THE rapid

Interurban Transit Partnership

Finance Committee Members

Mayor Stephen Kepley (Chair)

Steven Gilbert *Mayor Gary Carey* *Mayor Katie Favale* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING

Wednesday, January 17, 2024 – 4:00 p.m.

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

AGENDA

		PRESENTER	ACTION
1.	**PUBLIC COMMENT**		
2.	**MINUTES REVIEW – November 8, 2023**	Mayor Kepley	Review
3.	**DISCUSSION**		
	a. FY 22/23 Audit (BDO)	John LaFramboise	
	b. November 2023 Operating Statement	Linda Medina	
	c. Update 5-Year Projection Comparison	Linda Medina	
	d. Rapid Connect Analysis	Linda Medina	
	e. Origin and Destination Reports	Medina/Prescott	
	f. Comparison Between Funding Methods	Linda Medina	
	g. Consumer Price Index (CPI) Comparison	Linda Medina	
4.	**ADJOURNMENT**		

Next meeting: April 17, 2024

Finance Committee Members

Mayor Stephen Kepley (Chair)
Steven Gilbert *Mayor Gary Carey* *Mayor Katie Favale* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING MINUTES

Wednesday, November 8, 2023 – 4:00 p.m.

Rapid Central Station Conference Room (250 Grandville Avenue, SW) | Virtual Meeting

ATTENDANCE:

Committee Members Present:
Mayor Carey, Steven Gilbert, Mayor Favale

Committee Members Absent:
Mayor Kepley, Mayor Maas

Staff Attendees:
Steve Clapp, Kris Heald, Deron Kippen, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Steve Schipper, Mike Wieringa, Kevin Wisselink

Other Attendees:
Chris Veenstra (Watkins Ross)

Mayor Kepley was absent. Mayor Carey called the meeting to order at 4:07 p.m.

1. PUBLIC COMMENT

No public comment

2. MINUTES – August 16, 2023

Mayor Carey entertained a motion to approve the meeting minutes from August 16, 2023. Mayor Favale motioned to approve, and Mr. Gilbert supported it. The motion passed unanimously.

3. DISCUSSION

a. Defined Benefit Pension Plans Actuarial & GASB – Mr. Chris Veenstra

Mr. Chris Veenstra of Watkins Ross will be reporting on both the Union and Admin Plan. Each of these plans has a Government Accounting Standards Board (GASB) report and a funding report. The focus today will be on the funding report. Funding is a look forward. GASB is a construct for accounting purposes.

In this year's funding report (7/1/23) the contribution recommendation is considerably lower than the $500,000 from last year.

Funding Report Admin- Executive Summary:

- Present value projected benefits and accrued liability went down from last year $273,000.
- Liabilities increased with interest with time, and they decreased with benefits that were paid out. We paid out over $300,000 in benefits last year.
- The net impact was a $273,000 decrease in liabilities.
- We had a very good year in assets we earned 12% in earnings, which equates to a $250,000 contribution. Assets were up $67,000. Unfunded liability improved by $340,000.

Employer contribution scenario:
The high-range contribution recommended would be $159,000 which is the shortfall of the funded liability, plus the expenses paid from the plan with an adjustment of interest to the end of the year.

One active person remains. Between the plan being frozen and the age of the person, we have an all-retiree plan.

Allocation of assets:
The takeaway here is we have a big liquidity demand relative to the size of the portfolio during the next few years. Keep an eye on fixed income and cash. Retirees are just under 70% of liability.

Given the maturity of this plan, it is recommended one (1) year to target 100% funding.

Mayor Carey added it is Mayor Kepley's high priority to pay this down. We want to continue to pay down as aggressively as we can.

Currently, the assumed return on assets is 6%, slightly lower than on the Union plan. Last year there was a one-year contribution option of over $500,000. The discussion was to break that up into two years.

Mayor Carey asked Mr. Veenstra to clarify the retirement age as more people are working longer.

Mr. Veenstra said it depends on the nature of the job and the benefits available. Because we have a defined benefits plan and that tends to drive behavior toward retiring at approximately age 65. Also, if the person likes the job, they may stay at it longer.

Funding Report Union – Executive Summary:

- The liability went down $172,000. The actuarial value of assets went up $607,000.
- Benefits payment paid out interest on the liability to reflect the passage of time causing it to go up. There was a return on the investments plus contributions made to the plan which means assets were up. The net impact is the unfunded liability dropped by $780,000.

Employer contribution scenario:
For this plan, there are 25/10/5-year contribution scenarios. The average active age of participants is 55, with a retirement age from 62-65 which gives a seven (7) to ten (10) year funding horizon.

The high range of $250,000 is recommended with a five (5) year payoff.

Mayor Carey appreciates the executive review and agrees we want to pay down as aggressively as we can.

b. Financial Planning and Analysis – Ms. Linda Medina

Ms. Medina let the committee know that we have enough budget to make the high contribution for both plans.

The plan is to start payments from October to May, as the plan year ends in June.

Mr. Gilbert asked if there is a consideration for re-directing the $90,000 or so above what we had expected to put into the Admin plan and redirecting to the Union plan.

Ms. Medina said the challenge with putting additional funding in either plan above what the high recommendation is; the State will that is your choice, and we will not get State Operating assistance.

Ms. Medina reported that the audit has started. She reviewed a preliminary September statement.

Highlights:

- Grant Operating Revenue (ARPA Funds) have been completed and used for FY 2023. $8.3M was the remaining funds. No more reimbursement from ARPA.
- We were 2% above budget.
- Passenger Fares was up 6.1%
- Transportation services up 2%
- State Operating was down 11%. As expenses go down the revenue from state operating assistance will go down
- Property taxes are up a little.
- Advertising and Miscellaneous had a big jump. That was due to our advertising, MAG was $300,000 and we will bring in $370,000. Also included is the Interest Rate. Last year we averaged $3-4,000/month, this year we are averaging $70. Part of this is what we have in reserves that are also earning interest.
- Expenses under budget by 14%.
- Benefits and wages are down 10%.
- Contractual services are down 21%
- Insurance down
- Purchased transportation ridership is down. Due to not as many completed rides as anticipated.
- Operating expenses were 14%

Mayor Carey asked Ms. Medina the next time she presents financials, if she could produce a simple report to show what qualifies in what columns for Operating and Capital as a refresher for the Board.

Insurance Changes – Medical
There was a decrease in the HSA.

Insurance Changes – PL&PD

Mayor Carey asked about the General Liability for CNG, is that a significant change?

Mr. Schipper added that we're going to have a relationship where we have a resale market.

We have identified a new funding source. Alternative Fuel Credit. It is based on usage with CNG fuel and propane. We received these rates from the IRS. Propane gallons are converted into gasoline gallon equivalent DGEs, and then CNG is done on DGE which is converted into cubic feet. They cost $0.50. We are anticipating the usage for both Propane and CNG to be approximately $600,000. Ms. Prato added this was an unbudgeted windfall of approximately $325,000. She also gave a shoutout to Mr. Eric Vesely for doing all the background work on this.

Contract Service Rate
This is calculated based on two (2) year's numbers.

- Linehaul increased by approximately 3.7%
- GO!Bus increased 5.1%

c. FY 22/23 Audit Plan – Ms. Linda Medina

Ms. Medina reported that the BDO auditors are onsite now until November 18th. BDO has hired a new Sr. Manager, his name is Jason. There are a few changes with GASB. One is regarding Leases which will affect our Busch Drive lease. What is the cost per square footage for revenue? With Busch Drive, it is approximately $9 per square foot, and we have approximately 10,000 square feet for a total of $90,000 per year.

Ms. Prato gave kudos to Ms. Medina and her team for all their hard work with the budget planning process.

4. ADJOURNMENT

This meeting was adjourned at 5:02 p.m.
The next meeting is scheduled for January 17, 2023

Respectfully submitted,

Kris Heald, Board Secretary

Interurban Transit Partnership

Date: January 17, 2024

To: ITP Finance Committee

From: Linda Medina, Director of Finance

Subject: Financial Statements and Single Audit Reports Years Ended September 30, 2023, and 2022

OVERVIEW

Attached for your review are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2023, and 2022 and the audit wrap up report.

BACKGROUND

The FY 23/23 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 22/23:

- Net position increased by $5.8 million dollars from FY 22/23. Operating revenue increased $293 thousand (6%) compared to FY 21/22 due to additional advertising revenue and increased ridership, but non-operating revenue decreased $7.2 million (11%) with the reduction in capital spending and the final federal reimbursement of eligible expenses.

- Overall expenses increased $4.4 million (9.5%) compared to FY 21/22. The changes include an $1 million (4%) increase in Labor and Fringes as overtime increased due to labor challenges, Services increased $415 thousand (10.5%) with the completion of the Rapid Central Station driveway rehabilitation project, and Purchase Transportation increased $2.8 million (40.7%) with the implementation of a new purchase transportation contract (Demand Response) and dramatic increase in pass through funding for Specialized Services.

- From year to year there was a $3.1 million (2%) 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's purchases included the completion of the Cummins Park and Ride lot, the rehabilitation of the Ellsworth building, and the purchase of an additional compressor at the Laker Line facility.

- Comparing FY 22/23 actual to budget, expenses were $7.2 million under budget and revenues were $1.1 million over budget. The net effect of revenue and expenses required $127 thousand of federal covid funding to be used to fill the gap instead of the actual $8.3 million, a reduction of $8.2 million.

This fiscal year Governmental Accounting Standards Board (GASB) Statement No 96, Subscription-Based information Technology Agreements (SIBTA) was added to the financials. This statement requires ITP to recognize agreements that are over 12 months in length. ITP currently has 2 agreements that meet these criteria. A subscription liability and an intangible right-to-use subscription asset is identified in the financials.

Also included in the report is information regarding the defined benefit pension plans. In FY 22/23, a high range contribution was made to both plans. Both plans had a favorable return compared to last year.

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, 2023 and 2022

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, 2023

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Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2023 and 2022

Required Supplementary Information, Supplementary Information, and Schedule of Expenditures of Federal Awards and Reports Required by *Government Auditing Standards* and Uniform Guidance
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Interurban Transit Partnership

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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, 2023 and 2022 (as of and for the years ended June 30, 2023 and 2022 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, 2023 and 2022 (June 30, 2023 and 2022 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.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, in fiscal year 2023, ITP adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

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 twelve 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of changes in the net pension liability and related ratios, and the schedules of contributions 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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. 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 __, 2024 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.

