



***Finance Committee Members***

*Gary Carey, Stephen Kepley (Chair), Michael Verhulst*

**FINANCE COMMITTEE**

**Tuesday, November 6, 2018, 4:00 p.m.**

**Rapid Administrative Office, 300 Ellsworth Avenue, SW**

**AGENDA**

PUBLIC COMMENT


1. MINUTES – no minutes, first meeting
2. DISCUSSION
  - a) FY 2018 Audit Plan
  - b) Pension
    - 1) Update on investment strategies
  - c) FY 2018 Year-End Report
  - d) Review Cost of Living Increase
  - e) New Revenue Streams – CNG Retail
3. OTHER
  - a) Move to Rapid Central Station
  - b) FY 2020 Budget Schedule
  - c) Committee Meeting Schedule for 2019 – Time, Day and Frequency



## Interurban Transit Partnership

# AUDIT PLANNING

Year Ended September 30, 2018



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

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Grand Rapids, MI 49503

September 21, 2018

Members of the Board of Directors  
Interurban Transit Partnership  
300 Ellsworth Avenue SW  
Grand Rapids, Michigan 49503

Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This document provides an overview of our plan for the audit of the financial statements and the schedule of expenditures of federal awards of Interurban Transit Partnership (ITP) as of and for the year ending September 30, 2018, including a summary of the nature, scope, and timing of the planned audit work.

### **Responsibilities**

BDO USA, LLP, as your auditor, is responsible for forming and expressing an opinion about whether the financial statements and the schedule of expenditures of federal awards that have been prepared by management, with your oversight, are prepared, in all material respects, in conformity with accounting principles generally accepted in the United States of America. In addition our audit will be conducted in accordance with standards for financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. The engagement letter, a copy of which has been provided to you, includes specific details regarding the auditor's and management's responsibilities.

### **Overall Audit Strategy and Planned Scope**

Overall, our audit strategy is to assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design further audit procedures responsive to assessed risks. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. In connection with our audit, we will obtain a sufficient understanding of ITP's internal control to plan the audit of the financial statements. However, such understanding is required for the purposes of determining our audit procedures and not to provide any assurance concerning such internal control. In addition, the Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether ITP has complied with applicable federal statutes, regulations and the terms and conditions of the federal awards that may have a direct and material effect on each of ITP's major federal programs.

We focus on areas with higher risk of material misstatement (whether due to error or fraud). Our audit strategy includes consideration of:

- a) prior year audit results together with current year preliminary analytical review, including discussions with management and those charged with governance regarding ITP's operations,
- b) inherent risk within ITP,
- c) recent developments within the industry, regulatory environment and general economic conditions,



- d) recently issued and effective accounting and financial reporting guidance,
- e) ITP's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions,
- f) the control environment and the possibility that the control system and procedures may fail to prevent or detect a material error or fraud,
- g) internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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 the Uniform Guidance,
- h) information about systems and the computer environment in which the related systems operate, and
- i) a continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting ITP.

Based upon our initial assessment, our planned scope for the audit is described below:

- The areas indicated below relate to significant risks identified during our risk assessment procedures and include a brief description on how we propose to address them:
  - Cash and Investments
  - Due From Other Governments
  - Capital Assets
  - Accounts Payable, Accrued Expenses and Due to Other Governments
  - Net Pension Liability and Related Deferred Inflows and Outflows
  - Revenues and Receivables - State and Federal Awards
  - Property Tax Revenue and Receivable
  - Passenger Fares and Other Local Revenue
  - Expenses
  - Capital Contributions
  - Federal Programs Requirements and Impact of the Uniform Guidance
  - Financial Reporting
  - Other Matters, Including Significant Unusual Transactions

#### **Overall Audit Timeline**

Planning is anticipated to occur in October 2018, and year-end fieldwork will occur in November 2018, with release of the opinion and financial statements and reports in accordance with Government Auditing Standards, and the Uniform Guidance expected to occur by January 2019.

#### **Independence Communication**

Our engagement letter to you dated September 20, 2018 describes our responsibilities in accordance with professional standards and certain regulatory authorities 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.

#### **Significant Accounting and Reporting Matters**

See attachment to this letter.



