



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING

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

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

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW – August 10, 2022	Mayor Kepley	Review
3. DISCUSSION		
a. Defined Benefit Pension Plans Actuarial & GASB	Linda Medina	
b. FY 21/22 Audit Plan	Linda Medina	
c. Financial Planning & Analysis	Linda Medina	
4. ADJOURNMENT		

Next meeting: January 18, 2023



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, August 10, 2022 – 4:00 p.m.

The Rapid, 300 Ellsworth SW (Board Room)

ATTENDANCE:

Committee Members Present:

Mayor Kepley, Mayor Carey, Mayor Favale, Mayor Maas

Committee Members Absent:

Rick Baker

Staff Attendees:

Deb Prato, Steve Schipper, Jason Prescott, Nick Monoyios, Andy Prokopy, Mike Wieringa, Deron Kippen, Max Dillivan, Steve Luther, Nancy Groendal, Kris Heald, Adam Erber

Mayor Carey called the meeting to order at 4:03 p.m.

1. PUBLIC COMMENT

Mayor Carey asked for public comment. No public comment was offered.

2. MINUTES – April 13, 2022

Mayor Carey asked for a motion to approve April 13, 2022, minutes. Mayor Maas motioned to approve, and Mayor Favale supported it.

3. DISCUSSION

a. Projected Year-End Operating Statement

Ms. Medina gave a high-level review of the projected year-end operating statement. The largest change is reflected in State Operating Assistance, due to the decrease in overall eligible operating expenses. Expenses are projected to be 5.3% favorable to budget, decreasing state operating assistance by 6.6%.

The decrease in expenses is driven primarily by wages, due to vacancies in operational titles. Benefit expenses are also favorable to budget and correspond to wages. The Utilities and Insurance category is favorable \$1.2M to budget. Fuel costs are driving the other side of the equation projected to be approximately \$700,000 unfavorable to budget.

Linehaul, CMH, and DASH ridership are increasing slightly. The reduction in frequency on DASH North and Laker Line beginning August 29th decreased the total number of Bus Operator rosters by ten (10). This decrease in frequency will impact year-end contracted service revenue.

Mayor Carey inquired if there was any pushback on the reduction. Ms. Medina replied that we would monitor ridership and remain flexible based on demand. Mr. Monoyios added that he and his team will be in close contact with GVSU to monitor student parking passes and enrollment.

b. FY 21/22 Annual Operating Projection

Regular wages are projected to be 15% lower than budget, attributed largely to vacancies. Currently, wages are \$1.9M favorable. Operator overtime is projected at \$668,000 (34%) unfavorable to budget. Ms. Prato added that unscheduled overtime, non-rostered work due to vacancies and employee availability contributes to an average of approximately \$90,000 of overtime per pay period. For the upcoming operator pick, smart overtime for short pieces of work will be built into the rosters, and Bus Operators' hiring continues. Mayor Carey asked what the scheduled overtime number is for the upcoming pick. Ms. Medina will forward the exact number to him as a follow-up.

Discussion of Health Insurance Renewal Options

Ms. Medina presented slides (attached) illustrating medical experience compared to premium through June. Claims have been higher than premiums for the months of May and June. For perspective, this equates to a 28.5% increase in claims per subscriber. The current net loss ratio is 98.3%, compared to FY 19/20's net loss ratio of 76.1% and FY 20/21 net loss ratio of 77%. The average number of employees participating in the plan has decreased compared to the previous year.

The Committee discussed fully funded health insurance and the option to self-fund. Ms. Prato cited several concerns related to building a successful self-funded platform as well as The Rapid's decreasing reserves in the 5-year operating budget projections. Ms. Prato recommended continuing in the experience-rated fully insured plan but beginning working with Well Works and USI on supporting wellness programs.

Mayor Carey added he has heard from carriers they are projecting significant rate increases and the upcoming year may be rough. Moving to self-funding is a concern.

Mayor Kepley added he felt transitioning to self-funding was a "no-brainer" based on the numbers however, he respects Ms. Prato's decision to go fully funded for this year. He would like to continue to discuss self-funding and determine the steps The Rapid can take to minimize risk. Ms. Prato thanked the Finance Committee for their support.

Ms. Medina presented PL/PD data through June 2022. Our experience continues to improve with an 8.6% loss ratio. The current market is trending toward an 18-20% increase. Ms. Medina will have more information from the broker in September. Mayor Carey commented he would like to challenge our broker to do better by going back out to market. Ms. Prato gave kudos to Mr. Schipper for taking on risk management with our broker and carriers.

Ms. Medina stated fuel continues to be a budget pressure. We are being proactive in fleet deployment using CNG vehicles over diesel whenever possible. Ms. Medina shared the total cost of CNG and diesel fuel is \$2.8M per year, a 34% increase.

4. ADJOURNMENT

This meeting was adjourned at 4:51 p.m.

The next meeting is scheduled for November 2, 2022

Respectfully submitted.



Kris Heald, Board Secretary



Date: November 9, 2022
To: Finance Committee
From: Linda Medina, Finance Manager
Subject: DEFINED BENEFIT PENSION PLANS

OVERVIEW

To review the Defined Benefit actuarial valuation and GASB reports for the Administration and Union plans for the period of 7/1/21 – 6/30/22. Chris Veenstra will be presenting the plans.

Feel free to contact me at 774-1149 or lmolina@ridetherapid.org if you have any questions regarding the plan.

September 30, 2022

PERSONAL & CONFIDENTIAL

Ms. Linda Medina
Interurban Transit Partnership
300 Ellsworth Avenue, S.E.
Grand Rapids, MI 49503-2783

RE: Interurban Transit Partnership Pension Plan

Dear Linda:

Attached to this email is a copy of your actuarial valuation report for the plan year beginning July 1, 2022.

In addition, we hope that the content of the report will assist you with your management of the plan and be a resource for other planning purposes. If you would like additional information not contained in the report, please don't hesitate to contact us.

As requested, we will also mail three hard copies of this report.

If you have any questions, please call me at (616) 742-9242 or email me at tschnabel@watkinsross.com.

Sincerely,



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary

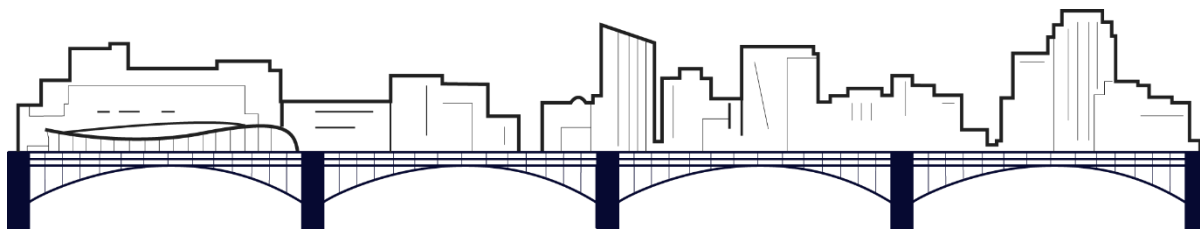
Enclosures

cc: John LaFramboise – BDO

Interurban Transit Partnership Pension Plan

Actuarial Valuation Report

for the Plan Year Beginning July 1, 2022



Report presented by:



September 2022

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INTRODUCTION

This report contains much of the information about your organization's defined benefit pension plan that is required for ongoing operational compliance with federal regulations. It includes information about contributions, about the plan's current funded status, and about those individuals who are covered by the plan and their benefits.

Because your plan is a defined benefit plan, it states benefits in terms of providing a certain level of monthly income payable to employees when they retire. Even if your plan permits employees to elect a lump sum settlement in exchange for their promised retirement income, there is always an uncertainty about precisely how much money will be needed at a future date to fund their benefits. That uncertainty is the primary reason for conducting this actuarial valuation, to estimate the benefits that will ultimately be paid, and to establish a long-term plan to fund the benefits through regular annual contributions. Unfortunately, that process encompasses the theoretical and technical aspects of defined benefit plans, including actuarial mathematics, which frequently confuse and frustrate plan sponsors and employees who are covered by them.

Plan sponsors and participants are usually more interested in the practical aspect of their plans, such as current funding requirements, allocation of contributions to groups of employees, and the benefits earned to date. Some of that information is also presented in this report. It is important to understand, however, the distinction that exists between participants earning benefits in a defined benefit plan and the sponsor's funding of those benefits by making regular contributions. Employees earn **current** benefits based on specific personal data and fixed formulas defined by the plan. Contributions, on the other hand, are actuarially determined based on estimates of what **future** benefits might be. For that reason, contributions are not allocated to specific employees at the time they are made. Instead, they are pooled in a single account from which benefits are paid when individual employees terminate their employment. The necessary consequence of this timing difference is that plan assets will sometimes be more than the value of the benefits employees have earned to date, and sometimes less. This relationship between plan assets and benefits (plan liabilities) is often discussed in terms of "funded status."

Understanding this difference between benefits and contributions is key to understanding the nature of your defined benefit plan, and we trust that the information presented herein will help you to better understand how your plan operates and the benefits it provides.

CERTIFICATION OF RESULTS

Plan Name: Interurban Transit Partnership Pension Plan

Plan Year: July 1, 2022 through June 30, 2023

This report was prepared on behalf of **Interurban Transit Partnership** on the basis of employee data, asset statements and plan documents provided by the plan sponsor or its representatives. We relied upon the data as submitted, without formal audit. However, the data was tested for reasonableness, and we have no reason to believe that any other information which would have had a material effect on the results of this valuation was overlooked.