____________, 2024

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, 2023 and 2022.

Financial Highlights

- The state operating assistance reimbursement rate (for eligible operating expenses) for fiscal year (FY) ending 2023 decreased from 29.5134% in FY 2022 to 29.2015%, and represented another decline in the rate from 31.6001% in FY 2021.
- ITP levied 1.41 mils in 2023, 1.41 mills and 1.43 mills in 2022 and 2021, 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 $1,146,920, $2,927,208 and $739,049 at September 30, 2023, 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 $5.8 million as of September 30, 2023, an increase of 3% from September 30, 2022 (see Table A-1). The increase in current assets includes the last of 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 revenue vehicles, renovation of the Ellsworth building, the Cummins Park and Ride Lot in Walker, and an additional compressor at the Lake Line facility. The net pension liability decreased as the asset return was favorable for the defined benefit plans. 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. Fiscal year 2022'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, 2023, 2022, and 2021:

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

September 30,	**2023**	2022	2021
Current assets	**$ 88,042**	$ 77,697	$ 62,817
Capital assets, net	**148,395**	151,476	158,283
Total Assets	**236,437**	229,173	221,100
Deferred Outflows of Resources	**953**	1,821	996
Current Liabilities	**8,806**	7,836	13,842
Long-Term Liabilities	**1,724**	2,927	739
Deferred Inflows of Resources	**22,108**	21,248	22,912
Net Position			
Net investment in capital assets	**148,395**	151,476	158,283
Unrestricted	**56,357**	47,508	26,320
Total Net Position	**$ 204,752**	$ 198,984	$ 184,603

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Changes in Net Position

Net position increased by $5.8 million from September 30, 2022 to September 30, 2023 (see Table A-2). Operating revenues increased as ridership is recovering. The change in non-operating revenues is a result of the decrease in federal funding due to the completion of the American Rescue Plan Act (ARPA) grant. Capital contributions increased this fiscal year with the purchase of linehaul and specialized service revenue vehicles, the renovation of the Ellsworth building, the addition of the Cummins Park and Ride Lot and the purchase of an additional compressor at the Laker Line facility. 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,	**2023**	2022	2021
Operating Revenues			
Passenger fares	$ **4,535**	$ 4,216	$ 2,962
Advertising	**385**	411	258
Total Operating Revenues	**4,920**	4,627	3,220
Operating Expenses			
Salaries and fringe benefits	**27,649**	26,582	26,892
Supplies and other operating expenses	**23,780**	20,263	20,210
Depreciation and loss on disposal of assets	**16,676**	16,234	15,677
Total Operating Expenses	**68,105**	63,079	62,779
Operating Loss	**(63,185)**	(58,452)	(59,559)
Non-Operating Revenues			
State and federal	**29,968**	38,298	40,121
Property taxes	**18,868**	18,012	17,472
Other local	**7,364**	7,096	6,469
Total Non-Operating Revenues	**56,200**	63,406	64,062
Income (Loss), before capital contributions	**(6,985)**	4,954	4,503
Capital Contributions	**12,753**	9,427	15,606
Change in Net Position	**5,768**	14,381	20,109
Net Position, beginning of year	**198,984**	184,603	164,494
Net Position, end of year	$ **204,752**	$ 198,984	$ 184,603

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

The table below compares fiscal year ended September 30, 2023 to September 30, 2022 for operating expenses before depreciation. The main changes from year-to-year are attributed to an increase in overtime due to labor challenges, the completion of the Rapid Central Station driveway rehabilitation project, implementation of a new purchased transportation contract (demand response), a dramatic increase in pass through funding for Specialized Services, and overall inflation and economic pressures resulted in inflation.

Year ended September 30,		**2023**		2022	Change (%)
Labor	**$**	**18,989**	$	18,207	4.3
Fringe benefits		**8,660**		8,375	3.4
Services		**4,361**		3,946	10.5
Materials and supplies consumed		**4,794**		4,745	1.0
Utilities		**1,404**		1,334	5.2
Casualty and liability costs		**2,468**		2,453	.6
Purchased transportation		**9,642**		6,855	40.7
Miscellaneous		**517**		492	5.1

The main reason for changes from FY 2021 to FY 2022 is due 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 were reduced, 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)

Capital Assets

As of September 30, 2023, ITP had invested $281,795 million in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating equipment. Net of accumulated depreciation, capital assets on September 30, 2023 totaled approximately $148,395 million (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately $3.1 million, or 2.0%, from September 30, 2022.

As of September 30, 2022, ITP had invested $230 million in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating 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.

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

September 30,	**2023**	2022	Change (%)
Land	**$ 12,139**	$ 12,139	-
Artwork	**368**	368	-
Easements	**55**	55	-
Construction in progress	**1,958**	-	100.0
Land improvements	**3,032**	2,709	11.9
Facilities	**79,099**	83,112	(4.8)
Revenue vehicles	**39,112**	42,700	(7.6)
Support equipment	**5,749**	3,883	39.5
Information systems and technology	**5,639**	5,908	(4.6)
Software and software development	**403**	602	(38.2)
Subscription Based Information Technology Arrangements (SBITA)	**841**	-	100.0
Total Net Capital Assets	**$ 148,395**	$ 151,476	(2.1)

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)

Economic Factors and Next Year's Budget

ITP's focus in FY 2023/2024 is on the value transit provides in achieving community equity, access and regional economic growth 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 2023/2024, the Board of Directors adopted a $56 million operating budget, exclusive of depreciation, and a $29.9 million capital budget. Ridership and thereby passenger fares continue to recover and contract service revenue remains consistent. The remaining balance of eligible federal funding was received in FY 2023/2024. Property tax revenue is anticipated to be stable, and state operating assistance increased to 34.3056%. According to the Michigan Department of Transportation this is a onetime increase, and it is not an indication that State Operating Assistance is on the rise to the 50% permitted by the State of Michigan Act 51. Unrestricted net reserves will be used to offset the deficit between revenue and expenses. The goal is to continue to advocate for changes in current legislative funding, identify alternative revenue tools used by other states through the Transit Master Plan, and review our internal revenue sources to identify potential additional funding solutions. Converting ITP's fleet to zero emissions continues to be a priority of ITP. The linehaul fleet is currently 69% CNG and 31% diesel. ITP has applied for the Alternative Fuel Tax Credit. This incentive is available to companies that use alternative fuel to operate a motor vehicle. ITP's RNG and propane fuels qualify for the credit in the estimated amount of $500,000. Staff continuously monitor and investigate strategies to control costs.

Basic Financial Statements

Interurban Transit Partnership

Statements of Net Position
Enterprise Fund

September 30,		**2023**		2022
Assets				
Current Assets				
Cash and investments (Note 2)	$	**75,924,629**	$	67,052,999
Property taxes receivable, net		**2,315,218**		1,387,045
Due from federal government		**3,740,872**		1,789,509
Due from State of Michigan		**2,195,997**		854,585
Billed receivables		**1,763,040**		4,618,419
Materials and supplies inventories		**747,054**		696,091
Prepaid expenses and deposits		**1,354,706**		1,298,725
Total Current Assets		**88,041,516**		77,697,373
Capital Assets (Note 3)				
Facilities		**121,383,660**		120,752,930
Revenue vehicles		**86,039,523**		83,915,094
Support equipment		**20,329,630**		17,876,445
Land and improvements		**18,541,503**		17,861,038
Information systems, technology, and software		**32,041,549**		29,545,913
Other non-depreciable assets		**423,813**		423,814
Subscription Based Information Technology Arrangements (SBITA)		**1,077,359**		-
Construction in progress		**1,958,118**		-
		281,795,155		270,375,234
Less: accumulated depreciation and amortization		**(133,400,530)**		(118,899,166)
Net Capital Assets		**148,394,625**		151,476,068
Total Assets	$	**236,436,141**	$	229,173,441
Deferred Outflows of Resources				
Related to pensions (Note 4)	$	**953,056**	$	1,821,163
Liabilities				
Current Liabilities				
Accounts payable	$	**3,586,605**	$	3,311,065
Accrued payroll		**2,029,206**		1,904,372
Unredeemed fares		**790,927**		627,090
Unearned revenues		**269,458**		274,008
Due to state of Michigan		**1,870,612**		1,719,160
Current portion of subscription liabilities (Note 7)		**259,040**		-
Total Current Liabilities		**8,805,848**		7,835,695
Net Pension Liability (Note 4)		**1,146,920**		2,927,208
Subscription Liabilities, net of current portion (Note 7)		**576,790**		-
Total Liabilities	$	**10,529,558**	$	10,762,903
Deferred Inflows of Resources				
Property taxes received or receivable before the levy date	$	**20,071,589**	$	18,627,623
Related to pensions (Note 4)		**2,035,988**		2,620,129
Total Deferred Inflows of Resources	$	**22,107,577**	$	21,247,752
Net Position				
Net investment in capital assets	$	**148,394,625**	$	151,476,068
Unrestricted		**56,357,437**		47,507,881
Total Net Position	$	**204,752,062**	$	198,983,949

See accompanying notes to financial statements.