#### Client Service Team

As a matter of policy, we attempt to provide continuity of service to our clients to the greatest extent possible. Where engagement team rotation is necessary, we will discuss this matter with you and determine the appropriate individuals to be assigned to the engagement based on particular experience, expertise, and engagement needs.

The following is the contact information for the engagement partner and manager responsible:

John LaFramboise - Engagement Director  
jlaframboise@bdo.com

Stephanie Wolf - Senior Manager  
swolf@bdo.com

We are pleased to be of service to ITP and look forward to answering questions you may have regarding our audit plan as well as other matters that may be of interest to you.

Respectfully,

BDO USA, LLP

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# **GASB Standards Effective in 2018**

## **GASB STATEMENT NO. 75, ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

- Establishes measurement criteria for the Other Postemployment Benefits (OPEB) liability of state and local governments and mirrors the requirements of GASB 68.
- For plans administered through a trust, governments must recognize the net OPEB liability.
- For plans not administered through a trust, the government must recognize the total OPEB liability.
- The pronouncement will be effective starting with years ending June 30, 2018.

## **GASB STATEMENT NO. 85, OMNIBUS 2017**

- Addresses several practice issues that have been identified during implementation of certain GASB Statements:
  1. Blending a component unit when the primary government is a business-type activity that reports in a single column.
  2. Reporting amounts previously reported as goodwill and negative goodwill.
  3. Classifying real estate held by insurance entities.
  4. Measuring certain money market instruments at amortized cost.
  5. Timing of the measurement of pension or OPEB liabilities and expenditures in governmental fund financial statements.
  6. Recognizing on-behalf payments for pensions or OPEB in employer financial statements.
  7. Presenting payroll-related measures in Required Supplementary Information for OPEB plans and employers that provide OPEB.
  8. Classifying employer-paid member contributions for OPEB.
  9. Simplifying certain aspects of the alternative measurement method for OPEB.
  10. Accounting and reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.
- The pronouncement will be effective starting with years ending June 30, 2018.

## **GASB STATEMENT NO. 86, CERTAIN DEBT EXTINGUISHMENT ISSUES**

- Resolves issue of how to record in-substance defeasance of debt when only existing resources are used.
- Current standards only address reporting requirements when debt is extinguished using bond proceeds.
- When cash or other existing resources are placed in an irrevocable trust to extinguish debt, it is considered to be in-substance defeasance, assuming all criteria are met.
- The difference between the reacquisition price and the net carrying amount of the debt will be recognized as a separately identified gain or loss in the period of defeasance. This differs from current practice when debt is extinguished using bond proceeds, whereby the difference is deferred.
- Payments to the escrow agent from existing resources should be reported as debt service expenditures in governmental fund types.
- The pronouncement will be effective starting with years ending June 30, 2018.

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# GASB Standards Effective in 2019

## GASB STATEMENT NO. 83, *CERTAIN ASSET RETIREMENT OBLIGATIONS*

- Establishes measurement criteria for recording a liability for the retirement or removal of certain assets such as:
  - ✓ Nuclear power plants
  - ✓ Sewage treatment facilities
  - ✓ Coal-fired power plant
  - ✓ Wind turbines
  - ✓ X-ray machines
- Governments with legal obligations to perform future asset retirement activities related to its tangible capital assets would be required to recognize a liability.
- A liability and corresponding deferred outflow is recorded when the liability is both incurred and reasonable estimable.
- The liability is based on the best estimate of the current value of outlays expected to be incurred.
- Must be both an external obligating event, such as a court judgment or federal, state or local law; and an internal obligating event, such as contamination or retirement.
- The pronouncement will be effective starting with years ending June 30, 2019.

## GASB STATEMENT NO. 84, *FIDUCIARY ACTIVITIES*

- Establishes criteria for reporting fiduciary activities that focuses on whether the government controls the assets and the fiduciary relationship with the beneficiaries.
- The statement describes four fiduciary funds:
  1. Pension and OPEB funds
  2. Investment trust funds
  3. Private-purpose trust funds
  4. Custodial funds
- Custodial funds replace agency funds for activities that are not held in trust.
- For activities for which a trust agreement exists, an investment trust fund or private purpose trust fund will be used.
- Pension funds not held in trust would be classified as custodial funds.
- GASB is working on an Implementation Guide for which an Exposure Draft likely will be issued in December 2018.
- The pronouncement will be effective starting with years ending December 31, 2019.