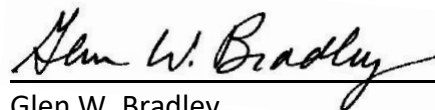
Therefore, to the best of our knowledge and belief, the information presented in this report is complete and accurate, and in our opinion, each assumption used represents our best estimate of anticipated experience under the plan. Furthermore, each assumption used (taking into account past experience and future expectations) is reasonable or would in the aggregate result in a total contribution equivalent to that which would be determined if each assumption were reasonable.

Prepared by:



Kayla Morrish
Senior Pension Analyst

Reviewed by:



Glen W. Bradley
Senior Pension Analyst

Certified by:



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary #20-06116

09/30/2022

Date

EXECUTIVE SUMMARY

Overview of Results

	07/01/2022	07/01/2021
Present value of projected benefits	\$ 2,197,840	\$ 2,314,364
Accrued liability	2,197,840	2,314,364
Actuarial value of assets	1,718,210	2,068,935
Normal Cost	14,300	14,300
Employer Contribution Alternatives¹		
Low-range contribution	\$ 55,361	\$ 35,521
Mid-range contribution	78,051	47,131
High-range contribution	508,748	144,807
Funded Status – Lump Sum Basis		
Value of vested benefits	\$ 2,420,108	\$ 2,973,547
Value of all accrued benefits	2,420,108	2,973,547
Market value of assets	1,718,210	2,068,935
Accrued benefit funded ratio	71.0%	69.6%
Participant Data		
Number of Participants:		
Active	1	1
Terminated vested and transferred	13	14
Retirees and beneficiaries	<u>14</u>	<u>15</u>
Total	28	30

¹ For 2021, high-range, mid-range and low-range contributions were based on 20, 10 and 2-year amortizations, respectively. For 2022, high-range, mid-range and low-range contributions were based on 20, 10 and 1-year amortizations, respectively.

EXECUTIVE SUMMARY

Analysis of Results

Contributions

The ultimate funding objective for any defined benefit plan is to accumulate, over time, sufficient funds to pay the benefits which participants earn. However, because it is impossible to know the exact ultimate liability of a defined benefit plan until the last benefit payment is made, current funding recommendations must be estimated by making projections as to future benefits with the use of assumptions about future events, including anticipated future investment earnings. An annual contribution should be viewed simply as a payment against a future contingent liability within the broader context of the other information presented in this report.

The current year recommended employer contribution is \$508,748, which is based on the current year's normal cost plus 1-year amortization of the unfunded. We have chosen a 1-year amortization because it is the expected future working life of the active participant.

As a governmental entity, you still have flexibility in the actual contribution amount (maximum deduction and minimum funding rules do not apply). We are providing a 1-year recommended contribution level in addition to contributions based on 20-year and 10-year amortization of the unfunded liabilities. In determining your actual contributions, consider the time-period over which you want to "pay off" past service liabilities. You may also consider that the new accounting (GASB) rules, which require amortization of actuarial gains and losses over average future service (5 years for asset gains or losses) to be recognized as an expense. Although you are not required to make contributions on the same basis as the expense, it may be desirable to consider how your funding contributions relate to the expenses you record each year.

Funded Status

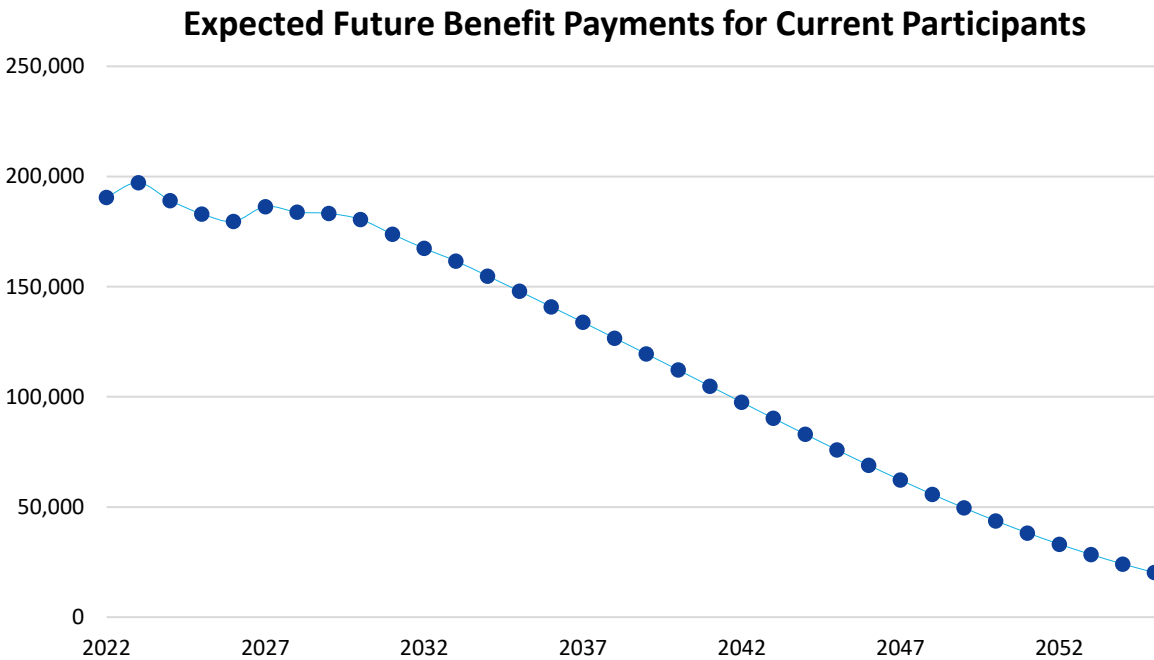
At the valuation date, the ratio of current market assets to present value of all accrued benefits was 71.0%. This ratio was computed on the basis that the plan was terminated on the valuation date and lump sum distributions were made to all eligible employees using interest rates that were in effect at that time. When this ratio is less than 100% it indicates that the plan was "underfunded" on a termination basis. This measure of funded status of your plan may change significantly from one year to the next, because the funded ratio depends on many variables, including how long the plan has been in effect, current interest rates, recent pay raises, contributions, investment experience or benefit distributions, etc. Thus, while it is useful to assess the current status, a low (or high) ratio is not, by itself, indicative of long-term problems for an ongoing plan. Of greater importance is whether current assets and future anticipated contributions are sufficient to pay benefits when due.

The increase in the accrued benefit funded ratio (last year was 69.6%) is primarily due to the increase in spot segment interest rates from last year.

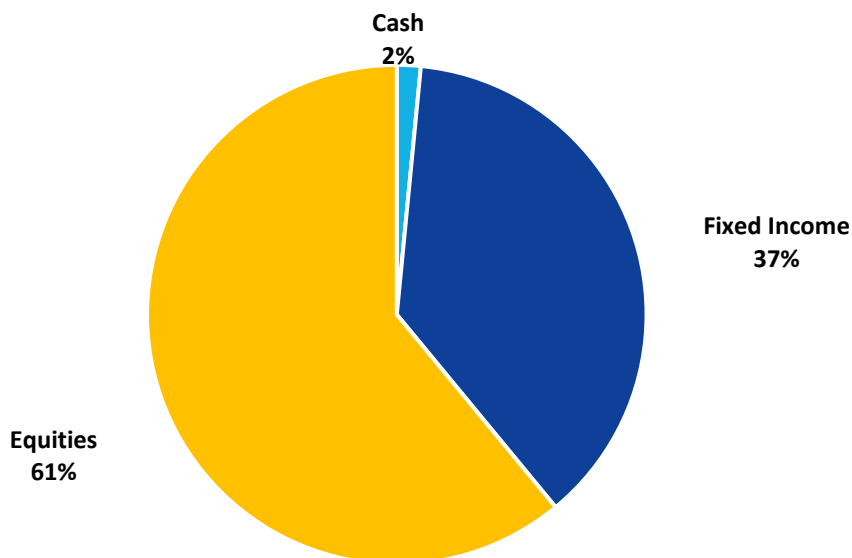
EXECUTIVE SUMMARY

Cash Flow Needs

As of July 1, 2022, there are 14 retirees, beneficiaries or alternate payees receiving monthly benefits totaling \$13,993.91 monthly, or \$167,926.92 annually. This graph assumes monthly annuity payments in 2022-23.