Interurban Transit Partnership

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

Year ended September 30,	**2023**	2022
Operating Revenues		
Passenger fares	$ **4,534,783**	$ 4,216,120
Advertising	**385,457**	410,866
Total Operating Revenues	**4,920,240**	4,626,986
Operating Expenses		
Salaries and fringe benefits	**27,648,668**	26,582,153
Supplies and other operating expenses	**23,780,278**	20,262,989
Depreciation and loss on disposal of assets	**16,676,021**	16,234,357
Total Operating Expenses	**68,104,967**	63,079,499
Operating Loss	**(63,184,727)**	(58,452,513)
Non-Operating Revenues		
State	**16,839,046**	16,062,177
Federal	**13,128,675**	22,235,906
Property taxes	**18,867,978**	18,012,199
Other local	**7,363,867**	7,096,053
Total Non-Operating Revenues	**56,199,566**	63,406,335
Income (Loss), before capital contributions	**(6,985,161)**	4,953,822
Capital Contributions	**12,753,274**	9,427,007
Change in Net Position	**5,768,113**	14,380,829
Net Position, beginning of year	**198,983,949**	184,603,120
Net Position, end of year	**$ 204,752,062**	$ 198,983,949

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Cash Flows
Enterprise Fund

Year ended September 30,	**2023**	2022
Cash from Operating Activities		
Receipts from customers	**$ 7,939,457**	$ 3,224,250
Payments to suppliers	**(23,611,683)**	(26,307,390)
Payments to employees and fringe benefits	**(29,020,156)**	(28,419,611)
Net Cash Used in Operating Activities	**(44,692,382)**	(51,502,751)
Cash from Noncapital Financing Activities		
Federal grants received	**13,128,675**	22,235,906
State grants received	**15,649,086**	17,167,411
Local government assistance received	**5,932,328**	6,740,388
Property taxes	**19,383,771**	18,714,477
Other income	**324,998**	205,599
Net Cash Provided by Noncapital Financing Activities	**54,418,858**	65,063,781
Cash from Capital and Related Financing Activities		
Federal contributed capital	**7,608,161**	14,764,292
State contributed capital	**2,957,694**	1,855,121
Purchase of capital assets	**(12,517,218)**	(9,427,007)
Proceeds from sale of capital assets	**92,218**	30,460
Net Cash Provided by (Used in) Capital and Related Financing Activities	**(1,859,145)**	7,222,866
Cash from Investing Activity		
Interest received on investments	**1,004,299**	119,606
Net Increase in Cash and Investments	**8,871,630**	20,903,502
Cash and Investments, beginning of year	**67,052,999**	46,149,497
Cash and Investments, end of year	**$ 75,924,629**	$ 67,052,999
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	**$ (63,184,727)**	$ (58,452,513)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and loss on disposal of assets	**16,676,021**	16,234,357
Changes in assets and liabilities:		
(Increase) decrease in billed receivables	**2,855,379**	(1,520,304)
(Increase) decrease in inventories	**(50,963)**	(117,265)
(Increase) decrease in prepaid expenses and deposits	**(55,980)**	(501,261)
Increase (decrease) in accounts payable	**275,540**	(5,425,875)
Increase (decrease) in accrued payroll	**124,834**	(694,499)
Increase in unredeemed fares	**163,837**	117,567
Decrease in pension-related items	**(1,496,322)**	(1,142,959)
Net Cash Used in Operating Activities	**$ (44,692,382)**	$ (51,502,752)

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Fiduciary Net Position
Fiduciary Funds

June 30,	Pension Trust Funds	
	2023	2022
Assets		
Cash and short-term investments (Note 2)	**$ 727,749**	$ 738,603
Receivables:		
Interest and dividends receivable	**3,071**	671
Investments, at fair value (Note 2):		
Bond mutual funds	**3,114,317**	3,025,040
Equity mutual funds	**10,210,834**	8,955,882
Total Investments, at fair value	**13,325,151**	11,980,922
Total Assets	**14,055,971**	12,720,196
Net Position Held in Trust for Pension Benefits	**$ 14,055,971**	$ 12,720,196

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	
	2023	2022
Additions		
Employer and employee contributions	**$ 900,000**	$ 688,771
Investment income (loss):		
Net appreciation (depreciation)	**1,283,668**	(2,517,648)
Interest	**23,467**	1,428
Dividends	**275,560**	357,762
Investment expense	**(12,304)**	(12,353)
Total Investment Income (Loss)	**1,570,391**	(2,170,811)
Total Additions, net of investment income (loss)	**2,470,391**	(1,482,040)
Deductions		
Benefits	**1,091,824**	975,093
Administrative expense	**42,792**	39,130
Total Deductions	**1,134,616**	1,014,223
Change in Net Position	**1,335,775**	(2,496,263)
Net Position Held in Trust for Pension Benefits, beginning of year	**12,720,196**	15,216,459
Net Position Held in Trust for Pension Benefits, end of year	**$ 14,055,971**	$ 12,720,196

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 1.41 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 1.41 mills and 1.4308 mills for fiscal years 2023 and 2022, respectively, for 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.

Subscription-Based Information Technology Arrangements

ITP is party to two subscription-based information technology arrangements (SBITAs). ITP recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. ITP recognizes subscription liabilities with an initial term greater than 12 months. Remaining subscription terms range from three to four years with fixed payments due annually. For SBITAs with a maximum possible term of 12 months or less at commencement, ITP recognizes expenses based on the provisions of the arrangement.

At the commencement of a SBITA, ITP initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

Key estimates and judgments related to SBITAs include how ITP determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) the subscription term, and (3) subscription payments.

ITP uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, ITP generally uses its estimated incremental borrowing rate as the discount rate. The subscription term includes the noncancellable period during which ITP has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain ITP or vendor will exercise that option or to terminate if it is reasonably certain that ITP or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments.

ITP monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term obligations on the statement of net position.

ITP capitalizes qualifying initial implementation costs of $1,000 or more as part of the subscription asset. Preliminary project stage outlays are expensed as included. Operation and additional implementation stage activities are expensed as incurred unless they meet specific capitalization criteria.

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.

New Accounting Pronouncements

ITP adopted GASB Statement Number 96, *Subscription-Based Information Technology Arrangements,* on October 1, 2022. Adoption of this standard did not have a material impact on net position as of October 1, 2022 and therefore no changes have been made to beginning net position as previously reported.

Subsequent Events

Management has evaluated subsequent events through __________, 2024, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

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, 2023, the bank balances were $77,156,747, of which $74,736,405 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,		**2023**	2022
Investment	Maturity	**Amortized Cost**	Amortized Cost
Kent County Investment Pool	Less than 1 year	**$ 6,291,536**	$ 6,139,098

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, 2023.

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, 2023, 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	5.2
Bond mutual funds and equities	Not rated	94.8

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, 2023 and 2022. 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, 2023

	Level 1	Level 2	Level 3	Total
Pension Trust Fund				
Cash and short-term investments	$ 727,749	$ -	$ -	$ 727,749
Equity mutual funds	10,210,834	-	-	10,210,834
Bond mutual funds	3,114,317	-	-	3,114,317
Investments, at fair value	$ 14,052,900	$ -	$ -	$ 14,052,900

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

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3. Capital Assets

Capital asset activity is as follows:

	Balance, October 1, 2022	Additions	Deletions/ Reclassifications	Balance, September 30, 2023
Capital Assets				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 1,958,118	$ -	**$ 1,958,118**
Land	12,138,892	-	-	**12,138,892**
Artwork	368,470	-	-	**368,470**
Easements - intangible	55,343	-	-	**55,343**
Capital assets being depreciated:				
Facilities	120,752,930	630,730	-	**121,383,660**
Revenue vehicles	83,915,094	3,483,312	1,358,883	**86,039,523**
Support equipment	17,876,445	3,268,959	815,774	**20,329,630**
Land improvements	5,722,146	680,465	-	**6,402,611**
Information systems and technology	25,490,842	2,445,645	-	**27,936,487**
Software - intangible	4,055,072	49,990	-	**4,105,062**
SBITA	-	1,077,359	-	**1,077,359**
Total Capital Assets	270,375,234	13,594,578	2,174,657	**281,795,155**
Accumulated Depreciation				
Facilities	37,640,566	4,644,871	-	**42,285,437**
Revenue vehicles	41,215,590	7,071,383	1,358,883	**46,928,090**
Support equipment	13,993,822	1,402,468	815,774	**14,580,516**
Land improvements	3,013,542	357,761	-	**3,371,303**
Information systems and technology	19,582,693	2,714,755	-	**22,297,448**
Software - intangible	3,452,953	248,728	-	**3,701,681**
SBITA	-	236,055	-	**236,055**
Total Accumulated Depreciation	118,899,166	16,676,021	2,174,657	**133,400,530**
Net Capital Assets	$ 151,476,068	$ (3,081,443)	$ -	**$ 148,394,625**

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Please note the $1,958,118 amount in construction in progress are the costs for the Ellsworth renovation project through September 30, 2023. It is anticipated that the project will be completed at the beginning of 2024 and estimated costs to complete this project are approximately $1,300,000 at September 30, 2023.

	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**

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).

The plan's membership consisted of:

June 30,	**2023**	2022
Retirees and beneficiaries currently receiving benefits	**13**	14
Terminated employees entitled to benefits but not yet receiving them	**11**	13
Active plan members	**1**	1
Total	**25**	28

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).

The plan's membership consisted of:

June 30,	**2023**	2022
Retirees and beneficiaries currently receiving benefits	**148**	136
Terminated employees entitled to benefits but not yet receiving them	**170**	160
Active plan members	**134**	165
Total	**452**	461

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	$ 311,899	$ 140,317	$ (7,969)

Non-Administrative Plan	1% Decrease (5.50)	Current Rate (6.50)	1% Increase (7.50)
Net Pension Liability	$ 2,443,389	$ 1,006,603	$ (199,584)

Long-Term Expected Rates of Return and Asset Allocation

The long-term expected rates of return on 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	32.50	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, 2022	$ 2,197,840	$ 1,718,210	$ 479,630
Changes in Pension Liability			
Service cost			
Interest	121,643	-	121,643
Experience gains	(55,815)	-	(55,815)
Contributions – employer	-	250,000	(250,000)
Assumption change	2,531	-	2,531
Net investment income (loss)	-	172,097	(172,097)
Benefit payments	(340,891)	(340,891)	-
Administrative expenses	-	(14,425)	14,425
Net Changes in Pension Liability	(272,532)	66,781	(339,313)
Balance, June 30, 2023	$ 1,925,308	$ 1,784,991	$ 140,317

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, 2022	$ 13,449,564	$ 11,001,986	$ 2,447,578
Changes in Pension Liability			
Interest	849,817	-	849,817
Experience (gains) losses	(298,166)	-	(298,166)
Contributions – employer	-	650,000	(650,000)
Assumption change	27,301	-	27,301
Net investment income (loss)	-	1,398,294	(1,398,294)
Benefit payments	(750,933)	(750,933)	-
Administrative expenses	-	(28,367)	28,367
Net Changes in Pension Liability	(171,981)	1,268,994	(1,440,975)
Balance, June 30, 2023	$ 13,277,583	$ 12,270,980	$ 1,006,603

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2023, 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	$ -	$ -	$ 197,520	$ 351,206
Changes of assumptions	-	-	513,182	1,684,782
Investment earnings losses	59,100	-	183,254	-
Total	$ 59,100	$ -	$ 893,956	$ 2,035,988

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
2024	$ 8,217	$ (724,250)	$ (716,033)
2025	(1,059)	(566,906)	(567,965)
2026	66,374	114,263	180,637
2027	(14,432)	(65,281)	(79,713)
2028	-	91,055	91,055
Thereafter	-	9,087	9,087

Components of Pension Expense

For the year ended September 30, 2023, ITP recognized pension expense of $6,489 for the Administrative Plan and $(602,811) for the Non-Administrative Plan.