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# **GASB Standards Effective in 2019**

## ***GASB STATEMENT 88, CERTAIN DISCLOSURES RELATED TO DEBT, INCLUDING DIRECT BORROWINGS AND DIRECT PLACEMENTS***

- Defines debt for purposes of disclosure as a liability that arises from a contractual obligation to pay cash or other assets in one or more payments to settle an amount that is fixed as of the date the obligation is established.
- Would exclude pension and OPEB liabilities, leases and accounts payable as those should be disclosed in separate notes.
- Includes capital appreciation bonds and variable rate debt.
- Additional note disclosures required for unused lines of credit, assets pledged as collateral, specific debt agreement terms.
- The pronouncement will be effective starting with years ending June 30, 2019.

## ***GASB EXPOSURE DRAFT, ACCOUNTING AND REPORTING FOR MAJORITY EQUITY INTERESTS***

- Will report majority equity interest as an investment if it meets the definition.
- Measured using the equity method, unless held by a special-purpose government engaged only in fiduciary activities, fiduciary fund or endowment/permanent fund. These funds would utilize fair value.
- For all other majority equity interests, report as component unit and fund that holds the equity interest reports an asset using the equity method.
- Acquisition of a component unit in which government holds 100% interest would be measured using acquisition value.
- Expected effective date: Years ending December 31, 2019.

## ***GASB EXPOSURE DRAFT, ACCOUNTING FOR INTEREST COST DURING PERIOD OF CONSTRUCTION***

- In financial statements using the economic resources measurement focus, interest incurred during construction should be recognized as an expense of the period.
- In financial statements using the current financial resources measurement focus, interest incurred during construction should be recognized as an expenditure.
- Interest cost should not be capitalized.
- Interest does not meet the definition of an asset or a deferred outflow.
- Expected effective date: Years ending December 31, 2019.



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# GASB Standards Effective in 2020

## GASB STATEMENT NO. 87, LEASES

- This standard will require recognition of certain lease assets and liabilities for leases that are currently classified as operating leases.
- Eliminates the distinction between operating and capital leases - all leases will be recorded on the statement of net position/balance sheet.
- New definition of a lease - a contract that conveys the right to use another entity's nonfinancial asset for a period of time in an exchange or exchange-like transaction.
- Excludes leases that transfer ownership under a bargain purchase option or service concession arrangements that are covered by GASB Statement No. 60.
- Lessees would recognize a lease liability and an intangible right-to-use lease asset which would be amortized in a systematic and reasonable manner over the shorter of the lease term or the useful life of the underlying asset. Short-term leases are excluded.
- Lessors would recognize lease receivable and deferred inflow of resources which would be recognized as revenue in a systematic and rational manner over the term of the lease.
- The pronouncement will be effective starting with years ending December 31, 2020.

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# Cybersecurity

The board's role in the oversight of organizational risk is increasingly complicated by cybersecurity concerns. Trustees need to maintain continual knowledge about evolving cyber issues and management's plans for allocating resources and otherwise responding to cyber risks. Such knowledge helps boards assess the priorities and investment decisions made by management in critical areas. Often, particularly in smaller organizations, those charged with governance oversee and monitor management's strategy for protecting its digital assets.

Building on the growing market demand for information about the effectiveness of an entity's cybersecurity risk management program and the auditing profession's long history and skills with respect to external reporting and auditing information technology controls, the American Institute of Certified Public Accountants (AICPA) has formed an **initiative** and is currently developing auditing standards and a consistent approach to cybersecurity attestation to assist boards, management, and other pertinent stakeholders. The subject matter of such a cybersecurity examination engagement will be composed of three key elements:

1. Management's narrative description of the entity's cybersecurity risk management program.
2. Management's written assertion that the controls implemented as part of the program were effective to achieve the entity's cybersecurity objectives.
3. Practitioner's examination report expressing an opinion about whether management's description of the entity's cybersecurity risk management program and the effectiveness of controls within that program achieve the entity's cybersecurity objectives.