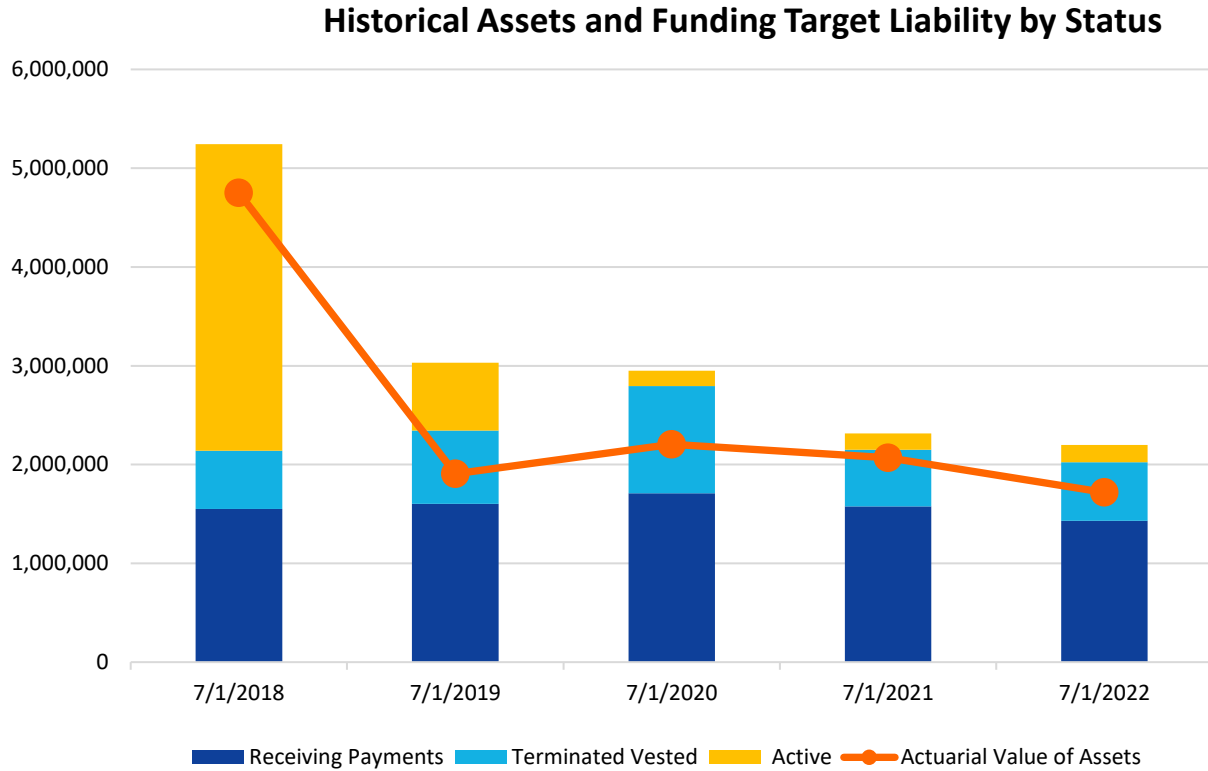
Allocation of Plan Assets



EXECUTIVE SUMMARY

Additional Comments

The chart below shows a breakdown of the historical present values of accrued benefits by source compared to plan assets.



DEVELOPMENT OF PLAN ASSETS

Market Value of Assets

1. Assets on July 1, 2021, excluding accrued contributions		\$ 2,068,935
2. Income:		
a. Employer contributions		
(i) For prior year	\$ 0	
(ii) For current year	152,611	
b. Investment income	49,877	
c. Realized gain/(loss)	344,346	
d. Unrealized gain/(loss)	(674,583)	
e. Other income (net from prior trustee)	0	
f. Total income		(127,749)
3. Distributions:		
a. Monthly benefit payments	29,398	
b. Lump sum payments	177,665	
c. Investment management fees and trustee fees	1,598	
d. Administrative expenses	14,315	
e. Other Adjustments	0	
f. Total distributions		222,976
4. Assets on June 30, 2022, (1)+(2)-(3)		1,718,210
5. Accrued contributions		0
6. Market value as of July 1, 2022 (4)+(5)		1,718,210
7. Average market value		2,048,665
8. Return on assets, (2b)+(2c)+(2d)-(3c)		\$ (281,958)
9. Time weighted rate of return, (8)÷(7)		(13.76)%

VALUATION RESULTS

Development of Actuarial Gains and Losses by Source

Expected Unfunded Liability

1. Accrued liability, prior year	\$	2,314,364
2. Actuarial value of assets, prior year		2,068,935
3. Unfunded accrued liability, prior year, (1)-(2)		245,429
4. Normal cost		0
5. Actual expenses, prior year		14,315
6. Interest at 6.00% on (3)+(4)+(5)		15,585
7. Actual contributions for prior year, with interest to end of year		157,569
8. Expected unfunded liability at valuation date, (3)+(4)+(5)+(6)-(7)		117,760

Actual Unfunded Liability

1. Accrued liability, at valuation date		2,197,840
2. Actuarial value of assets, at valuation date		1,718,210
3. Actual unfunded liability, (1)-(2)		479,630

Total Gain/(Loss) for the Year

Expected unfunded liability – actual unfunded liability		(361,870)
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Amount of Gain or (Loss) Attributable to:

1. Asset gain or (loss)		(404,411)
2. Plan amendment		0
3. Change in mortality assumptions		13,943
4. Change in other assumptions		0
5. New participants		0
6. Other demographic changes		28,598
7. Total gain or (loss), (1)+(2)+(3)+(4)+(5)+(6)	\$	(361,870)

VALUATION RESULTS

Present Value of Projected Benefits and Normal Cost at Valuation Date

1. Present value of projected benefits:		
a. Active participants	\$ 174,139	
b. Retired participants	1,431,145	
c. Terminated vested participants	592,556	
d. Total present value		\$ 2,197,840
2. Present value of future normal costs		0
3. Actuarial Liability, (1)-(2)		2,197,840
4. Actuarial asset value		1,718,210
5. Unfunded Liability, (3)-(4)		479,630
6. Normal cost		\$ 14,300
a. For benefits	0	
b. For expenses	14,300	

VALUATION RESULTS

Contribution Alternatives

	Low-Range Contribution	Mid-Range Contribution	High-Range Contribution
1. Employer normal cost	14,300	14,300	14,300
2. Unfunded liability	479,630	479,630	479,630
3. Years in amortization	20	10	1
4. Amortization Payment	39,449	61,478	479,630
5. Preliminary Contribution, (1)+(4)	53,749	75,778	493,930
6. Interest on (5) mid- year to end of plan year	1,612	2,273	14,818
7. Anticipated employer contribution, (5)+(6)	55,361	78,051	508,748

VALUATION RESULTS

Present Value of Accumulated Plan Benefits (Lump Sum Basis)

	07/01/2022	07/01/2021
1. Present value of vested benefits:		
a. Active participants	\$ 188,960	\$ 214,345
b. Terminated vested participants	<u>678,148</u>	<u>800,600</u>
c. Subtotal	867,108	1,014,945
d. Participants receiving payments	<u>1,553,000</u>	<u>1,958,602</u>
e. Total	2,420,108	2,973,547
2. Present value of non-vested benefits	0	0
3. Present value of accumulated benefits, (1)+(2)	2,420,108	2,973,547
4. Assets available for benefits	1,718,210	2,068,935
5. Unfunded present value of vested benefits, (1)-(4)	701,898	904,612
6. Unfunded present value of accumulated benefits, (3)-(4)	\$ 701,898	\$ 904,612
7. Funded Ratio, (4)÷(3)	71.0%	69.6%
Segment interest rates used to value benefits ¹		
a. Segment 1 (years 0-5)	3.23%	0.61%
b. Segment 2 (years 5-20)	4.59%	2.84%
c. Segment 3 (years 20 and after)	4.69%	3.54%

Applicable Mortality Tables

Applicable Table from IRC §417(e)
effective in valuation year

Lump sum values are calculated as if the plan had terminated at the valuation date and all participants were permitted to and had elected to receive a lump sum payment of their benefits, based on the assumptions shown above. All other assumptions were the same as those used in the funding valuation.

¹ 417(e) rates are used for lump sum cash-outs and are used as an estimate of the purchase prices of annuities in case of plan termination.

ADDITIONAL INFORMATION

Reconciliation of Participant Data

This section provides detailed information about plan participants who were included in the current valuation.

	Active	Terminated Vested/Transferred	Retired	Beneficiaries In Pay	Total
Participants included in the 07/01/2021 valuation	1	14	12	3	30
Data Corrections	0	0	0	0	0
Terminated Vested	0	1	-	-	1
Retired	0	(1)	1	-	0
Died with Beneficiary	0	0	0	0	0
Died without Beneficiary	0	0	(1)	0	(1)
Lump Sum	0	0	(1)	0	(1)
Terminated non-vested	0	-	-	-	0
Transfer from Union	0	(1)	-	-	(1)
New Participants	0	-	-	-	0
Participants included in the 7/1/2022 valuation	1	13	11	3	28

Participant Summaries

Active Participant Summary

Total participants	1
Average current age	64
Average past service	18
Average projected monthly benefit normal retirement	\$ 1,256
Average accrued monthly benefit	\$ 1,256

Inactive Participant Summary

	Participants Entitled to:	
	Deferred Benefits	Current Benefits
Total participants	13	14
Average current age	62	76
Average monthly benefit	\$ 401	\$ 999

RISK COMMENTARY, PLAN MATURITY MEASURES & HISTORICAL INFORMATION

Risk Commentary

It is important to understand that all defined benefits plans are exposed to risk. Risk is the potential for actual future valuation results to be significantly different from expected due to future economic and demographic factors being different than assumed.

- Volatility of recommended contributions
- Changes in unfunded liabilities – including changes that effect the State of Michigan Public Act (PA) 202 triggers
- Increased liabilities due to decreases in the GASB discount rate
- Increase/decrease in employee contributions

Following are examples of risk that may be anticipated to significantly affect your plan's future financial condition.

Investment Risk

Lower than expected investment returns could increase future contribution requirements or result in funded status implications under Governmental Accounting Standards Board (GASB) 67/68 reporting or triggering a Corrective Action Plan under State of Michigan Public Act (PA) 202.

Interest Rate Risk

The interest rate used to discount future values is a significant driver in the projection of plan liabilities. When interest rates decrease or increase, assets and liabilities can both be affected.

Asset/liability mismatch

One form of asset/liability mismatch occurs when funds used to pay benefits in the near term are invested in long term products. Liquidity demands can cause the fund to sell investments at inopportune times.

Longevity Risk

Plan participants may live longer or shorter than expected and receive pensions for a period of time other than assumed.

Contributions Risk

Actual future contributions may be different from expected future contributions, for example, because contributions are not made according to the plan's funding policy. A percent-of-pay contribution policy may be impacted by unexpected changes in the number of active participants.

RISK COMMENTARY, PLAN MATURITY MEASURES & HISTORICAL INFORMATION

Maturity Measures

As a plan matures, it will become more sensitive to risk. For example, it will be harder to recover from investment losses with increases in employer contributions, reductions in benefit accruals, or both.

Ratio of Actives to Retirees/Beneficiaries: 0.07

A young plan will have many more actives than retirees resulting in a high ratio. A ratio near 1.0 is a sign of a more mature plan. A very mature or closed plan may have significantly more retirees than actives resulting in a ratio below, or significantly below, 1.0.

