Township Services	108,724	104,875	(3,849)	-3.5%	106,682	434,895
Other	113,126	131,728	18,602	16.4%	68,985	485,491
Subtotal Sale of Transportation Service	1,497,658	1,567,740	70,082	4.7%	1,873,349	5,914,735
State Operating	3,861,609	3,773,009	(88,600)	-2.3%	3,668,961	15,448,739
Property Taxes	4,558,134	4,656,906	98,772	2.2%	4,679,556	18,232,535
Advertising & Miscellaneous	154,279	300,869	146,590	95.0%	120,322	682,340
Subtotal Revenues and Operating Assistanc	11,053,953	11,373,151	319,198	2.9%	11,254,857	44,257,198
Grant Operating Revenue (CARES/CRRS/	2,141,235	3,000,001	858,767	40.1%	3,852,701	8,564,938
Total Revenues and Operating Assistance	**$ 13,195,188**	**$ 14,373,152**	**$ 1,177,964**	**8.9%**	**$ 15,107,558**	**$ 52,822,136**

December 2022 Operating Statement - Expenses

	YTD as of December 31, 2022		Variance		Last Year FY 21/22*	Current Year FY 22/23**
	Budget	Actual	$	%	YTD Actual	Annual Budget
Expenses						
Salaries and Wages						
Administrative	$ 1,448,103	$ 1,275,051	$ (173,053)	-12.0%	$ 1,408,619	$ 6,275,114
Operators	3,480,510	3,163,199	(317,311)	-9.1%	3,556,990	14,940,291
Maintenance	528,777	486,709	(42,068)	-8.0%	534,917	2,291,256
Subtotal Salaries and Wages	5,457,391	4,924,959	(532,432)	-9.8%	5,500,526	23,506,661
Benefits	2,669,507	2,508,778	(160,729)	-6.0%	2,338,267	9,965,287
Contractual Services	811,460	762,760	(48,700)	-6.0%	820,399	3,942,021
Materials and Supplies						-
Fuel and Lubricants	769,818	677,775	(92,043)	-12.0%	481,699	3,421,740
Other	382,781	355,859	(26,922)	-7.0%	360,489	1,990,688
Subtotal Materials and Supplies	1,152,598	1,033,634	(118,964)	-10.3%	842,188	5,412,428
Utilities, Insurance, and Miscellaneous	1,935,374	1,783,681	(151,693)	-7.8%	1,497,076	5,684,786
Purchased Transportation	1,907,465	1,906,790	(675)	0.0%	1,446,136	7,765,005
Expenses Before Capitalized Operating	13,933,796	12,920,603	(1,013,193)	-7.3%	12,444,591	56,276,188
Capitalized Operating Expenses	(855,212)	-	855,212	-100.0%	-	(3,454,052)
Total Operating Expenses	**$ 13,078,584**	**$ 12,920,603**	**$ (157,981)**	**-1.2%**	**$ 12,444,591**	**$ 52,822,136**
Net Surplus/(Deficit) without CARES		**$ (1,547,452)**			**$ (1,189,734)**	
Net Surplus/(Deficit) with CARES		**$ 1,452,549**			**$ 2,662,967**	

December 2022 Operating Statement

Revenues

- Revenue is 2.9% favorable to budget
- Fares, Sale of Transportation Services, Property Taxes, and Advertising and Miscellaneous are trending 3.8 % favorable to budget
- State Operating Assistance is under budget due to total expenses being less than budgeted
- Requested $3 million in Federal ARP funding with a balance of $4.8 million

Expenses

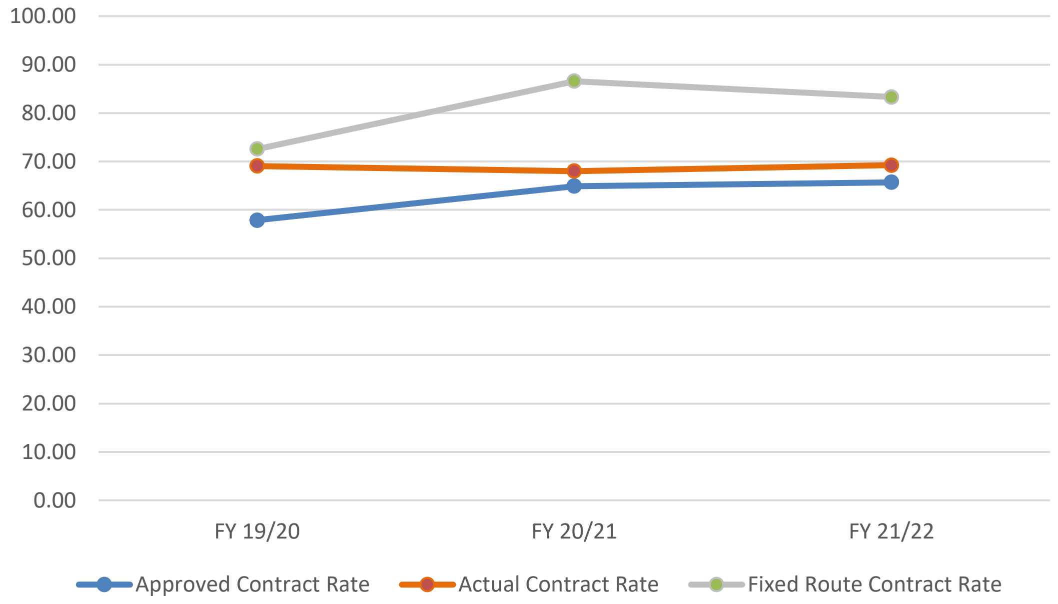
- Expenses are 7.5% under budget
- Wages, Salaries, Fringes, Contractual Services, Materials and Supplies, and Insurance continue to be under budget
- Current fuel costs are trending under the budget, but staff continues to monitor the market