In April 2018, the AICPA published the new [Cybersecurity Risk Management Framework](#) to its website.

Here are recent tools/materials for use by those charged with governance in this area:

Recommended Resources	Release Date
<a href="#">BDO Archived Webinar: What's on the Minds of Boards?</a>	November 2017
<a href="#">Are You Cyber Aware?: 10 Cybersecurity Questions for Senior Executives?</a>	October 2017
<a href="#">Cyber Risk Management: What You Need to Know Now</a>	October 2017
<a href="#">2017 BDO Cyber Governance Survey</a>	September 2017
<a href="#">Breaking Down the Equifax Data Breach</a>	September 2017
<a href="#">BDO Knows Cybersecurity: Petya Cyber Attack</a>	June 2017
<a href="#">BDO Highlights Important DHS - FBI Cyber Alert on North Korea - Hidden Cobra</a>	June 2017
<a href="#">Introducing SOC for Cybersecurity: Translating Cyber Risk For Every Stakeholder</a>	June 2017
<a href="#">The CPA's Role in Addressing Cybersecurity Risk</a>	May 2017
<a href="#">A Cybersecurity Attach of Unprecedented Scale (WannaCry)</a>	May 2017
<a href="#">Cybersecurity Officially Reaches the Board: 12 Questions Every Board Should Ask</a>	April 2017
<a href="#">BDO Knows: Cybersecurity - NY Department of Financial Services Final Cybersecurity Regulation</a>	February 2017



October 30, 2018

To: Finance Committee  
From: Dina Reed  
Subject: YEAR-END REPORTS

Attached are the financial statements as of 9-30-18. This is the end of the fiscal year, however, journal entries are still being done so the numbers shown are preliminary.

	Adopted Budget	Amended Budget	Month To Date	Year To Date	Balance	Percent Target
1. Federal Grant Assistance	32,978,174	32,978,174	1,396,040	7,964,334	25,013,840	24%
2. State Grant Assistance	8,244,543	8,244,543	349,010	1,991,083	6,253,460	24%
3. Transfer In - Operating Budget	0	0	0	0	0	100%
4. Use of Restricted Net Assets	0	0	0	0	0	100%
5. Other Local	0	0	0	0	0	100%
6. Total Grant Revenue	41,222,717	41,222,717	1,745,050	9,955,417	31,267,300	24%
7. Administrative Salaries	45,000	45,000	3,062	24,949	20,051	55%
8. Driver Wages	0	0	0	0	0	100%
9. Temporary Wages	0	0	0	0	0	100%
10. Fringe Benefit Distribution	22,500	22,500	1,138	13,694	8,806	61%
11. Total Labor	67,500	67,500	4,200	38,643	28,857	57%
12. Tires & Tubes	350,000	350,000	69,676	295,517	54,483	84%
13. Office Supplies	0	0	0	0	0	100%
14. Printing	0	0	0	0	0	100%
15. Total Material & Supplies	350,000	350,000	69,676	295,517	54,483	84%
16. Purchased Transportation	900,000	900,000	300,000	973,246	73,246-	108%
17. Specialized Services	463,289	463,289	114,790	340,783	122,506	74%
18. Total Purchased Transportation	1,363,289	1,363,289	414,790	1,314,029	49,260	96%
19. Dues & Subscriptions	4,500	4,500	0	575	3,925	13%
20. Professional Development	25,000	25,000	1,622	10,969	14,031	44%
21. Miscellaneous	10,000	10,000	0	0	10,000	0%
22. Total Other Expenses	39,500	39,500	1,622	11,544	27,956	29%
23. Office Lease	0	0	0	0	0	100%
24. Transit Center Lease	0	0	0	0	0	100%
25. Storage Space Lease	0	0	0	0	0	100%
26. Total Leases	0	0	0	0	0	100%
27. Rolling Stock	14,111,880	14,111,880	448,609	1,111,735	13,000,145	8%
28. Facilities	15,287,022	15,287,022	52,004	2,377,682	12,909,340	16%
29. Equipment	2,044,526	2,044,526	349,341	1,39,617	1,904,909	7%
30. Other	6,000,000	6,000,000	849,954	4,069,817	1,930,183	68%
31. Total Capital	37,443,428	37,443,428	849,954	7,698,851	29,744,577	21%
32. Planning Services	459,000	459,000	142,479	334,504	124,496	73%
33. Capitalized Operating	1,500,000	1,500,000	262,329	262,329	1,237,671	17%
34. Total Expenditures	41,222,717	41,222,717	1,745,050	9,955,417	31,267,300	24%