Ratio of retired life actuarial liability to total actuarial liability: .65

A ratio near 0.5 means nearly half of all liabilities are due to retirees/beneficiaries, a sign of a mature plan. A ratio significantly more than 0.5 means retiree liability is a vast portion of the total liability, a sign of a very mature plan.

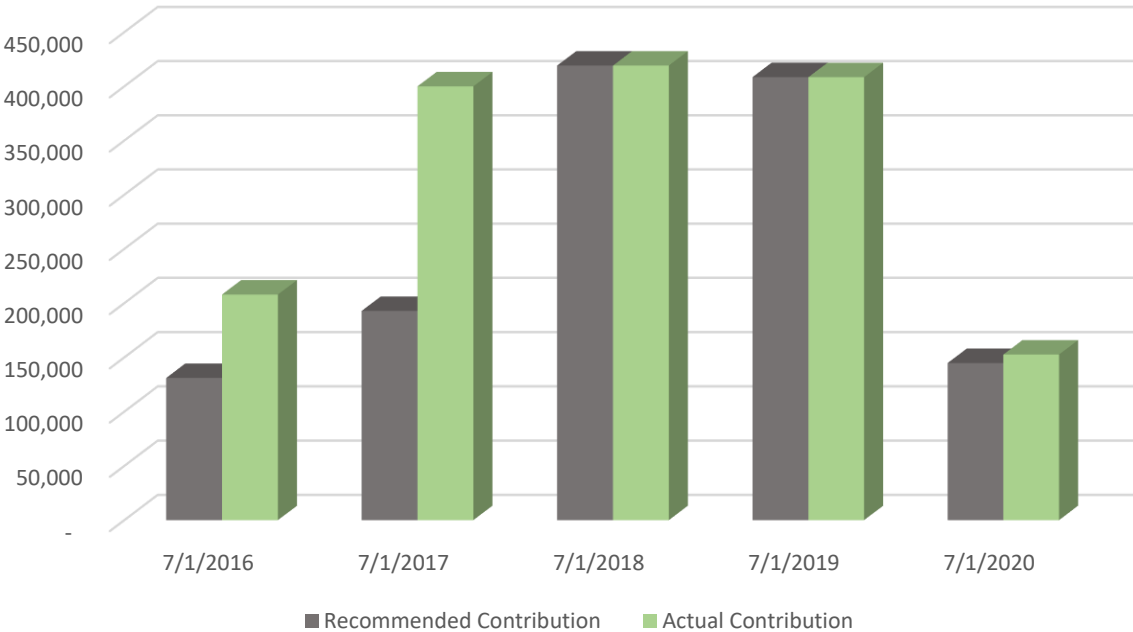
Ratio of benefit payments to contributions: 1.36

A ratio greater than 1.0 indicates all contributions are used to pay benefits and none are available to increase assets. This may be a sign of a mature plan past the accumulation phase.

Historical Information

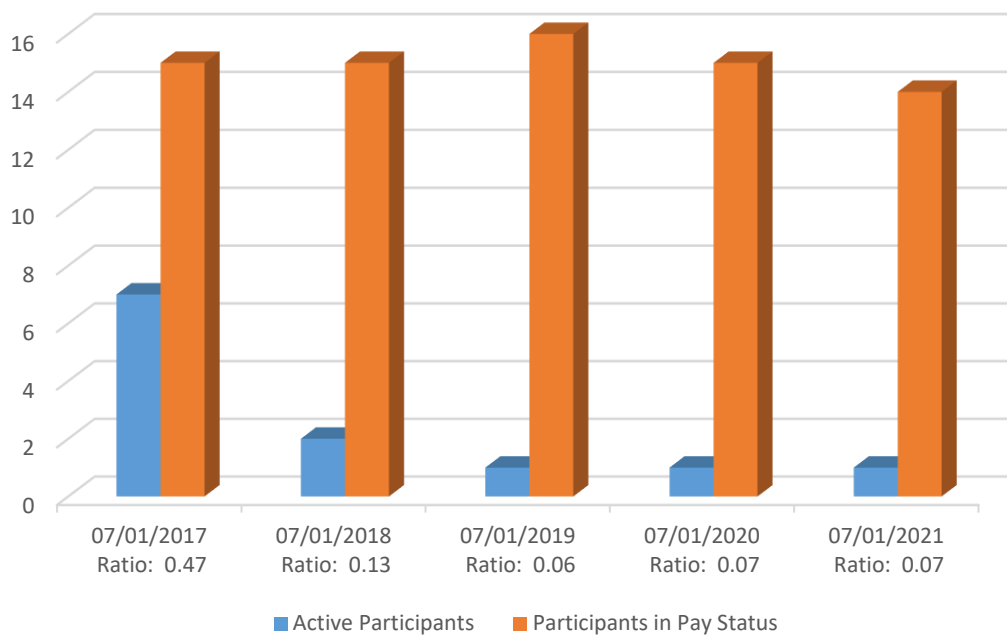
Looking at historical trends helps identify plan risks.

Plan Contributions

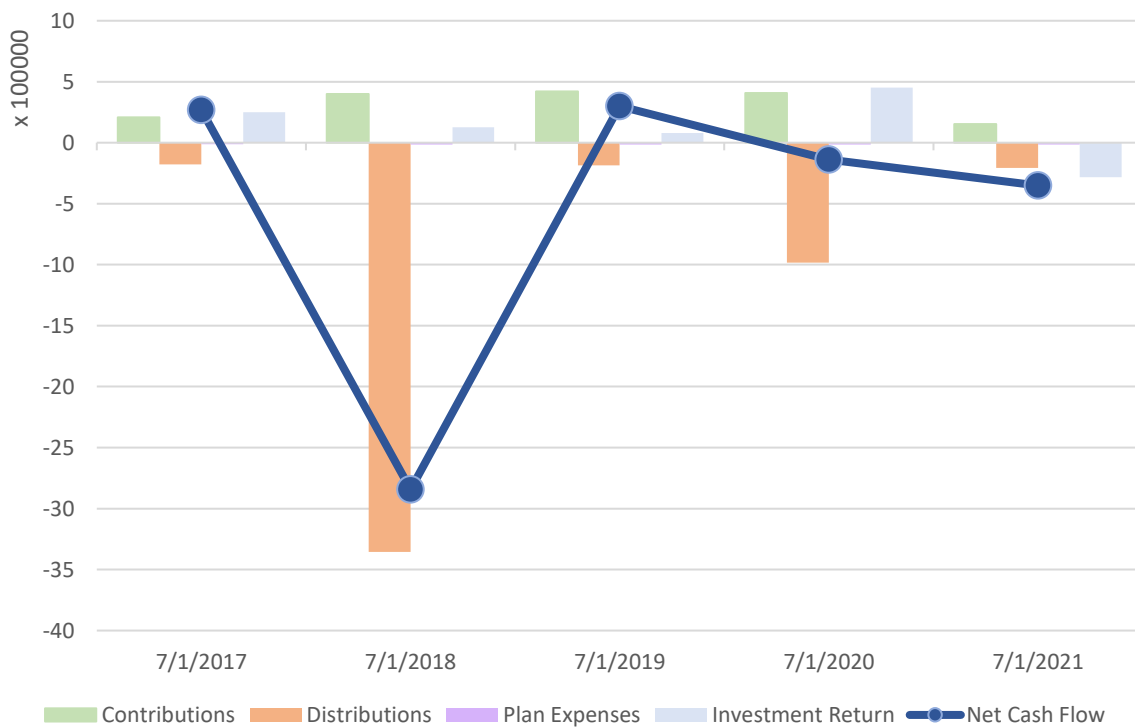


RISK COMMENTARY, PLAN MATURITY MEASURES & HISTORICAL INFORMATION

Active Participants vs Participants in Pay Status



Net Cash Flow



ADDITIONAL INFORMATION

Age, Service and Compensation Summary

Age	Under 1	1 – 4	5 – 9	10 – 14	15 - 19	20 - 24	25 & Up	Total
0 – 24								
25 – 29								
30 – 34								
35 – 39								
40 – 44								
45 – 49								
50 – 54								
55 – 59								
60 – 64					1			1
65 & Up								
Total					1			1

ADDITIONAL INFORMATION

Historical Perspectives

Plan Year Begun On	Present Value of Benefits	Actuarial Value of Assets ¹	Market Value of Assets ¹	Recommended Employer Contribution	Actual Contributions	Benefits Paid	Expenses Paid	Market Rate of Return ²	Actuarial Rate of Return
July 1, 2008	5,225,864	2,911,069	2,911,069	341,366	299,212	656,959	32,826	(23.7)	(23.7)
July 1, 2009	4,904,179	1,899,000	1,899,000	446,749	341,366	353,181	26,455	11.1	11.1
July 1, 2010	4,845,608	2,092,892	2,092,892	415,960	415,960	152,243	24,565	20.4	20.4
July 1, 2011	5,058,680	2,785,626	2,785,626	352,603	415,960	362,254	25,934	(1.1)	(1.1)
July 1, 2012	5,110,303	2,798,356	2,798,356	366,554	352,603	690,012	29,952	10.1	10.1
July 1, 2013	4,886,196	2,709,950	2,709,950	434,492	211,902	143,467	27,975	12.8	12.8
July 1, 2014	5,168,676	3,116,094	3,116,094	424,648	434,492	485,609	30,321	(0.06)	(0.06)
July 1, 2015	5,085,634	3,050,916	3,050,916	495,013	1,234,492	214,300	17,484	(0.01)	(0.01)
July 1, 2016	4,705,957	4,053,398	4,053,398	207,924	250,000	178,477	11,874	9.83	9.83
July 1, 2017	4,890,397	4,482,184	4,482,184	131,060	207,924	177,586	12,580	5.70	5.70
July 1, 2018	5,243,380	4,750,416	4,750,416	192,821	400,000	3,355,576	14,445	4.48	4.48
July 1, 2019	3,031,578	1,907,376	1,907,376	419,186	419,186	185,757	13,905	4.42	4.42
July 1, 2020	2,950,396	2,206,577	2,206,577	408,541	408,541	983,585	14,385	22.14	22.14
July 1, 2021	2,314,364	2,068,935	2,068,935	144,807	152,611	207,063	14,315	(13.76)	(13.76)
July 1, 2022	2,197,840	1,718,210	1,718,210	508,748					

¹ Value at beginning of year.