Contract Service Rate Methodology

- Calculated annually and approved by the Board with the annual budget
- Based on audited expenses and NTD hours
- Linehaul and GO Bus rates are determined
- True expenses and hours are two years in arrears
- Cost includes a reduction for State Operating Assistance of approximately 29%, with reimbursement of only 70% of expenses requested

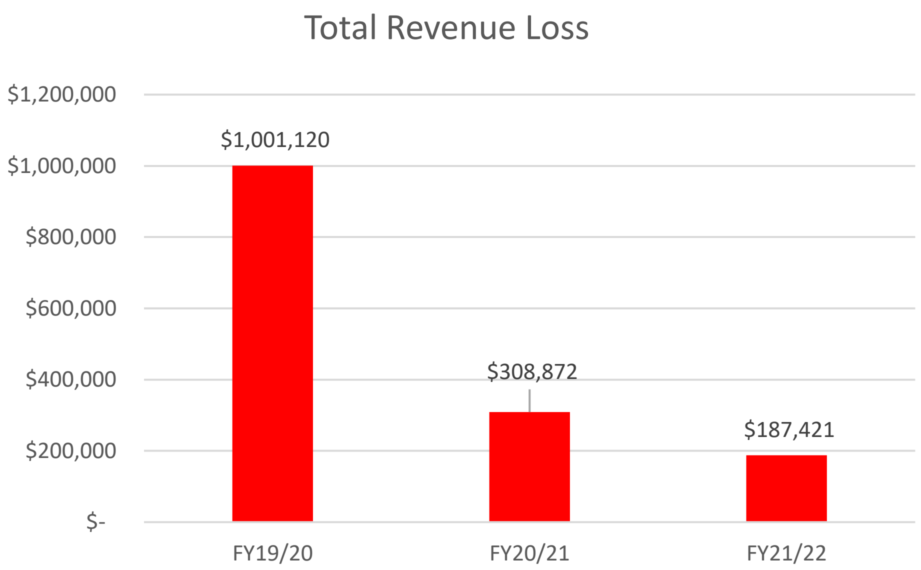
Fiscal Year	Total Linehaul Expenses	State Operating Assistance	Total Expenses Less SOA Reduction	Audited Revenue Hours	Approved Contract Rate
FY 19/20	$ 38,169,819	32.9300%	$ 25,600,498	442,283	$ 57.88
FY 20/21	$ 40,252,890	31.6001%	$ 27,532,937	424,091	$ 64.92
FY 21/22	$ 38,163,564	30.9848%	$ 26,338,660	400,850	$ 65.71
FY 22/23	$ 39,927,152	31.6001%	$ 27,310,132	409,240	$ 66.73
FY 23/24	$ 39,963,013	29.5134%	$ 28,168,569	406,963	$ 69.22