Interurban Transit Partnership  
 Combined Operating Statement  
 Month Ended 09/30/18

	Adopted Budget	Amended Budget	Month To Date	Year To Date	Balance	Percent Target=100%
<b>Revenue &amp; Operating Assistance</b>						
1. Passenger Fares - Linehaul	6,181,859	6,181,859	525,656	5,785,788	396,071	94%
2. Passenger Fares - Paratransit	867,763	867,763	73,679	855,261	12,502	99%
3. Passenger Fares - Other	24,402	24,402	1,544	23,734	668	97%
4. Total Passenger Fares	7,074,024	7,074,024	600,879	6,664,783	409,241	94%
5. CMH Contribution	1,161,000	1,161,000	3,845	785,361	375,639	68%
6. Dash Contract	1,369,443	1,369,443	193,281	1,506,796	137,353+	110%
7. Grand Valley State University	2,470,886	2,470,886	264,134	2,524,343	53,457+	102%
8. Employment Transportation (Van Pool)	150,700	150,700	10,471	121,399	29,301	81%
9. Township Services	559,814	559,814	46,513	559,816	2+	100%
10. Other	699,762	699,762	40,863	553,484	146,278	79%
11. Total Sale Of Transportation Services	6,411,605	6,411,605	559,107	6,051,199	360,406	94%
12. State Operating	14,391,236	14,391,236	1,218,846	14,367,565	23,671	100%
13. Property Taxes	15,523,888	15,523,888	1,336,383	16,036,581	512,693+	103%
14. Advertising	150,000	150,000	22,005	153,365	3,365+	102%
15. Interest & Miscellaneous	351,735	351,735	27,106	328,602	23,133	93%
16. Total Other Revenue & Support	30,416,859	30,416,859	2,604,340	30,886,113	469,254+	102%
17. TOTAL REVENUE & OPERATING ASSISTANCE	43,902,488	43,902,488	3,764,326	43,602,095	300,393+	102%
<b>Expenditures Route Service &amp; Demand Response</b>						
18. Administrative Salaries	3,815,678	3,817,478	439,269	3,974,152	156,674-	104%
19. Driver Wages	11,870,322	11,870,322	1,117,890	11,860,263	10,059	100%
20. Maintenance Wages	1,814,044	1,751,044	119,273	1,557,298	193,746	89%
21. Total Labor	17,500,044	17,438,844	1,676,432	17,391,713	47,131	100%
22. FICA/Medicare Tax	1,445,508	1,445,508	113,829	1,386,282	59,226	96%
23. Pension	1,597,834	1,597,834	293,720	1,599,063	1,229-	100%
24. Group Medical	4,035,886	4,035,886	33,464	3,895,234	140,652	97%
25. Unemployment Taxes	70,000	68,810	0	48,618	20,192	71%
26. Worker's Compensation	500,000	500,000	0	331,040	168,960	66%
27. Sick Leave	159,901	159,901	13,404	174,792	14,891-	109%
28. Holiday	398,711	398,711	61,423	387,304	11,407	97%
29. Vacation	1,110,911	1,110,911	95,112	1,132,238	21,327-	102%

Interurban Transit Partnership  
 Combined Operating Statement  
 Month Ended 09/30/18