² Time-weighted.

ACTUARIAL COST METHODS AND ASSUMPTIONS

These are the assumptions used for the ongoing valuation calculations, unless otherwise noted.

Valuation date July 1, 2022

Actuarial methods:

Cost method Unit Credit

Asset valuation method Market value

Actuarial assumptions:

Retirement age Age 65

Interest rates: 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-2020 improvement factors

Turnover rates None

Salary scale None

Ancillary benefits valued None

Administrative experience Prior year, rounded to nearest \$100

Data collection:

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 None

SUMMARY OF PLAN PROVISIONS

Plan name	Interurban Transit Partnership Pension Plan	
Plan effective date	July 1, 1977	
Most recent amendment effective date (execution date)	July 1, 2016 (June 20, 2016)	
Eligibility provisions:		
Participation	Age 21 and 12 consecutive months of employment in which 1,000 hours worked; participation frozen after July 1, 2000	
Normal retirement	Later of age 65 or 5th anniversary of participation	
Early retirement	Age 55 with 10 years of benefit service	
Special early retirement windows (2002, 2003, 2012 and 2016)	<p>In 2002 and 2003, enhanced early retirement incentives were provided for eligible electing employees</p> <p>In 2012, unreduced early retirement benefits were provided to eligible electing employees under the 2012 Early Retirement Incentive Plan</p> <p>In 2016, unreduced early retirement benefits were provided to eligible electing employees under the 2016 Early Retirement Incentive Plan</p>	
Late retirement	Retirement after normal retirement date	
Vesting schedule	5 years, 100% vested or if at least 3 years vesting service as of December 10, 1997:	
	Years of Vested Service	Vesting Percent
	3	20%
	4	40
	5 or more	100
Disability	Totally disabled	
Pre-retirement death:		
Annuity to surviving spouse	Death after becoming eligible for a non-forfeitable benefit	
Lump sum	Death after becoming eligible for a non-forfeitable	

SUMMARY OF PLAN PROVISIONS

Benefit amounts:

Normal retirement:	50% of final average monthly compensation; benefit frozen July 30, 2016
Maximum benefit	IRC Section 415 limits
Early retirement	Accrued benefit payable at normal retirement date; or a benefit reduced by 0.25% for each complete calendar month by which the benefit commencement date precedes age 65, if commenced prior to such date
Special early retirement window	<p>The 2002 early retirement window benefit was the accrued benefit without reduction for early commencement (if qualified); the 2003 early retirement window benefit was the normally reduced benefit plus a temporary monthly benefit of \$1,000 (or the primary Social Security if less)</p> <p>The 2012 early retirement window benefit was the accrued retirement amount unreduced for early commencement</p> <p>The 2016 early retirement window benefit was the accrued retirement amount unreduced for early commencement</p>
Late retirement	Greater of accrued benefit based on service to actual retirement date or actuarial equivalent of the normal retirement benefit
Vested termination	Applicable percentage of accrued benefit payable at normal retirement date
Disability	Applicable percentage accrued normal retirement benefit payable the first day of the month immediately following disability certification
Pre-retirement death:	
Annuity to spouse	50% of the benefit that would have been payable to the participant at the participant's early retirement age under the Joint and 50% Survivor form of payment, had the participant terminated employment the day before death occurred
Lump sum	Present value of the participant's accrued benefit (determined as of the day before the participant's death)

SUMMARY OF PLAN PROVISIONS

Definitions:

Accrued benefit	An amount equal to the normal retirement benefit multiplied by a fraction, the numerator being accrued benefit service, and the denominator being total service if participant continues service to date of normal retirement; accrued benefits frozen June 30, 2016
Actuarial equivalence:	
Annuity	Unisex Pension - 1984 Table; 6% interest
Lump sums	Applicable mortality table and applicable interest rate under IRC §417(e)(3); interest rate is specified as the annual rate published by IRS for the May before the plan year of distribution
Average compensation	Total compensation averaged over the 5 highest paid consecutive years during 10 years preceding termination of employment (frozen June 30, 2016)
Entry dates	January 1 and July 1 following date of eligibility
Years of service for:	
Eligibility purposes	12 months in which 1,000 hours worked
Vesting purposes	Plan year in which 1,000 hours
Benefit purposes	Plan year in which 1,000 hours worked (union service is counted; union benefit offsets benefit in this plan); benefit service frozen June 30, 2016
Unreduced payment form	Life annuity
Optional payment forms	Joint and 50% Survivor, Joint and 100% Survivor, Joint and 66-2/3% Survivor, Period Certain and lump sum
Changes since prior valuation	None
Other qualified retirement plans	Interurban Transit Partnership Union Pension Plan Interurban Transit Partnership Defined Contribution Plan

GLOSSARY

A number of special terms and concepts are used in connection with pension plans and the actuarial valuation report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Accrued Benefit - Each participant has an accrued benefit under the plan. This is the amount of monthly benefit already earned. It is based on past employment with the plan sponsor and is payable at normal retirement.

Actuarial Cost Method - This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Actuarial Gain or Loss - The dollar value of the variations of past experience from the actuarial assumptions. For example, an actuarial gain will result if investment income is greater than expected income, or if employee turnover is greater than expected, or if salary increases are lower than expected salary increases. Expectations are expressed in the form of actuarial assumptions.

Accrued Liability - For active employees, this represents the excess of the present value of projected benefits over the present value of future normal costs. For retired or terminated vested employees, it represents the present value of all future benefit payments. The actuarial liability is compared to the valuation assets of the plan to determine the unfunded actuarial liability.

Actuarial Value of Assets - The amount of assets recognized for actuarial valuation purposes. Recent changes in the market value of assets may be partially recognized.

Amortization - Whenever the assets or the accrued liability change due to an actuarial gain or loss or a change in the plan or actuarial assumptions, that change is amortized over a period of future years. The amortization can be handled much as a mortgage is repaid, with fixed annual deposits or by including the gain or loss as part of all future normal costs. The method of treatment is determined by the actuarial method which is being used.

Market Value of Assets - The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Normal Cost - That portion of the total present value of projected benefits which is allocated to the current year by the specific actuarial cost method being used.

Present Value - The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Present Value of Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current accrued benefits.

GLOSSARY

Present Value of Future Normal Costs - The discounted value of all future normal costs.

Present Value of Projected Benefits - The discounted value of all future monthly benefits which are expected to be paid from the plan. It includes the value of benefits expected to be earned for future periods of employment.

Present Value of Vested Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current vested benefits.

Projected Benefit - The estimated monthly benefit which will become payable at normal retirement date, assuming that the participant continues working full time until then.

Vested Benefit - A percentage of the accrued benefit. It may range from zero up to the full accrued benefit, based upon past service with the employer and the vesting schedule in the plan.

September 30, 2022

PERSONAL & CONFIDENTIAL

Ms. Linda Medina
Interurban Transit Partnership
300 Ellsworth Avenue, S.W.
Grand Rapids, MI 49503-2783

RE: Interurban Transit Partnership Pension Plan

Dear Linda:

Enclosed is a copy of your pension accounting report for the employer's fiscal year ending September 30, 2022. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 67 (GASB 67) Financial Reporting for Pension Plans, and Statement No. 68 (GASB 68) Accounting and Financial Reporting for Pensions.

If you have any questions, please call me at (616) 742-9242 or email me at tschnabel@watkinsross.com.

Sincerely,



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary

Enclosures

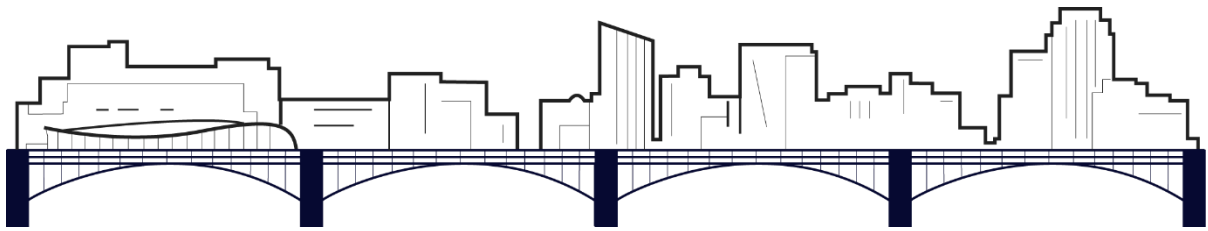
cc: John LaFramboise - BDO

Interurban Transit Partnership Pension Plan

Pension Accounting Report

for the Employer's Fiscal Year Ending September 30, 2022

under GASB Statements 67 & 68



Report presented by:



September 2022

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INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared in order to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68. This information may, at the discretion of management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 67 and 68, and may be inappropriate for other purposes.

The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report is a supplement to the regular annual actuarial valuation report issued under separate cover. The regular report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared on the basis of participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted, and has no reason to believe that any information, which would have a material effect on the results of this valuation, was not considered in the preparation of the report.