Below are the components of the total pension expense:

Year ended September 30, 2023

	Administrative Plan	Non-Administrative Plan
Interest	$ 121,643	$ 849,817
Experience gains	(55,815)	(225,157)
Assumption change	2,531	(494,388)
Projected earnings on pension plan investments	(99,933)	(710,927)
Investment earnings losses	23,638	(50,523)
Administrative expenses	14,425	28,367
Total Pension Expense	$ 6,489	$ (602,811)

For the year ended September 30, 2023, actual cash payments made were $250,000 and $650,000 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 $566,631 for the year ended September 30, 2023.

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 $1,001,564 for the year ended September 30, 2023.

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 2023 and 2022 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled $22,553,611 and $22,465,395 in 2023 and 2022, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 29.2015% and 29.5134%, respectively, totaled $13,171,985 and $13,260,604 in 2023 and 2022, 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.

7. Subscription Liabilities

Changes in subscription liabilities for the year ended September 30, 2023 are as follows:

	Balance September 30, 2022	Additions	Re-measurements	Deductions	**Balance September 30, 20223**	Amounts due within one year
Subscription liabilities	$ -	$ 1,077,359	$ -	$ (241,529)	**$ 835,830**	$ 259,040

SBITA Payments Maturity Schedule

The future principal and interest SBITA payments as of September 30, 2023 are as follows:

September 30,	Principal	Interest	Total
2024	$ 259,040	$ 52,347	$ 311,387
2025	277,819	33,568	311,387
2026	232,575	13,426	246,001
2027	66,396	-	66,396
Total	$ 835,830	$ 99,341	$ 935,171

Required Supplementary Information

Interurban Transit Partnership

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

Year ended June 30,	**2023**	2022	2021	2020	2019	2018
Total Pension Liability						
Service cost	**$ -**	$ -	$ -	$ -	$ -	$ -
Interest	**121,643**	132,650	147,516	166,683	222,849	298,964
Changes in benefit terms		-	-	-	-	-
Difference between expected and actual experience	**(55,815)**	(28,168)	208,572	70,045	652,124	(17,596)
Change of assumptions	**2,531**	(13,943)	(8,535)	139,623	(2,976)	92,870
Benefit payments	**(340,891)**	(207,063)	(983,585)	(185,757)	(3,355,575)	(177,586)
Net Change in Total Pension Liability	**(272,532)**	(116,524)	(636,032)	190,594	(2,483,578)	196,652
Total Pension Liability - beginning	**2,197,840**	2,314,364	2,950,396	2,759,802	5,243,380	5,046,728
Total Pension Liability - ending (a)	**1,925,308**	2,197,840	2,314,364	2,950,396	2,759,802	5,243,380
Plan Fiduciary Net Position						
Contributions - employer	**250,000**	152,611	408,451	419,186	400,000	207,924
Net investment income (loss)	**172,097**	(281,958)	451,877	79,677	126,980	250,474
Benefit payments	**(340,891)**	(207,063)	(983,585)	(185,757)	(3,355,575)	(177,586)
Administrative expenses	**(14,425)**	(14,315)	(14,385)	(13,905)	(14,445)	(12,580)
Net Change in Fiduciary Net Position	**66,781**	(350,725)	(137,642)	299,201	(2,843,040)	268,232
Plan Fiduciary Net Position - beginning	**1,718,210**	2,068,935	2,206,577	1,907,376	4,750,416	4,482,184
Plan Fiduciary Net Position - ending (b)	**1,784,991**	1,718,210	2,068,935	2,206,577	1,907,376	4,750,416
Net Pension Liability - ending (a)-(b)	**$ 140,317**	$ 479,630	$ 245,429	$ 743,819	$ 852,426	$ 492,964
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (%)	**92.7**	78.2	89.4	74.8	69.1	90.6
Covered-employee payroll	**$ 51,122**	$ 48,532	$ 48,337	$ 205,047	$ 210,141	$ 707,023
Net Pension Liability as a Percentage of Covered-Employee Payroll (%)	**274.5**	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,	**2023**	2022	2021	2020	2019	2018
Total Pension Liability						
Service cost	**$ -**	$ -	$ -	$ -	$ -	$ 424,425
Interest	**849,817**	861,713	848,945	800,046	782,627	823,542
Changes in benefit terms	**-**	-	-	-	-	(1,612,940)
Difference between expected and actual experience	**(298,166)**	(228,921)	111,431	43,263	194,529	25,377
Change of assumptions	**27,301**	(56,342)	-	637,632	(56,593)	373,105
Benefit payments	**(750,933)**	(768,030)	(759,830)	(697,478)	(607,696)	(597,778)
Net Change in Total Pension Liability	**(171,981)**	(191,580)	200,546	783,463	312,867	(564,269)
Total Pension Liability - beginning	**13,449,564**	13,641,144	13,440,598	12,657,135	12,344,268	12,908,537
Total Pension Liability - ending (a)	**13,277,583**	13,449,564	13,641,144	13,440,598	12,657,135	12,344,268
Plan Fiduciary Net Position						
Contributions - employer	**650,000**	536,160	766,843	387,328	250,000	529,010
Net investment income (loss)	**1,398,294**	(1,888,853)	2,998,961	501,605	715,694	648,430
Benefit payments	**(750,933)**	(768,030)	(759,830)	(697,478)	(607,696)	(597,778)
Administrative expenses	**(28,367)**	(24,815)	(27,722)	(25,729)	(28,605)	(32,948)
Net Change in Fiduciary Net Position	**1,268,994**	(2,145,538)	2,978,252	165,726	329,393	546,714
Plan Fiduciary Net Position - beginning	**11,001,986**	13,147,524	10,169,272	10,003,546	9,674,153	9,127,439
Plan Fiduciary Net Position - ending (b)	**12,270,980**	11,001,986	13,147,524	10,169,272	10,003,546	9,674,153
Net Pension Liability - ending (a)-(b)	**$ 1,006,603**	$ 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 (%)	**92.4**	81.8	96.4	75.7	79.0	78.4
Covered-employee payroll	**N/A**	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	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,	**2023**	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 508,748**	$ 144,807	$ 408,541	$ 419,186	$ 192,821	$ 52,414	$ 74,018	$ 216,577
Actual contribution	**250,000**	152,611	408,451	419,186	400,000	207,924	250,000	1,234,492
Contribution (Excess)	**$ 258,748**	$ (7,804)	$ 90	$ -	$ (207,179)	$ (155,510)	$ (175,982)	$(1,017,915)
Covered payroll	**$ 51,122**	$ 48,532	$ 48,337	$ 205,047	$ 210,141	$ 707,023	$ 625,402	$ 660,626
Actual contribution as % of covered payroll (%)	**489.0**	314.5	845.0	204.4	190.3	29.4	40.0	186.9

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 improvement scale updated from MP-2020
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,	**2023**	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	**$ 262,597**	$ 321,702	$ 455,490	$ 387,328	$ 376,920	$ 735,101	$ 775,392	$ 746,846
Actual contribution	**650,000**	536,160	766,843	387,328	250,000	529,010	987,300	644,412
Contribution (Excess)	**$ (387,403)**	$ (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	N/A
Actual contribution as % of covered payroll (%)	**N/A**	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	Mortality improvement scale updated from MP-2020
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, 2023

		Administrative Plan		Non-Administrative Plan		Total
Assets						
Cash and short-term investments	$	136,439	$	591,310	$	727,749
Receivables:						
Interest and dividends receivable		409		2,662		3,071
Investments, at fair value:						
Bond mutual funds		583,338		2,530,979		3,114,317
Equity mutual funds		1,064,806		9,146,028		10,210,834
Total Investments, at fair value		1,648,144		11,677,007		13,325,151
Total Assets		1,784,992		12,270,979		14,055,971
Net Position Held in Trust for Pension Benefits	$	1,784,992	$	12,270,979	$	14,055,971

Interurban Transit Partnership

Combining Statement of Changes in Plan Net Position
Pension Trust Funds

Year ended June 30, 2023

	Administrative Plan	Non-Administrative Plan	Total
Additions			
Employer and employee contributions	$ 250,000	$ 650,000	$ 900,000
Investment income (loss):			
Net appreciation	131,330	1,152,338	1,283,668
Interest	2,118	21,349	23,467
Dividends	40,144	235,416	275,560
Investment expense	(1,494)	(10,810)	(12,304)
Total Investment Income	172,098	1,398,293	1,570,391
Total Additions	422,098	2,048,293	2,470,391
Deductions			
Benefits	340,892	750,932	1,091,824
Administrative expense	14,424	28,368	42,792
Total Deductions	355,316	779,300	1,134,616
Change in Net Position	66,782	1,268,993	1,335,775
Net Position Held in Trust for Pension Benefits, beginning of year	1,718,210	11,001,986	12,720,196
Net Position Held in Trust for Pension Benefits, end of year	$ 1,784,992	$ 12,270,979	$ 14,055,971