	Adopted Budget	Amended Budget	Month To Date	Year To Date	Balance	Percent Target=100%
30. Bereavement	25,000	25,000	0	16,701	8,299	67%
31. Uniforms	112,218	118,996	23,251	115,165	3,831	97%
32. Personal Days	322,384	322,384	18,820	314,006	8,378	97%
33. Fringe Benefits Distributed to Grants	10,000-	10,000-	1,138-	13,693-	3,693	137%
34. Total Fringe Benefits	9,768,353	9,773,941	651,885	9,386,750	387,191	96%
35. Audit, Legal, and Consultant	575,804	552,604	56,557	411,113	141,491	74%
36. Contract Service: Janitor & Bus Cleaning	1,372,218	1,445,201	170,691	1,299,073	146,128	90%
37. Contract Service: Other	1,017,175	1,071,601	120,624	929,399	142,202	87%
38. Total Services	2,965,197	3,069,406	347,872	2,639,585	429,821	86%
39. Fuel & Lubricants	2,500,153	2,640,153	436,918	3,043,397	403,244-	115%
40. Tires & Tubes	46,017	49,417	10,945	36,236	13,181	73%
41. Office Supplies	59,426	52,811	4,866	44,184	8,627	84%
42. Printing	44,485	43,496	7,485	203,694	160,198-	468%
43. Repair Parts	1,572,819	1,581,226	188,032	1,316,776	264,450	83%
44. Other Supplies	113,556	105,356	14,610	77,628	27,728	74%
45. Total Materials & Supplies	4,336,456	4,472,459	662,856	4,721,915	249,456-	106%
46. Electronic Communications	96,113	80,613	10,764	76,485	4,128	95%
47. Gas Heat	212,000	202,000	5,719	175,704	26,296	87%
48. Electric	461,500	526,500	83,771	581,256	54,756-	110%
49. Other	102,000	102,383	6,988	87,023	15,360	85%
50. Total Utilities	871,613	911,496	107,242	920,468	8,972-	101%
51. PL & PD Insurance	1,019,600	1,019,600	95,170	994,808	24,792	98%
52. Building & Other Insurance	288,138	288,138	266	249,180	38,958	86%
53. Total Casualty & Liability	1,307,738	1,307,738	95,436	1,243,988	63,750	95%

Interurban Transit Partnership  
 Combined Operating Statement  
 Month Ended 09/30/18

	Adopted Budget	Amended Budget	Month To Date	Year To Date	Balance	Percent Target=100%
54. Dues & Subscriptions	75,509	75,093	358	66,215	8,878	88%
55. Professional Development	119,289	85,799	5,663	55,905	29,894	65%
56. Marketing & Promotion	225,000	230,724	7,916	224,674	6,050	97%
57. Community Outreach	300,000	300,000	36,626	292,849	7,151	98%
58. Office Equipment	22,000	23,190	3,046	16,552	6,638	71%
59. Shop Tools	44,032	47,121	5,773	41,009	6,112	87%
60. Miscellaneous	92,480	98,180	9,664	72,117	26,063	73%
61. Total Other	878,310	860,107	69,046	769,321	90,786	89%
62. Purchased Transportation	5,622,432	5,622,432	349,196	5,361,890	260,542	95%
63. Purchase Transp. - CMH	1,695,000	1,414,582	107,305	1,259,551	155,031	89%
64. Purchase Transp. - Other	278,792	352,930	24,492	333,630	19,300	95%
65. Purchase Transp. - Suburban Paratransit	178,553	178,553	10,769	136,006	42,547	76%
66. Transfer Out - Grant Budget	0	0	0	0	0	100%
67. Operating Expenses - Capitalized	1,500,000-	1,500,000-	262,329-	262,329-	1,237,671-	17%
68. TOTAL OPERATING EXPENDITURES	43,902,488	43,902,488	3,840,202	43,902,488	0	100%
69. Net Surplus	0	0	75,876-	300,393-	300,393	100%
	43,902,488	43,902,488	3,764,326	43,602,095	300,393	99%

## COMPENSATION PHILOSOPHY

Interurban Transit Partnership (ITP) is committed to being an employer of choice in western Michigan. Our valued employees are the key to delivering on our commitment to improve lives through excellence in transit. Our compensation philosophy, including salary and benefits, is a reflection of our values. ITP will pursue sustainable compensation goals in accordance with its overall fiscal position while respecting the goals of the philosophy. ITP's compensation philosophy is designed to meet the following key objectives:

**Externally Competitive Salary and Benefits.** ITP will strive for salary and benefits to be at the 50<sup>th</sup> percentile of comparisons to identified transit agencies and regional employers. We will provide affordable and comprehensive benefit options that best fit employee needs and promote excellent customer service.