The enrolled actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared by:



Kayla Morrish
Senior Pension Analyst

Certified by:



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary #20-06116

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expenses, information about the fiduciary net position of the Interurban Transit Partnership Pension Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Interurban Transit Partnership. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Interurban Transit Partnership administers the Interurban Transit Partnership Pension 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. Management of the plan is the responsibility of the Finance Director and Benefit Services Director.

Benefits Provided

For the active participants in the plan: 50% of final average monthly compensation multiplied by a fraction, the numerator being accrued benefit service, and the denominator being total service if participant continues service to date of normal retirement. Benefit accruals were frozen June 30, 2016.

Summary of Plan Participants

As of July 1, 2021, and July 1, 2022, Retirement Plan membership consisted of the following:

	2021	2022
Inactive plan members receiving benefits	15	14
Inactive members entitled to, not yet receiving benefits	14	13
Active plan members	<u>1</u>	<u>1</u>
Total participants	30	28

Contributions

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. Interurban Transit Partnership 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. Interurban Transit Partnership is required to contribute the actuarially determined amount.

ASSUMPTIONS AND METHODS

The pension liability was valued and measured as of June 30, 2022.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Long-term rate of return	6.00%

Pub-2010 Public Retirement Plans Mortality Tables for General Employees; annuitant and non-annuitant, sex-distinct with modified MP-2020 improvement factors, post-retirement only

The long-term expected rate 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2022 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	50.0%	7.50%
International Equity	10.0%	8.50%
Domestic Bonds	32.5%	2.50%
International Bonds	7.5%	3.50%

The Employer, as Plan Sponsor and Investment Fiduciary, has chosen for the Plan an asset mix intended to meet or exceed a long-term real rate of return of 6.00%.

Discount Rate

Because of the amount of cash held to pay lump sums, the discount rate used to measure the total pension liability was **6.00%**. The retirement plan's fiduciary net position was projected to be sufficient to make all projected 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. If benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits would be discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate would be used to determine the Total Pension Liability. The discount rate used in last year's reporting was 6.00%.

NET PENSION LIABILITY

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance on June 30, 2021	2,314,364	2,068,935	245,429
Changes during the Year			
Service Cost	0		0
Interest	132,650		132,650
Experience (Gains)/Losses	(28,168)		(28,168)
Contributions – Employer		152,611	(152,611)
– Employee		0	0
Assumption Change	(13,943)	0	(13,943)
Changes of Benefit Terms	0		0
Net Investment Income		(281,958)	281,958
Benefit Payments	(207,063)	(207,063)	0
Administrative Expenses	0	(14,315)	14,315
Other Changes	0	0	0
Total Changes	(116,524)	(350,725)	234,201
Balance on June 30, 2022	2,197,840	1,718,210	479,630

Net Pension Liability – Discount Rate Sensitivities

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (NPL) of Interurban Transit Partnership, calculated using the discount rate of 6.00%, as well as what Interurban Transit Partnership's net pension liability would be if it were calculated using a discount rate that is 1% percentage point lower (5.00%) or 1 percentage point higher (7.00%) than the current rate:

	1% Decrease, 5.00%	Current Rate, 6.00%	1% Increase, 7.00%
Total Pension Liability	\$ 2,394,566	\$ 2,197,840	\$ 2,028,212
Plan Fiduciary Net Position	<u>(1,718,210)</u>	<u>(1,718,210)</u>	<u>(1,718,210)</u>
Net Pension Liability	676,356	479,630	310,002

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the financial report which is issued separately.

NET PENSION LIABILITY

Deferred Inflows and Outflows of Resources Related to Pension Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Experience (Gains)/Losses	0	0
Changes of Assumptions	0	0
Investment Earnings (Gains)/Losses	<u>154,902</u>	<u>0</u>
Total	\$ 154,902	\$0

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

Year Ended June 30,	
2023	\$ 38,071
2024	22,650
2025	13,374
2026	80,807
Thereafter	0

PENSION EXPENSE

Components of Pension Expense as of the June 30, 2022, Measurement Date

Below are the components of the Total Pension Expense:

	Measurement Date June 30, 2022
Service Cost	\$ 0
Interest on Total Pension Liability	132,650
Experience (Gains)/Losses	(28,168)
Changes of Assumptions	(13,943)
Changes of Benefit Terms	0
Employee Contributions	0
Projected Earnings on Pension Plan Investments	(122,073)
Investment Earnings (Gains)/Losses	42,139
Administrative Expenses	14,315
Other Changes in Fiduciary Net Position	<u>0</u>
Total Pension Expense	\$ 24,920

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in Net Pension Liability and Related Ratios

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total Pension Liability					
Service Cost	0	0	0	0	0
Interest	132,650	147,516	166,683	222,849	298,964
Changes of Benefit Terms	0	0	0	0	0
Difference between Expected and Actual Experience	(28,168)	208,572	70,045	652,124	(17,596)
Change of Assumptions	(13,943)	(8,535)	139,623	(2,976)	92,870
Benefit Payments	(207,063)	(983,585)	(185,757)	(3,355,575)	(177,586)
Net Change in Total Pension Liability	(116,524)	(636,032)	190,594	(2,483,578)	196,652
Total Pension Liability – Beginning	2,314,364	2,950,396	2,759,802	5,243,380	5,046,728
Total Pension Liability – Ending (a)	2,197,840	2,314,364	2,950,396	2,759,802	5,243,380
Plan Fiduciary Net Position					
Contributions – Employer	152,611	408,451	419,186	400,000	207,924
Contributions – Employee	0	0	0	0	0
Net Investment Income	(281,958)	451,877	79,677	126,980	250,474
Benefit Payments	(207,063)	(983,585)	(185,757)	(3,355,575)	(177,586)
Administrative Expenses	(14,315)	(14,385)	(13,905)	(14,445)	(12,580)
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	(350,725)	(137,642)	299,201	(2,843,040)	268,232
Plan Fiduciary Net Position – Beginning	2,068,935	2,206,577	1,907,376	4,750,416	4,482,184
Plan Fiduciary Net Position – Ending (b)	1,718,210	2,068,935	2,206,577	1,907,376	4,750,416
Net Pension Liability – Ending (a)-(b)	479,630	245,429	743,819	852,426	492,964
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.2%	89.4%	74.8%	69.1%	90.6%

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability				
Service Cost	0	77,449	112,377	108,024
Interest	304,879	305,827	245,342	243,838
Changes of Benefit Terms	0	(271,192)	n/a	n/a
Difference between Expected and Actual Experience	29,585	(472,647)	(38,442)	n/a
Change of Assumptions	414,758	(793,053)	(320,471)	n/a
Benefit Payments	(178,477)	(214,300)	(485,609)	(143,467)
Net Change in Total Pension Liability	570,745	(1,367,916)	(486,802)	208,395
Total Pension Liability – Beginning	4,475,983	5,843,899	6,330,701	6,122,306
Total Pension Liability – Ending (a)	5,046,728	4,475,983	5,843,899	6,330,701
Plan Fiduciary Net Position				
Contributions – Employer	250,000	1,234,492	434,492	211,902
Contributions – Employee	0	0	0	0
Net Investment Income	369,137	(226)	(1,878)	348,839
Benefit Payments	(178,477)	(214,300)	(485,609)	(143,467)
Administrative Expenses	(11,874)	(17,484)	(12,183)	(11,130)
Other	0	0	0	0
Net Change in Fiduciary Net Position	428,786	1,002,482	(65,178)	406,144
Plan Fiduciary Net Position – Beginning	4,053,398	3,050,916	3,116,094	2,709,950
Plan Fiduciary Net Position – Ending (b)	4,482,184	4,053,398	3,050,916	3,116,094
Net Pension Liability – Ending (a)-(b)	564,544	422,585	2,792,983	3,214,607
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.8%	90.6%	52.2%	49.2%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially Determined Employer Contribution	144,807	408,541	419,186	192,821	52,414
Employer Contribution	152,611	408,451	419,186	400,000	207,924
Contribution Deficiency/(Excess)	(7,804)	90	0	(207,179)	(155,510)
Covered Employee Payroll	\$48,532	\$48,337	\$205,047	\$210,141	\$707,023
Contribution as a Percentage of Covered Payroll	314.45%	845.01%	204.43%	190.35%	29.41%

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Actuarially Determined Employer Contribution	74,018	216,577	214,687	211,902
Employer Contribution	250,000	1,234,492	434,492	211,902
Contribution Deficiency/(Excess)	(175,982)	(1,017,915)	(219,805)	0
Covered Employee Payroll	\$625,402	\$660,626	\$719,319	\$777,702
Contribution as a Percentage of Covered Payroll	39.97%	186.87%	60.40%	27.25%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	06/30/2022
Assets (Fiduciary net position)	1,718,210
Liabilities (Total Pension Liability)	2,197,840
Funded ratio for the Plan Year	78.2%
Actuarially Determined Contribution (ADC)	144,807

Membership	06/30/2022
Active members	1
Terminated Vested	13
Retirees and Beneficiaries	14

Investment Performance	
Actual rate of return – prior 1-year	(13.76)%
Actual rate of return – prior 5-years	4.0%
Actual rate of return – prior 10-years	5.2%

Actuarial Assumptions	06/30/2022
Actuarially assumed rate of investment return	6.00%
Discount rate	6.00%
Amortization method used for funding unfunded liability	Level % salary
Amortization period used for funding unfunded liability	2 year
Is each division closed to new employees	Yes

Uniform Assumptions	06/30/2022
Assets using uniform assumptions	1,718,210
Liabilities using uniform assumptions	2,197,840
Funded ratio using uniform assumptions	78.2%
Actuarially Determined Contribution (ADC) using uniform assumptions under PA 202	144,807

Information for Summary Report (actuarially determined contribution)	06/30/2022
Normal Cost	14,300
Valuation payroll for active employees	48,532
Normal cost as a percent of covered payroll	29.5%
2-year amortization of unfunded liability	126,289
Actuarially Determined Contribution under GASB	144,807

Current bond rates support using 3.0% for the bond rate assumption which, together with 6.85% or less for investment return will satisfy both GASB and PA 202. The PA 202 requirement for annual salary increases is a minimum of 3.50% unless a study supports a lower rate. We have used a discount rate of 6.00% and no salary scale for both GASB and PA 202.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions Used in Calculation of Actuarially Determined Contribution on page 8

These are the assumptions used for the ongoing valuation calculations, unless otherwise noted.