Interurban Transit Partnership

Schedule of Non-Operating Revenues – Local

Year ended September 30, 2023		
Local Revenue		
Property taxes	$	18,867,978
Grand Valley State University		3,188,376
Network180		403,637
DASH - city of Grand Rapids		1,659,742
Van pool		(1,243)
Ferris State University		108,923
Grand Rapids Community College		93,529
Amtrak		90,033
Alpine Township		87,692
Disabilities Advocates of Kent County - DAKC		60,984
Cascade Township		198,153
Gaines Township		41,930
Other local services		572
Total Local Revenue		24,800,306
Other Income		
Gain on sale of capital assets		92,218
Retail lease		26,631
CNG fuel sales		40,223
Alternative Fuel Credit		177,535
Interest income		1,004,299
Miscellaneous		12,508
Ride project coordination		31,284
Vending machine		22,166
Fare evasion fines		1,280
Billboard lease		23,395
Total Other Income		1,431,539
Total Non-Operating Revenues - Local	$	26,231,845

Interurban Transit Partnership

Schedule of Non-Operating Revenues – State and Federal

Year ended September 30, 2023		
State of Michigan Grants		
General operating assistance	$	14,310,222
Capital assistance		359,969
Preventive maintenance (operating)		690,810
Planning and miscellaneous project assistance		148,069
Specialized services		1,329,976
Total State of Michigan Grants		16,839,046
Federal Government Grants		
Capital assistance		1,451,498
ARP Act Assistance		8,321,660
Preventive maintenance (operating)		2,763,242
Planning and miscellaneous project assistance		592,275
Total Federal Government Grants		13,128,675
Total Non-Operating Revenues - State and Federal	$	29,967,721

Interurban Transit Partnership

Schedule of Operating Expenses by Function

Year ended September 30, 2023

	General Operations					
	Operations	Maintenance	Administration	Total	Grants	Total System
Labor						
Operators' salaries and wages	$ 12,093,929	$ -	$ -	$ 12,093,929	$ -	$ 12,093,929
Other salaries and wages	1,746,066	2,892,319	2,074,673	6,713,058	-	6,713,058
Dispatchers' salaries and wages	181,895	-	-	181,895	-	181,895
Total Labor	14,021,890	2,892,319	2,074,673	18,988,882	-	18,988,882
Fringe Benefits						
Pension - defined benefit (actual paid)	654,138	137,425	108,437	900,000	-	900,000
Pension - defined benefit (GASB adjustment)	(1,164,733)	(225,966)	(105,623)	(1,496,322)	-	(1,496,322)
Pension - defined contribution	1,081,051	241,369	245,776	1,568,196	-	1,568,196
Other fringe benefits	5,508,451	1,222,829	956,634	7,687,914	-	7,687,914
Total Fringe Benefits	6,078,907	1,375,657	1,205,224	8,659,788	-	8,659,788
Services						
Audit fees	-	-	39,135	39,135	-	39,135
Other services	533,078	2,028,524	874,669	3,436,271	885,336	4,321,607
Total Services	533,078	2,028,524	913,804	3,475,406	885,336	4,360,742
Materials and Supplies Consumed						
Fuel and lubricants	2,716,979	-	-	2,716,979	-	2,716,979
Tires and tubes	-	33,782	-	33,782	285,691	319,473
Other materials and supplies	13,969	1,607,160	93,968	1,715,097	42,731	1,757,828
Total Materials and Supplies Consumed	2,730,948	1,640,942	93,968	4,465,858	328,422	4,794,280
Utilities						
Other	-	-	1,403,663	1,403,663	-	1,403,663
Casualty and Liability Costs						
Premiums for public liability and property damage insurance	2,181,385	-	-	2,181,385	-	2,181,385
Other insurance	-	-	286,439	286,439	-	286,439
Total Casualty and Liability Costs	2,181,385	-	286,439	2,467,824	-	2,467,824

Interurban Transit Partnership

Schedule of Operating Expenses by Function

Year ended September 30, 2023

	General Operations					
	Operations	Maintenance	Administration	Total	Grants	Total System
Purchased Transportation	$ 7,269,465	$ -	$ -	$ 7,269,465	$ 2,372,146	$ 9,641,611
Miscellaneous						
Travel and training	17,030	9,957	30,168	57,155	17,321	74,476
Meetings	2,210	793	3,044	6,047	-	6,047
Advertising and promotion	-	-	71,293	71,293	68,786	140,079
Dues	1,168	-	158,824	159,992	27,305	187,297
Other miscellaneous	948	39,475	68,966	109,389	-	109,389
Total Miscellaneous	21,356	50,225	332,295	403,876	113,412	517,288
Lease	-	-	58,812	58,812	-	58,812
Subscription Based Information Technology Asset	-	-	85,947	85,947	-	85,947
Depreciation and Loss on Disposal of Assets	-	-	16,676,021	16,676,021	-	16,676,021
Non-Rapid Enhancements	-	-	-	-	182,471	182,471
Preventive Maintenance	-	(3,186,414)	-	(3,186,414)	3,454,052	267,638
Total Expenses	$ 32,837,029	$ 4,801,253	$ 23,130,846	$ 60,769,128	$ 7,335,839	$ 68,104,967

Interurban Transit Partnership

Schedule of Expenses by Grant

Year ended September 30, 2023

	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	590 MI-2022-029 22-0073-P3 FY22 Section 5307	772 MI-2019-024 17-0070-P12 FY 19 -21 Section 5307	773 MI-2022-042 22-0073-P6 FY 23 Section 5307	798 2022-0073-P6 FY 23 Specialized Services	870/871 MI-2017-015 FY17 Section 5339	849 MI-2022-029 22-0073-P3 FY22 Section 5339	987 MI-2019-010 TOD Grant
Expenses														
Labor	$ 18,988,882	$ 18,988,882	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fringe benefits	8,659,788	8,659,788	-	-	-	-	-	-	-	-	-	-	-	-
Services	4,360,742	3,475,406	-	98,124	79,328	-	-	493,271	-	3,330	-	200,302	10,981	-
Materials and supplies consumed	4,794,280	4,465,858	-	-	273,584	51,844	2,993	-	-	-	-	-	-	-
Utilities	1,403,663	1,403,663	-	-	-	-	-	-	-	-	-	-	-	-
Casualty and liability costs	2,467,824	2,467,824	-	-	-	-	-	-	-	-	-	-	-	-
Purchased transportation	9,641,611	7,269,465	-	-	-	-	110,819	700,000	231,350	-	1,329,976	-	-	-
Miscellaneous	517,288	403,876	-	17,354	19,755	-	24,060	298	50,085	-	-	1,859	-	-
Lease	58,812	58,812	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and loss on disposal of assets	16,676,021	16,676,021	-	-	-	-	-	-	-	-	-	-	-	-
Subscription Based Information Technology Assets (SBITA)	85,947	85,947	-	-	-	-	-	-	-	-	-	-	-	-
Nonrapid enhancements	182,471	-	-	-	-	-	-	-	-	-	-	182,471	-	-
Preventive maintenance	267,638	(3,186,414)	-	683,723	1,500,000	1,270,329	-	-	-	-	-	-	-	-
Total Expenses	$ 68,104,967	$ 60,769,128	$	$ 799,202	$ 1,872,667	$ 1,322,173	$ 137,873	$ 1,193,570	$ 281,436	$ 3,330	$ 1,329,976	$ 384,632	$ 10,981	$ -

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, 2023

	Operations	Maintenance	Administration	Total
Labor				
Operators' salaries and wages	$ 12,093,929	$ -	$ -	$ 12,093,929
Other salaries and wages	1,746,066	2,892,319	2,074,673	6,713,058
Dispatchers' salaries and wages	181,895	-	-	181,895
Total Labor	14,021,890	2,892,319	2,074,673	18,988,882
Fringe Benefits				
Pension - defined benefit	654,138	137,425	108,437	900,000
Pension - defined benefit (GASB)	(1,164,733)	(225,966)	(105,623)	(1,496,322)
Pension - defined contributions	1,081,051	241,369	245,776	1,568,196
Other fringe benefits	5,508,451	1,222,829	959,634	7,687,914
Total Fringe Benefits	6,078,907	1,375,657	1,205,224	8,659,788
Services				
Audit fees	-	-	39,135	39,135
Other services	533,078	2,028,524	874,669	3,436,271
Total Services	533,078	2,028,524	913,804	3,475,406
Materials and Supplies Consumed				
Fuel and lubricants	2,716,979	-	-	2,716,979
Tires and tubes	-	33,782	-	33,782
Other materials and supplies	13,969	1,607,160	93,968	1,715,097
Total Materials and Supplies Consumed	2,703,948	1,640,942	93,968	4,465,858
Utilities				
Other	-	-	1,403,663	1,403,663
Total Utilities	-	-	1,403,663	1,403,663
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	2,181,385	-	-	2,181,385
Other insurance	-	-	286,439	286,439
Total Casualty and Liability Costs	2,181,385	-	286,439	2,467,824
Purchased Transportation	7,269,465	-	-	7,269,465
Miscellaneous				
Travel and training	17,030	9,957	30,168	57,155
Meetings	2,210	793	3,044	6,047
Advertising/promotion media	-	-	71,293	71,293
Dues	1,168	-	158,824	159,992
Other miscellaneous	948	39,475	68,966	109,389
Total Miscellaneous	21,356	50,225	332,295	403,876
Lease	-	-	55,812	55,812
Preventative Maintenance	-	(3,186,414)	-	(3,186,414)
Subscription Based Information Technology Asset	-	-	85,947	85,947
Depreciation and Loss on Disposal of Assets	-	-	16,676,021	16,676,021
Total Expenses	$ 32,837,029	$ 4,801,253	$ 23,130,846	$ 60,769,128

Interurban Transit Partnership

Schedule of Regular Service Revenues - Urban

Year ended September 30, 2023		
Operating Revenues		
Passenger fares	$	4,534,783
Advertising		385,457
Total Operating Revenues		4,920,240
Non-Operating Revenues		
State and federal assistance		29,967,721
Local Revenue		
Property taxes		18,867,978
Grand Valley State University		3,188,376
Network180		403,637
DASH – city of Grand Rapids		1,659,742
Van pool		(1,243)
Ferris State University		108,923
Grand Rapids Community College		93,529
Amtrak		90,033
Alpine Township		87,692
Disabilities Advocate for Kent County (DAKC)		60,984
Cascade Township		198,153
Gaines Township		41,930
Other local services		572
Total Local Revenue		24,800,306
Other Income		
Gain on sale of property		92,218
Retail lease		26,631
CNG fuel sales		40,223
Alternative Fuel Credit		177,535
Interest Income		1,004,299
Miscellaneous		12,508
Ride project coordination		31,284
Vending machine		22,166
Fare evasion fees		1,280
Billboard lease		23,395
Total Other Income		1,431,539
Total Revenues	$	61,119,806