Contract Service Rate Analysis



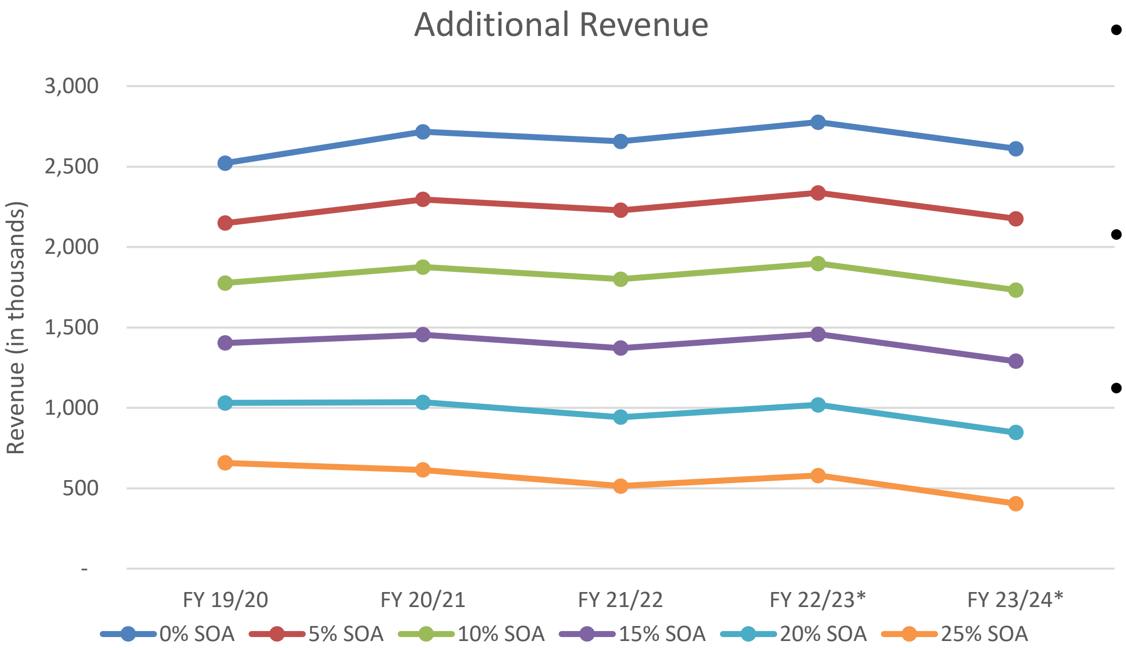
- Approved contract rate is current method
- Actual contract rate depicts true per revenue hour cost for the fiscal year
- Fixed route contract rate reduces total revenue hours by contract partner hours

Revenue Change Comparing Approved to Actual Contract Rate



- Current method results in a revenue loss
- Revenue and expenses normally increase from year to year
- FY 19/20 loss is increased by the impact of COVID
- FY 20/21 and FY 21/22 reflect a regular change

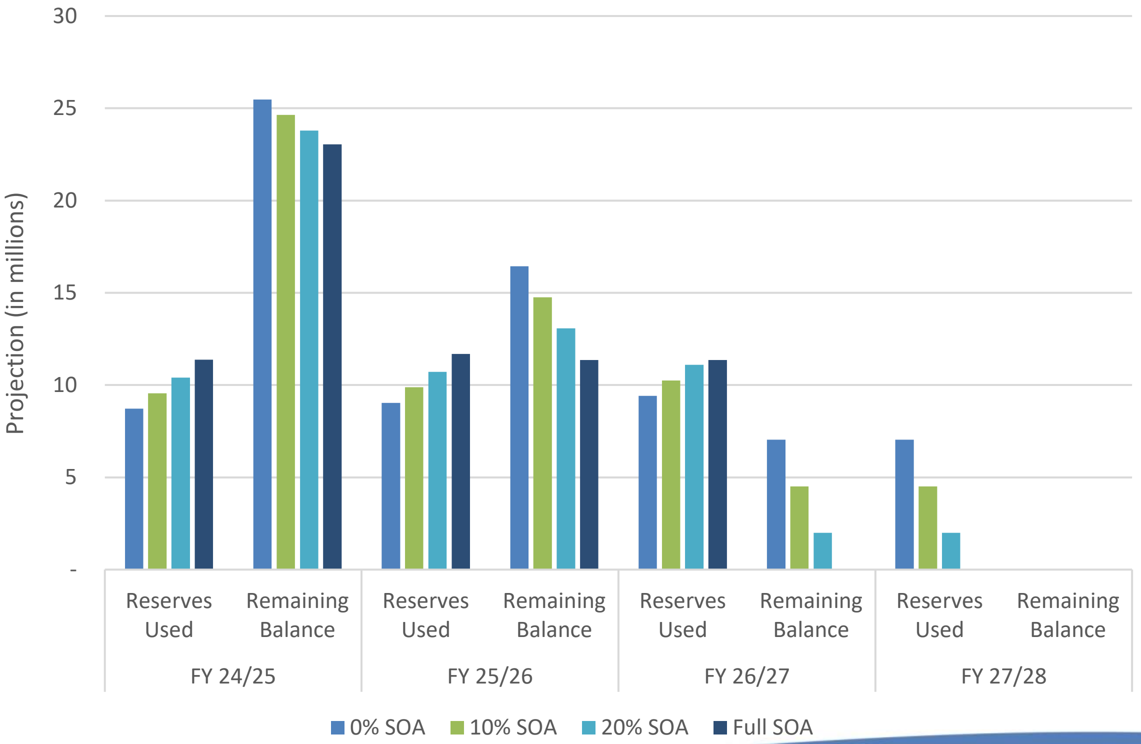
Changing State Operating Assistance (SOA) Credit



- Currently our SOA credit is passed through in entirety to our contract partners
- Reducing credit would generate additional revenue
- This increase ranges from $500K to $2.5M depending on rate used

*FY21/22 billed contract hours were used for FY22/23 and FY23/24, as it is the most recent information available.

Forecasting Reserve Depletion



- Based on the FY22/23 Projection, we are forecasted to run out of reserve funds by FY 26/27
- Reducing the State Operating Assistance credit will extend our reserves by one fiscal year