Valuation date July 1, 2021

Actuarial methods:

Cost method Unit Credit

Asset valuation method Market value

Actuarial assumptions:

Retirement age Age 65

Interest rate: 6.0% 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 valued None

Administrative experience Prior year, rounded to nearest \$100

Data collection:

Date and form of data All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Changes since prior valuation Mortality updated to public pension tables

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Differences Between Expected and Actual Experience

Amount Recognized in Year Ended June 30,

Year Ended June 30,	Difference Between Expected and Actual Experience	Recognition Period (Years)	Amount Recognized in Year Ended June 30,						Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027+		
2022	(28,168)	1.00	<u>(28,168)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Recognized in Pension Expense			(28,168)	0	0	0	0	0	0	0

Schedule of Changes in Assumptions

Amount Recognized in Year Ended June 30,

Year Ended June 30,	Changes in Assumptions	Recognition Period (Years)	Amount Recognized in Year Ended June 30,						Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027+		
2022	(13,943)	1.00	<u>(13,943)</u>	<u>0</u>	<u>0</u>	0	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Recognized in Pension Expense			(13,943)	0	0	0	0	0	0	0

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule Of Differences Between Projected and Actual Earnings on Pension Plan Investments

Amount Recognized in Year Ended June 30,

Year Ended June 30,	Difference Between Expected and Actual Earnings on Pension Assets	Recognition Period (Years)	Amount Recognized in Year Ended June 30,						Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027+		
2018	20,338	5.00	4,066	0	0	0	0	0	0	0
2019	77,108	5.00	15,422	15,420	0	0	0	0	15,420	0
2020	46,394	5.00	9,279	9,279	9,278	0	0	0	18,557	0
2021	(337,168)	5.00	(67,434)	(67,434)	(67,434)	(67,432)	0	0	0	(202,300)
2022	404,031	5.00	80,806	80,806	80,806	80,806	80,807	0	323,225	0
Net Recognized in Pension Expense			42,139	38,071	22,650	13,374	80,807	0	357,202	(202,300)

12

Amount Recognized in Year Ended June 30,

	2023	2024	2025	2026	2027+
Total Deferred Outflow/(Inflow) of Resources	38,071	22,650	13,374	80,807	0

SUMMARY OF PLAN PROVISIONS

Plan name	Interurban Transit Partnership Pension Plan	
Plan effective date	July 1, 1977	
Most recent amendment effective date (execution date)	July 1, 2016 (June 20, 2016)	
Eligibility provisions:		
Participation	Age 21 and 12 consecutive months of employment in which 1,000 hours worked; participation frozen after July 1, 2000	
Normal retirement	Later of age 65 or 5th anniversary of participation	
Early retirement	Age 55 with 10 years of benefit service	
Special early retirement windows (2002, 2003 and 2012)	<p>In 2002 and 2003, enhanced early retirement incentives were provided for eligible electing employees</p> <p>In 2012, un-reduced early retirement benefits were provided to eligible electing employees under the 2012 Early Retirement Incentive Plan</p> <p>In 2016, unreduced early retirement benefits were provided to eligible electing employees under the 2016 Early Retirement Incentive Plan</p>	
Late retirement	Retirement after normal retirement date	
Vesting schedule	5 years, 100% vested or if at least 3 years vesting service as of December 10, 1997:	
	Years of Vested Service	Vesting Percent
	3	20%
	4	40
	5 or more	100
Disability	Totally disabled	
Pre-retirement death:		
Annuity to surviving spouse	Death after becoming eligible for a non-forfeitable benefit	
Lump sum	Death after becoming eligible for a non-forfeitable benefit	

SUMMARY OF PLAN PROVISIONS

Benefit amounts:

Normal retirement:	50% of final average monthly compensation; benefit frozen June 30, 2016
Maximum benefit	IRC Section 415 limits
Early retirement	Accrued benefit payable at normal retirement date; or a benefit reduced by 0.25% for each complete calendar month by which the benefit commencement date precedes age 65, if commenced prior to such date
Special early retirement window	<p>The 2002 early retirement window benefit was the accrued benefit without reduction for early commencement (if qualified); the 2003 early retirement window benefit was the normally reduced benefit plus a temporary monthly benefit of \$1,000 (or the primary Social Security if less)</p> <p>The 2012 early retirement window benefit was the accrued retirement amount unreduced for early commencement</p> <p>The 2016 early retirement window benefit was the accrued retirement amount unreduced for early commencement</p>
Late retirement	Greater of accrued benefit based on service to actual retirement date or actuarial equivalent of the normal retirement benefit
Vested termination	Applicable percentage of accrued benefit payable at normal retirement date
Disability	Applicable percentage accrued normal retirement benefit payable the first day of the month immediately following disability certification
Pre-retirement death:	
Annuity to spouse	50% of the benefit that would have been payable to the participant at the participant's early retirement age under the Joint and 50% Survivor form of payment, had the participant terminated employment the day before death occurred
Lump sum	Present value of the participant's accrued benefit (determined as of the day before the participant's death)

SUMMARY OF PLAN PROVISIONS

Definitions:

Accrued benefit	An amount equal to the normal retirement benefit multiplied by a fraction, the numerator being accrued benefit service, and the denominator being total service if participant continues service to date of normal retirement; accrued benefits frozen June 30, 2016
Actuarial equivalence:	
Annuity	Unisex Pension - 1984 Table; 6% interest
Lump sums	Applicable mortality table and applicable interest rate under IRC §417(e)(3); interest rate is specified as the annual rate published by IRS for the May before the plan year of distribution
Average compensation	Total compensation averaged over the 5 highest paid consecutive years during 10 years preceding termination of employment
Entry dates	January 1 and July 1 following date of eligibility
Years of service for:	
Eligibility purposes	12 months in which 1,000 hours worked
Vesting purposes	Plan year in which 1,000 hours
Benefit purposes	Plan year in which 1,000 hours worked (union service is counted; union benefit offsets benefit in this plan); benefit service frozen June 30, 2016
Unreduced payment form	Life annuity
Optional payment forms	Joint and 50% Survivor, Joint and 100% Survivor, Joint and 66-2/3% Survivor, Period Certain and lump sum
Changes since prior valuation	None
Other qualified retirement plans	Interurban Transit Partnership Union Pension Plan Interurban Transit Partnership Defined Contribution Plan

GLOSSARY

A number of special terms and concepts are used in connection with pension plans and the pension accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Accrued Benefit - Each participant has an accrued benefit under the plan. This is the amount of monthly benefit already earned. It is based on past employment with the company and is payable at normal retirement.

Actuarial Cost Method - This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets Date – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total Pension Liability, Fiduciary Net Position, and Net Pension Liability are determined. For GASB 67, the measurement date is the plan's current fiscal year end.

Net Pension Liability (NPL) – The Total Pension Liability less the Plan Fiduciary Net Position.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Pension Expense (PE) – The change in the Net Pension Liability (NPL) recognized in the current measurement period. Changes to the NPL not fully recognized in a given year's pension expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the pension expense over time.

Present Value - The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Present Value of Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current accrued benefits.

GLOSSARY

Present Value of Vested Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current vested benefits.

Projected Benefit Obligation - The value of benefits earned to the measurement date, but based on anticipated salary levels at retirement, computed in accordance with GAAP accounting rules.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive employees as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Service Cost - The value of benefits earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total Pension Liability (TPL) – The actuarial present value of the accrued benefit determined under the entry age actuarial cost method calculated using the Blended Single Equivalent Discount Rate.

September 30, 2022

PERSONAL & CONFIDENTIAL

Ms. Linda Medina
Interurban Transit Partnership
300 Ellsworth Avenue, S.E.
Grand Rapids, MI 49503-2783

RE: Interurban Transit Partnership and Amalgamated Transit Union Pension Plan

Dear Linda:

Attached to this email is a copy of your actuarial valuation report for the plan year beginning July 1, 2022. The report contains information regarding required and recommended funding of the plan.

In addition, we hope that the content of the report will assist you with your management of the plan and be a resource for other planning purposes. If you would like additional information not contained in the report, please don't hesitate to contact us.

If you require hard copies of the report, please let us know and we will be happy to mail them to you.

If you have any questions, please call me at (616) 742-9242 or email me at tschnabel@watkinsross.com.

Sincerely,



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary

Enclosures

cc: John LaFramboise – BDO

Interurban Transit Partnership and Amalgamated Transit Union Pension Plan

Actuarial Valuation Report

for the Plan Year Beginning July 1, 2022



Report presented by:



September 2022

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INTRODUCTION

This report contains much of the information about your organization's defined benefit pension plan that is required for ongoing operational compliance with federal regulations. It includes information about contributions, about the plan's current funded status, and about those individuals who are covered by the plan and their benefits.

Because your plan is a defined benefit plan, it states benefits in terms of providing a certain level of monthly income payable to employees when they retire. Even if your plan permits employees to elect a lump sum settlement in exchange for their promised retirement income, there is always an uncertainty about precisely how much money will be needed at a future date to fund their benefits. That uncertainty is the primary reason for conducting this actuarial valuation, to estimate the benefits that will ultimately be paid, and to establish a long-term plan to fund the benefits through regular annual contributions. Unfortunately, that process encompasses the theoretical and technical aspects of defined benefit plans, including actuarial mathematics, which frequently confuse and frustrate plan sponsors and employees who are covered by them.