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

Year ended September 30, 2023

	Weekday	Saturday	Sunday	Total
Total vehicle hours – linehaul	1,303	665	334	385,561
Revenue hours - linehaul	1,260	646	321	372,847
Total vehicle hours - bus rapid transit	90	49	38	27,469
Revenue hours - bus rapid transit	88	47	36	26,856
Total vehicle hours - demand response	433	154	137	125,784
Revenue hours - demand response	343	126	113	100,268
Total vehicle miles - linehaul	17,789	8,846	4,719	5,258,621
Revenue miles - linehaul	17,033	8,498	4,460	5,033,949
Total vehicle miles - bus rapid transit	1,123	610	483	344,001
Revenue miles - bus rapid transit	1,086	581	448	331,189
Total vehicle miles - demand response	6,951	2,120	2,084	1,996,024
Revenue miles - demand response	5,164	1,680	1,692	1,495,505

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, 2023

		State Operating Assistance Urban
General Operating Expenses	$	68,104,969
Add: Eligible Expenses		
Reverse GASB entry to pension to reflect actual paid pension expenses		1,496,322
Less: Ineligible Expenses		
Depreciation expense and loss on disposal of assets		16,676,021
Capital funds used for operating expenses		3,881,786
Amtrak		90,033
Non-transportation revenue		281,572
APTA and MPTA dues		7,985
Preventive maintenance		3,454,052
Subscription Based Information Technology Arrangements (SBITA)		(5,474)
Lobbying		108,091
Eligible Operating Expenses	$	45,107,225
Maximum State Operating Assistance (50%)	$	22,553,612
State Operating Assistance Accrual (29.2015%)	$	13,171,986

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 2023 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 2023; 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 $3,881,786 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. This number also includes the SBITA amortization expense for subscriptions.

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 $566,631 and non-administrative staff is $1,001,564. The entire sum of $1,568,195 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 $250,000 and the non-administrative plan is $650,000. The entire sum of $900,000 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 $1,496,322 to the pension expense, which is a reduction of $243,511 to the administration plan and a reduction of $1,252,811 to the union plan. Therefore, the $900,000 is an eligible expense and was added to the total operating expense for the calculation of state operating assistance.

$8,321,660 in the ARP Act funding in fiscal year 2023 to reimburse eligible operating expenses through September 30, 2023. 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, 2023

Title	Assistance Listing 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	$ 2,513,395	$ 2,495,756	$ 623,939	$ -	$ 3,119,695	$ 658,286	$ 1,231,170	$ 27,575	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	1,685,389	421,347	-	2,106,736	1,256,289	823,425	264,435	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	-	-	-	-	173,997	3	-	987
FY 2019 §5307 - Local Formula	20.507	MI-2019-023	2017-0070 P13	2,537,958	2,662,027	665,507	-	3,327,534	1,692,164	180,287	374,533	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 2021 §5307 - Local Formula and CMAQ	20.507	MI-2019-024	2017-0070 P12	622,500	235,166	46,270	-	281,436	536,412	39,818	46,270	772
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	1,633,607	408,402	-	2,042,009	1,905,670	39,846	159,840	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	-	-	-	-	2,390,637	40,767	-	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	2,415,790	681,377	-	3,097,167	12,353,842	1,012,198	84,619	871
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	2,379,460	594,865	-	2,974,325	457,145	2,013,653	238,714	590
FY 2022 5339 - Local Bus and Bus Facilities	20.507	MI-2022-0029	2022-0073 P3	252,438	102,779	25,695	-	128,474	-	226,743	2,196	849
FY 2020 & 2021 Specialized Services		N/A	2017-0070 P11	1,084,738	-	-	-	-	1,084,738	-	-	796
FY 2022 5337 - State of Good Repair	20.525	MI-2022-0029	2022-0073 P3	296,716	9,012	2,253	-	11,265	-	294,463	-	701
FY 2023 5307 - Local Formula	20.507	MI-2023-0020	2022-0073 P7	3,840,679	78,940	19,735	-	98,675	-	3,820,944	-	600
FY 2022 and FY 2023 5307 - Local Formula & CMAQ	20.507	MI-2022-0042	2002-0073 P4	345,165	668,613	167,153	-	835,766	-	178,012	666	773
FY 2023 Specialized Services		N/A	2022-0073 P6	1,329,976	-	1,329,976	-	1,329,976	-	-		798
FY 2022 Specialized Services		N/A	2022-0073-P1	542,369	-	-	-	-	542,369	-	-	797
FY 2022 Fuel Transformation Program Volkswagen Mitigation Trust - State of MI grant			22-601-022	500,000	-	500,000	-	500,000	-	-	-	988
Total				$ 43,537,681	$ 14,366,539	$ 5,486,519	$ -	$ 19,853,058	$ 28,032,049	$ 10,019,113	$ 1,198,848	

Interurban Transit Partnership

Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

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	$ -	$ 2,379,460
Federal Transit Formula Grants	20.507	Direct	MI-2018-011	-	1,633,607
Federal Transit Formula Grants	20.507	Direct	MI-2019-023	-	2,662,027
Federal Transit Formula Grants	20.507	Direct	MI-2020-047	-	1,685,389
Federal Transit Formula Grants	20.507	Direct	MI-2021-022	-	2,495,756
Federal Transit Formula Grants	20.507	Direct	MI-2019-024	-	235,166
Federal Transit Formula Grants	20.507	Direct	MI-2022-002	-	8,321,660
Federal Transit Formula Grants	20.507	Direct	MI-2023-020	-	78,940
Federal Transit Formula Grants	20.507	Direct	MI-2022-042	-	668,613
Federal Transit Capital Investment Grants	20.500	Direct	MI-2017-015	-	2,415,790
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	Direct	MI-2022-029	-	102,778
Total Federal Transit Cluster				-	22,679,286
Federal Transit Capital Investment Grants	20.527	Direct	MI-2022-029	-	9,012
Total Federal Awards				$ -	$ 22,688,198

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, 2023. 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.

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, 2023 and 2022 (as of and for the years ended June 30, 2023 and 2022 for the Pension Trust Funds), and the related notes to the financial statements, which collectively comprise ITP's basic financial statements, and have issued our report thereon dated January __, 2024.

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 opinions 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.

__________, 2024

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

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Interurban Transit Partnership's (ITP) 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 ITP's major federal programs for the year ended September 30, 2023. ITP'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, ITP 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, 2023.

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 (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 ITP 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 ITP'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 ITP'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 ITP'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 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 ITP's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 ITP'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 ITP'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 ITP'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.

____________, 2024

Interurban Transit Partnership

Schedule of Findings and Questioned Costs
Year Ended September 30, 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:	$750,000
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 Members of the Board of Directors and Finance Committee

INTERURBAN TRANSIT PARTNERSHIP

Audit Wrap Up for the
Year Ended September 30, 2023

BDO

Contents

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 Finance Committee) and, if appropriate, management of ITP, and is not intended and should not be used by anyone other than these specified parties.

Welcome

January 9, 2024

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 October 25, 2023 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, 2023, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

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

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

Respectfully,

BDO USA

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JOHN LAFRAMBOISE
Audit Director
jlaframboise@bdo.com

JASON KELLY
Audit Senior Manager
jkelly@bdo.com

Executive Summary

Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended September 30, 2023. 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 expect to issue an unmodified opinion on the financial statements and release our report on [date].
- We expect to issue 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 program(s) 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.

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, and estimates:

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

- A summary of recently issued accounting pronouncements was included in our earlier audit planning communications.
- ITP adopted Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements during the year ended September 30, 2023.
- There were no other changes in significant accounting policies and practices during 2023.

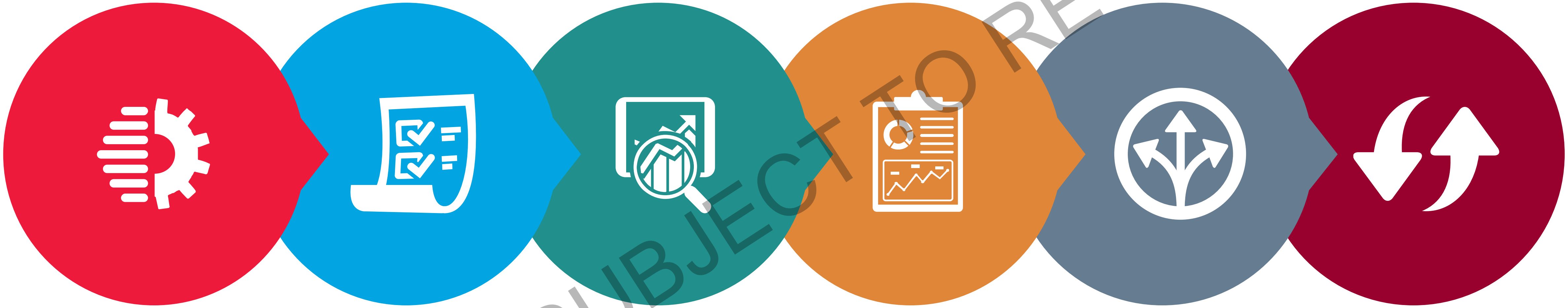
Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. ITP's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in 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 2023.

Results of the Audit

QUALITY OF THE 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(s) 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; risks of material misstatement, including fraud risks; or tips or complaints regarding ITP's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
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.
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.

Additional Required Communications

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

Requirement	Discussion Point
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.
Other matters significant to the oversight of ITP's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of ITP's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Independence

Our engagement letter to you dated September 25, 2023, 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.

Audit Firm System of Quality Management

An audit firm's system of quality control (aka system of quality management) is essential to how the firm conducts audits and is in place to protect investors, shareholders and other users of financial statements.

QUALITY MANAGEMENT STANDARDS

In June 2022, the AICPA Auditing Standards Board (ASB) issued the following interrelated standards on audit quality management (collectively, the QM standards), which are designed to improve a CPA firm's risk assessment and audit quality. The effective date of the QM standards is December 15, 2025.