- Compensation levels should reflect the transit and private sector (for applicable classifications) labor markets in which ITP must compete.
- ITP recognizes the existence of labor market differences among the variety of jobs within our organization.
- ITP will utilize cost-of-labor differentials to make all market data applicable to the Grand Rapids area labor market.
- The salary structure will be adjusted every year based on the market trend to ensure ongoing competitiveness with the labor market.
- A salary structure adjustment equates to an across-the-board increase for employees. ITP will determine additional increases based on employee performance and budgetary constraints.

**Equitable.** ITP shall provide a framework of consistent compensation practices that are fair, equitable and free of discrimination. We will commit to maintaining this process by conducting periodic performance evaluations and updating position descriptions. We will assess our market every three to five years to ensure that our salary rates remain competitive.

- ITP believes that staff positions within the organization with comparable responsibilities, decision-making authority, supervisory responsibilities, complexity and difficulty of the work, and other requirements should be paid similarly.
- ITP will use a formal job evaluation method, Decision Band Method (DBM), for staff jobs that is consistent with organizational needs.
- This DBM tool will be used to determine which positions are comparable and to establish an internal hierarchy of classifications. The results of these internal comparisons will form the basis of the compensation structure.

**Excellence.** ITP employs high quality employees and we value continuous improvement as part of our commitment to excellence. Our compensation practices must attract and retain employees who exemplify our values and delivery on our mission and vision. Qualified employees, who work to advance their skills and knowledge as they contribute to the achievement of organizational objectives, will be paid competitively. External hires will be paid competitively in order to attract new talent within the designated ranges.



- Progression within the salary range will be based on performance. Progression above the midpoint of the salary range will be based on consistent excellent performance.
- The hiring range will be from the range minimum up to 10th percentile of the range. Hiring rates between the 10th percentile and the 25th percentile will be offered to exceptionally qualified or preferred qualifications of individuals and will be done in consultation with the Human Resources Department. Appointment above the 25th percentile will require approval by the Human Resources Department and the CEO.

**Easy to Communicate.** Because ITP is confident of the equity, validity, and reliability of the compensation system and practices, we maintain open communication with employees regarding their individual compensation. The compensation system is easily implemented, communicated and is simplistic in its design. Each employee will know how his/her compensation is determined. ITP will develop a communication plan for our compensation program that supports our status as an employer of choice.



**DRAFT - 2019 MEETING SCHEDULE**

**RAPID BOARD**

**Wednesday, 4:00pm**

**Rapid Central Station Conference Room**

- January 30 – Annual Meeting
- March 27
- May 15
- June 26
- August 28
- September 25
- October 30
- December 4

**RAPID BOARD SPECIAL MEETINGS**

**Board Retreat**

Monday, January 21, 8:30am-4:30pm  
Location to be determined

**Board Planning Meeting**

Wednesday, May 15, 1:30pm  
Rapid Central Station Conference Room

**Board Budget Meeting**

Wednesday, July 31, 3:00pm  
Rapid Central Station Conference Room

**PRESENT PERFORMANCE & SERVICE COMMITTEE, day/time??**

**Rapid Ellsworth Conference Room**

January 8

**FUTURE PLANNING & TECHNOLOGY COMMITTEE, day/time??**

**Rapid Ellsworth Conference Room**

**FINANCE COMMITTEE day/time??**

**Rapid Ellsworth Conference Room**

**Consumer Advisory Committee for Seniors & Persons with Disabilities Tuesday, 3:00 p.m.**

**Rapid Ellsworth Conference Room**

- January 22
- March 19
- May 7
- June 18

- August 20
- September 17
- October 22
- November 26

**MEETING LOCATIONS:**

Rapid Central Station Conference Room, 250 Grandville Ave SW, Grand Rapids MI 49503

Rapid Ellsworth Conference Room, 300 Ellsworth Ave SW, Grand Rapids MI 49503

The Rapid reserves the right to move the location of the meetings above between these two locations if that is deemed to be necessary.