Statement on Quality Management Standards (SQMS) No. 1	Statement on Quality Management Standards (SQMS) No. 2	Statement on Auditing Standards (SAS) No. 146
A Firm's System of Quality Management	*Engagement Quality Reviews*	*Quality Management for an Engagement Conducted in Accordance With Generally Accepted Auditing Standards*

BDO has assessed the requirements of the QM standards and has analyzed our firm's current system of quality management to identify changes and improvements necessary for compliance. This includes the identification of quality objectives, quality risks and the assessment of those quality risks, and responses to address those risks. We are further working with BDO Global to appropriately integrate processes deployed at a global level into our firm's system of quality management.

We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality control within our annual Audit Quality Reports, the most recent of which is accessible here.

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Material discussed in this publication is meant to provide general information and should not be acted on without professional advice tailored to your needs.

Financial Planning & Analysis
The Rapid
Finance Committee
January 17th, 2024

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November 2023 Operating Statement - Revenues

	YTD as of November 30, 2023		Variance		Last Year FY 22/23	Current Year FY 23/24
	Budget	Actual	$	%	YTD Actual	Annual Budget
Revenues and Operating Assistance						
Passenger Fares	$ 821,405	$ 803,116	$ (18,289)	-2.2%	$ 733,530	$ 4,895,883
Sale of Transportation Services						
CMH Contribution	82,839	61,000	(21,839)	-26.4%	64,550	447,839
Dash Contract	299,865	275,437	(24,428)	-8.1%	264,471	1,856,468
Grand Valley State University	709,743	737,457	27,714	3.9%	594,763	3,682,642
Van Pool Transportation	-	-	-	0.0%	(1,162)	-
Township Services	34,036	34,086	50	0.1%	57,601	185,836
Other	28,495	30,624	2,129	7.5%	28,581	218,635
Subtotal Sale of Transportation Services	1,154,978	1,138,605	(16,373)	-1.4%	1,008,804	6,391,421
State Operating	3,229,150	2,914,118	(315,032)	-9.8%	2,501,936	18,870,616
Property Taxes	3,276,834	3,444,482	167,648	5.1%	3,104,604	19,661,002
Advertising & Miscellaneous	101,368	427,117	325,749	321.4%	178,402	714,020
Subtotal Revenues and Operating Assistance	8,583,734	8,727,438	143,703	1.7%	7,527,276	50,532,941
Grant Operating Revenue	-		-	0.0%	2,000,001	-
Unrestricted Net Reserves	-	-	-	0.0%	-	5,474,451
Total Revenues and Operating Assistance	$ 8,583,734	$ 8,727,438	$ 143,703	1.7%	$ 9,527,277	$ 56,007,392

November 2023 Operating Statement - Expenses

	YTD as of November 30, 2023 Budget	YTD as of November 30, 2023 Actual	Variance $	Variance %	Last Year FY 22/23 YTD Actual	Current Year FY 23/24 Annual Budget
Expenses						
Salaries and Wages						
Administrative	$ 1,025,508	$ 912,537	$ (112,971)	-11.0%	$ 854,330	$ 7,226,977
Operators	2,466,641	2,106,565	(360,077)	-14.6%	2,096,567	16,033,168
Maintenance	428,132	406,888	(21,244)	-5.0%	284,819	2,782,858
Subtotal Salaries and Wages	3,920,281	3,425,989	(494,291)	-12.6%	3,235,715	26,043,003
Benefits	2,019,913	1,506,537	(513,376)	-25.4%	1,590,974	10,842,785
Contractual Services	594,477	594,476	(1)	0.0%	389,246	3,912,166
Materials and Supplies				0.0%		-
Fuel and Lubricants	485,477	302,532	(182,944)	-37.7%	338,718	3,026,466
Other	287,169	287,123	(46)	0.0%	212,781	1,969,374
Subtotal Materials and Supplies	772,645	589,655	(182,990)	-23.7%	551,499	4,995,840
Utilities, Insurance, and Miscellaneous	1,352,326	1,267,249	(85,078)	-6.3%	1,454,385	5,699,115
Purchased Transportation	1,419,919	1,223,662	(196,257)	-13.8%	1,200,049	8,514,483
Expenses Before Capitalized Operating	10,079,561	8,607,568	(1,471,993)	-14.6%	8,421,869	60,007,392
Capitalized Operating Expenses	-	-	-	0.0%	-	(4,000,000)
Total Operating Expenses	**$ 10,079,561**	**$ 8,607,568**	**$ (1,471,993)**	**-14.6%**	**$ 8,421,869**	**$ 56,007,392**
Net Surplus/(Deficit) without Net Reserves		**$ 119,869**			**$ (894,593)**	
Net Surplus/(Deficit) with Net Reserves		**$ 119,869**			**$ 1,105,408**	

November 2023 Operating Summary

- Revenue is 1.7% favorable to budget
- Expenses are 14.6% favorable to budget
- November’s activity is similar to FY 22/23

Updated 5 Year Projection - Revenue

The Rapid
Operating Budget Projection
FY 23/24 ADOPTED - FY 27/28 PROJECTED

	FY 20/21 ACTUALS	FY 21/22 ACTUALS	FY 22/23 ACTUALS	FY 23/24 ADOPTED	FY 24/25 PROJECTED	FY 25/26 PROJECTED	FY 26/27 PROJECTED	FY 27/28 PROJECTED
Revenues and Operating Assistance								
Passenger Fares	$ 2,961,800	$ 4,216,120	$ 4,534,783	$ 4,895,883	$ 5,132,072	$ 5,282,014	$ 5,385,961	$ 5,491,971
Sale of Transportation Services	6,158,696	6,736,063	5,932,328	6,391,420	6,910,328	7,170,224	7,443,108	7,728,378
State Operating Assistance	16,254,784	15,105,760	14,310,222	18,870,616	18,420,185	19,223,408	20,064,835	20,947,282
Property Taxes	17,472,240	18,012,199	18,867,978	19,661,002	20,644,052	21,263,374	21,901,275	22,558,313
Advertising & Miscellaneous	$568,611	$770,856	$1,816,996	$714,020	$751,085	$791,514	$835,638	$883,824
Subtotal Revenues and Operating Assistance	43,416,131	44,840,999	45,462,307	50,532,941	51,857,723	53,730,532	55,630,817	57,609,769
Grant Operating Revenues (COVID Relief)	20,252,630	20,442,306	8,321,660					
Reserves Used				5,474,452	9,542,895	10,347,493	11,259,821	12,222,358
Total Revenues and Operating Assistance	**63,668,761**	**65,283,305**	**53,783,967**	**56,007,392**	**61,400,618**	**64,078,026**	**66,890,638**	**69,832,127**

Updated 5 Year Projection - Expenses

The Rapid
Operating Budget Projection
FY 23/24 ADOPTED - FY 27/28 PROJECTED

	FY 20/21 ACTUALS	FY 21/22 ACTUALS	FY 22/23 ACTUALS	FY 23/24 ADOPTED	FY 24/25 PROJECTED	FY 25/26 PROJECTED	FY 26/27 PROJECTED	FY 27/28 PROJECTED
Expenses								
Salaries and Wages	17,518,582	18,187,373	18,988,882	26,043,004	29,750,129	31,237,636	32,799,518	34,439,493
Benefits	10,916,143	9,508,010	10,156,108	10,842,785	11,693,668	12,223,404	12,780,350	13,365,933
Contractual Service	3,339,421	3,441,342	3,475,406	3,912,166	4,129,531	4,150,417	4,233,426	4,318,094
Materials and Supplies	3,307,829	4,441,604	4,465,857	4,995,840	5,138,200	5,285,000	5,385,658	5,488,488
Utilities, Insurance, and Miscellaneous	4,841,196	4,101,635	4,420,125	5,699,115	5,919,173	6,148,554	6,387,681	6,636,994
Purchased Transportation	5,137,990	5,558,119	7,269,466	8,514,483	8,769,917	9,033,015	9,304,005	9,583,125
Expenses Before Capitalized Operating	45,061,161	45,238,083	48,775,844	60,007,392	65,400,618	68,078,026	70,890,637	73,832,127
Capitalized Operating Expenses	-	-	(3,186,414)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Total Operating Expenses	**45,061,161**	**45,238,083**	**45,589,430**	**56,007,392**	**61,400,618**	**64,078,026**	**66,890,638**	**69,832,127**
Reserves Used	1,645,030	397,084	127,123	5,474,452	9,542,895	10,347,493	11,259,821	12,222,358
Reserve Balance	$ 27,932,338	$ 47,977,560	$ 56,172,097	$ 50,697,646	$ 41,154,751	$ 30,807,257	$ 19,547,436	$ 7,325,078

Updated 5 Year Projection Summary

- Budgeted $44.3 million in revenue; received $45.4 million
- Budgeted $52.9 million in expenses, actual expended $45.6 million
- Budgeted $8.6 million in federal grant operating revenue; received $8.3 million
- Used $127 thousand to fill the revenue gap
- $8.2 million added to reserves
- Extended the 5 year projection until FY 28/29

Rapid Connect Analysis

	FY 22/23 Totals	Kentwood	Walker
Total trips	10,038	6,852	3,186
Cost per trip	$ 36.33	$ 26.61	$ 57.23
Unique riders	210	165	45
Cost per unique rider	$ 1,736.51	$ 1,105.05	$ 4,051.85
Total revenue miles	27,870	18,619	9,252
Cost per revenue mile	$ 13.08	$ 9.79	$ 19.71
Total revenue hours	4,460	2,230	2,230
Cost per revenue hour	$ 81.76	$ 81.76	$ 81.76
Average passengers per revenue hour	2.25	3.07	1.43
Efare Boarding	8,743	5,907	2,836
Non-Efare Boarding	1,295	945	350
Efare Paying	3,797	2,585	1,212
Non-Efare Paying	4,946	3,322	1,624

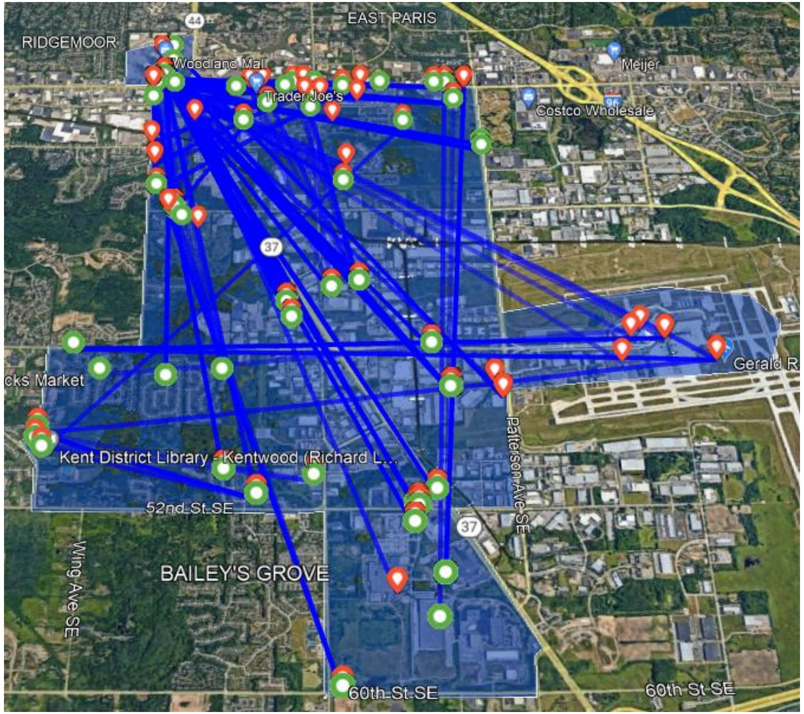
- Annual cost is $365K, 50% allocation between zones
- Collected $5,839.60 in revenue
  - Efare - $5,406
  - Non-Efare - $433.60
- Efare paying customers
  - Kentwood – 44%
  - Walker - 43%
- Non-Efare paying customers
  - Kentwood – 56%
  - Walker - 57%
- Linehaul:
  - $6.28 per trip
  - $91.40 per revenue hour
- Paratransit:
  - $51.11 per trip
  - $98.29 per revenue hour

Rapid Connect Analysis

	FY 22/23 Totals	Kentwood	Walker
Boarding	5,747	3,807	1,940
Transfer	2,996	2,100	896
Total Trips	8,743	5,907	2,836
Boarding with Efare	3,797	2,585	1,212
Boarding w/o Efare	1,950	1,222	728
% Efare Paying Customer		44%	43%
% Non-Efare Paying Customer		56%	57%

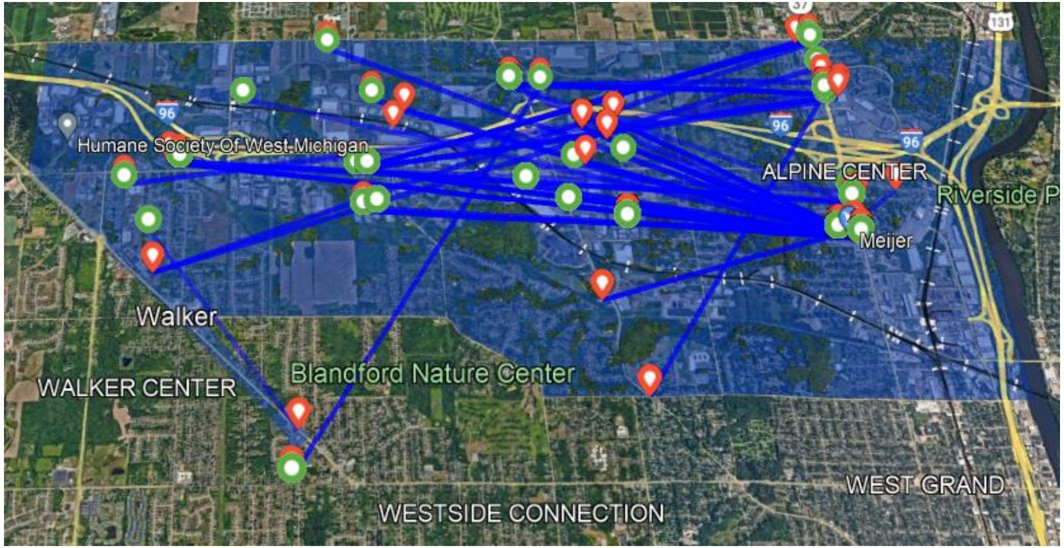
- Boarding is any efare trip
- Transfers are free trips provided following use of the fixed route system, valid for 105 minutes post ride
- Boarding with efare is any trip paid via electronic payment
- Boarding without efare are any trips where a passenger has reached their fare cap for the month

Kentwood Origin/Destination
November & December 2023



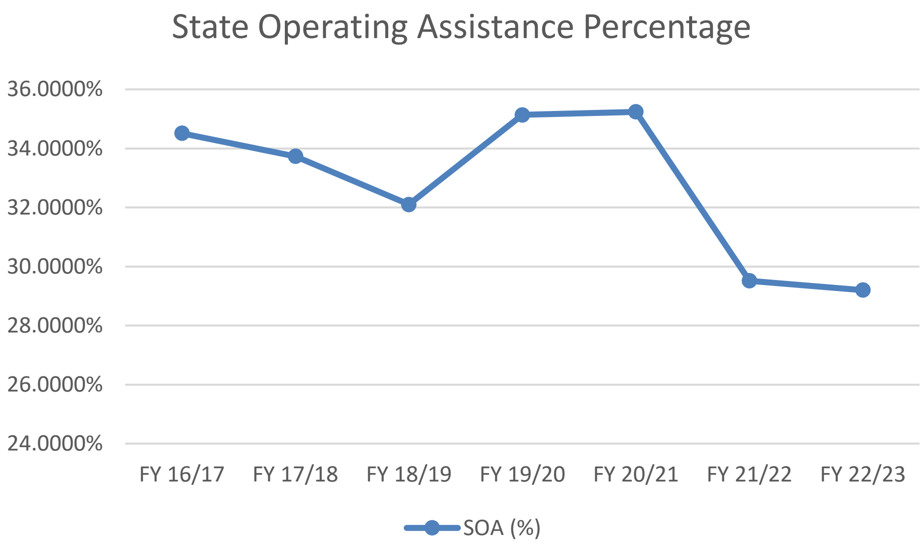
- November ridership: 663 trips
- December ridership: 592 trips

Walker Origin/Destination
November & December 2023



- November ridership: 190 trips
- December ridership: 224 trips

State Operating Assistance Funding



State Operating Assistance (SOA)

- Percent of reimbursement is determined annually by the State of Michigan (Act 51)
- Percentage changes from year to year (see graph)
- All operating expenses are reviewed for eligibility by Finance
- There are ineligible expenses such as lobbying, refunds, percentage of dues, etc.

Capital Funding Eligible To Be Used As Operating

Capital Funding

- Capital Cost of Contracting
  - Assistance for contracted paratransit services
  - 10% of our total apportionment is available
  - Historically received between $700K to $1.2M in funding
  - Funding is 80% Federal, 20% State
- Preventative Maintenance
  - Assistance for operating expenses used to maintain or extend asset life
  - Limited by federal regulation to specific activities, such as vehicle and facility maintenance
  - Funding is 80% Federal, 20% State
  - Reduces eligible operating expenses for SOA reimbursement

Comparison Between Funding Methods

State Operating Assistance (SOA)

- For every $100 spent, receive $30 in SOA
- Remaining $70 is offset via other local funding source

State Operating Assistance	
	Amount
Total Expenses	$100
State Operating Assistance (SOA) Rate	30%
State Operating Portion	$30
Remaining Expenses	**$70**

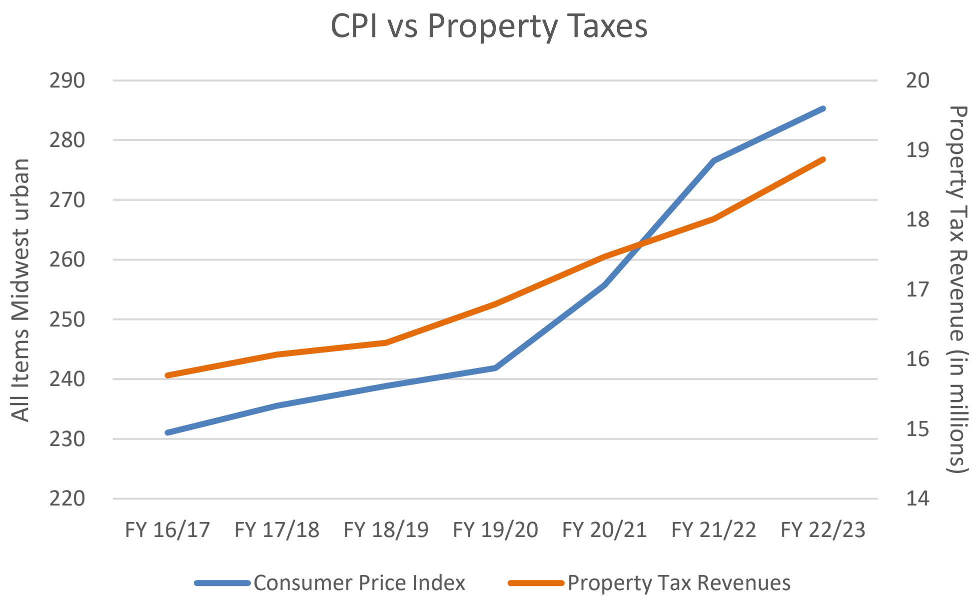
Capital Funding

- Capital funding is not eligible for SOA
- 100% funded- 80% Federal, 20% State
- No local funding is needed

Capital Funding	
	Amount
Total Expenses	$100
% of Expenses moved to Capital Operating Environment	100%
Eligible Expenses	$100
Remaining Expenses	**$0**

THE RAPID

Consumer Price Index (CPI) Comparison



- CPI percentages sourced from the Bureau of Labor Statistics
- Millage renewal in FY 16/17
- Total property tax increase from September 2017 is 19.7%
- Total CPI increase from September 2017 is 23.5%

Questions?