Plan sponsors and participants are usually more interested in the practical aspect of their plans, such as current funding requirements, allocation of contributions to groups of employees, and the benefits earned to date. Some of that information is also presented in this report. It is important to understand, however, the distinction that exists between participants earning benefits in a defined benefit plan and the sponsor's funding of those benefits by making regular contributions. Employees earn **current** benefits based on specific personal data and fixed formulas defined by the plan. Contributions, on the other hand, are actuarially determined based on estimates of what **future** benefits might be. For that reason, contributions are not allocated to specific employees at the time they are made. Instead, they are pooled in a single account from which benefits are paid when individual employees terminate their employment. The necessary consequence of this timing difference is that plan assets will sometimes be more than the value of the benefits employees have earned to date, and sometimes less. This relationship between plan assets and benefits (plan liabilities) is often discussed in terms of "funded status."

Understanding this difference between benefits and contributions is key to understanding the nature of your defined benefit plan, and we trust that the information presented herein will help you to better understand how your plan operates and the benefits it provides.

CERTIFICATION OF RESULTS

Plan Name: Interurban Transit Partnership and Amalgamated Transit Union Pension Plan
Plan Year: July 1, 2022 through June 30, 2023

This report was prepared on behalf of **Interurban Transit Partnership** on the basis of employee data, asset statements and plan documents provided by the plan sponsor or its representatives. We relied upon the data as submitted, without formal audit. However, the data was tested for reasonableness, and we have no reason to believe that any other information which would have had a material effect on the results of this valuation was overlooked.

Therefore, to the best of our knowledge and belief, the information presented in this report is complete and accurate, and in our opinion, each assumption used represents our best estimate of anticipated experience under the plan. Furthermore, each assumption used (taking into account past experience and future expectations) is reasonable, or would in the aggregate result in a total contribution equivalent to that which would be determined if each assumption were reasonable.

Prepared by:



Kayla Morrish
Senior Pension Analyst

Reviewed by:



Glen W. Bradley
Senior Pension Analyst

Certified by:



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary #20-06116

09/30/2022

Date

EXECUTIVE SUMMARY

Overview of Results

	07/01/2022	07/01/2021
Present value of projected benefits	\$ 13,449,564	\$ 13,641,144
Accrued liability	13,449,564	13,641,144
Actuarial value of assets	11,701,434	11,462,399
Normal Cost	26,000	27,000
Employer Contribution Alternatives		
Low-range contribution	\$ 165,785	\$ 201,043
Mid-range contribution	262,597	321,702
High-range contribution	434,668	536,160
Funded Status – Lump Sum Basis		
Value of vested benefits	\$ 17,806,672	\$ 21,839,699
Value of all accrued benefits	17,872,552	21,984,515
Market value of assets	11,001,986	13,147,524
Accrued benefit funded ratio	61.5%	59.8%
Participant Data		
Number of Participants:		
Active	165	198
Terminated vested	160	135
Retirees and beneficiaries ¹	<u>136</u>	<u>138</u>
Total	461	471

¹ Excludes Alternate Payee(s) receiving benefits per a QDRO

EXECUTIVE SUMMARY

Analysis of Results

Contributions

The ultimate funding objective for any defined benefit plan is to accumulate, over time, sufficient funds to pay the benefits which participants earn. However, because it is impossible to know the exact ultimate liability of a defined benefit plan until the last benefit payment is made, current funding recommendations must be estimated by making projections as to future benefits with the use of assumptions about future events, including anticipated future investment earnings. An annual contribution should be viewed simply as a payment against a future contingent liability within the broader context of the other information presented in this report.

The current year recommended employer contribution is \$262,597, which is based on the current year's normal cost plus 10-year amortization of the unfunded. The normal cost consists of annual plan expenses paid from plan assets. The actual rate of return on plan assets was 4.42% compared to 6.50% assumed return.

As a governmental entity, you still have flexibility in the actual contribution amount (maximum deduction and minimum funding rules do not apply). We are providing three alternative contribution levels based on 25-year, 10-year, and 5-year amortization of the unfunded liabilities. In determining your actual contributions, consider the time period over which you want to "pay off" past service liabilities. You may also consider that the new accounting (GASB) rules, which require amortization of actuarial gains and losses over average future service (5 years for asset gains or losses) to be recognized as an expense. Although you are not required to make contributions on the same basis as the expense, it may be desirable to consider how your funding contributions relate to the expenses you record each year.

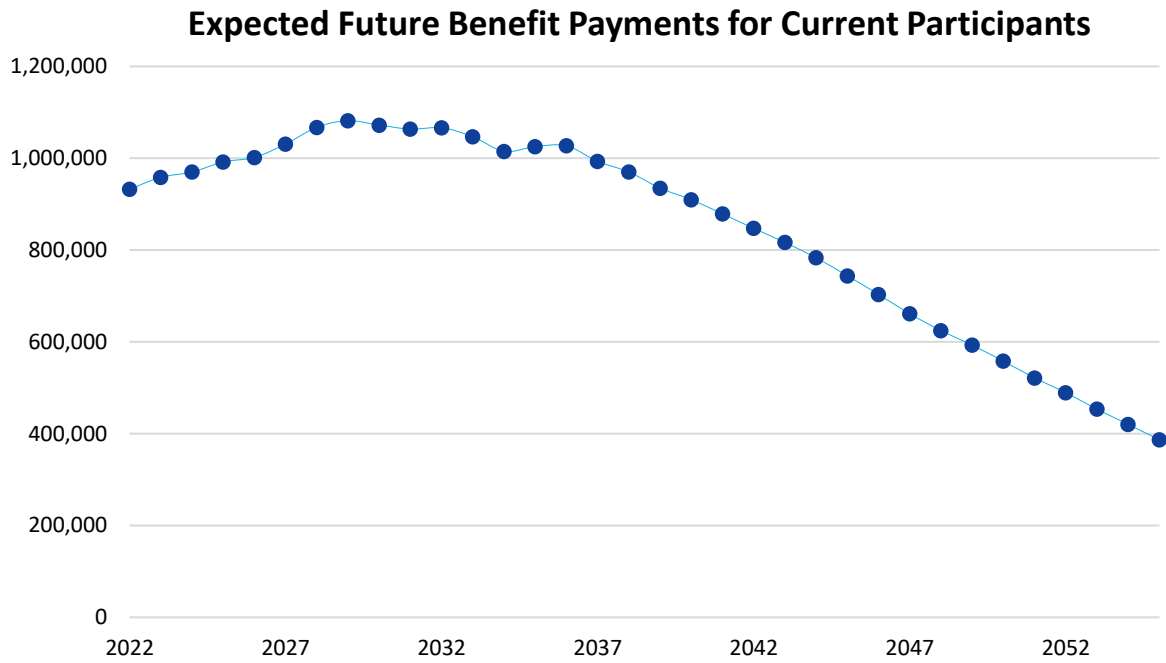
Funded Status

At the valuation date, the ratio of current market assets to present value of all accrued benefits was 61.5%. This ratio was computed on the basis that the plan was terminated on the valuation date and lump sum distributions were made to all eligible employees using interest rates that were in effect at that time. When this ratio is less than 100% it indicates that the plan was "underfunded" on a termination basis. This measure of funded status of your plan may change significantly from one year to the next, because the funded ratio depends on many variables, including how long the plan has been in effect, current interest rates, recent pay raises, contributions, investment experience or benefit distributions, etc. Thus, while it is useful to assess current status, a low (or high) ratio is not, by itself, indicative of long-term problems for an ongoing plan. Of greater importance is whether current assets and future anticipated contributions are sufficient to pay benefits when due.

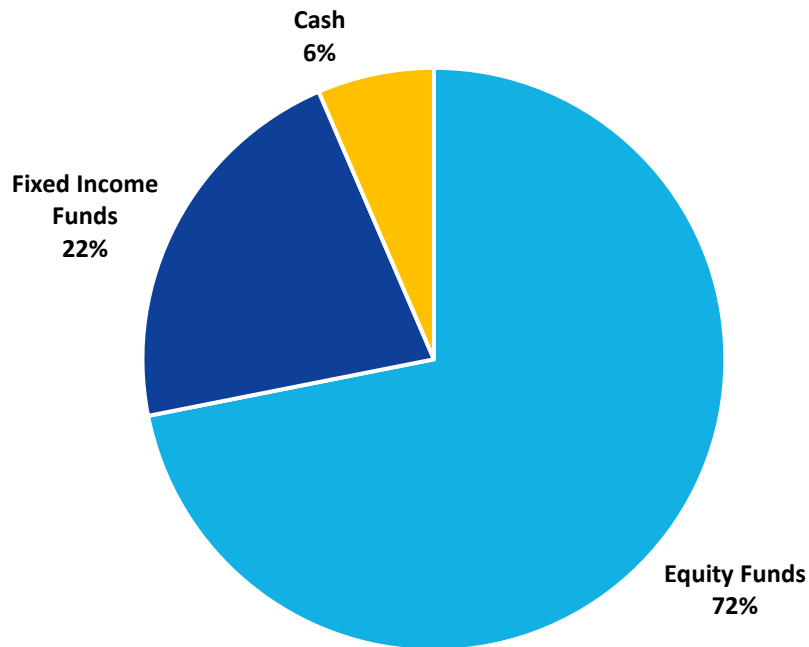
EXECUTIVE SUMMARY

Cash Flow Needs

As of July 1, 2022, there are 137 retirees, beneficiaries or alternate payees receiving monthly benefits totaling \$62,876 monthly, or \$754,512 annually.



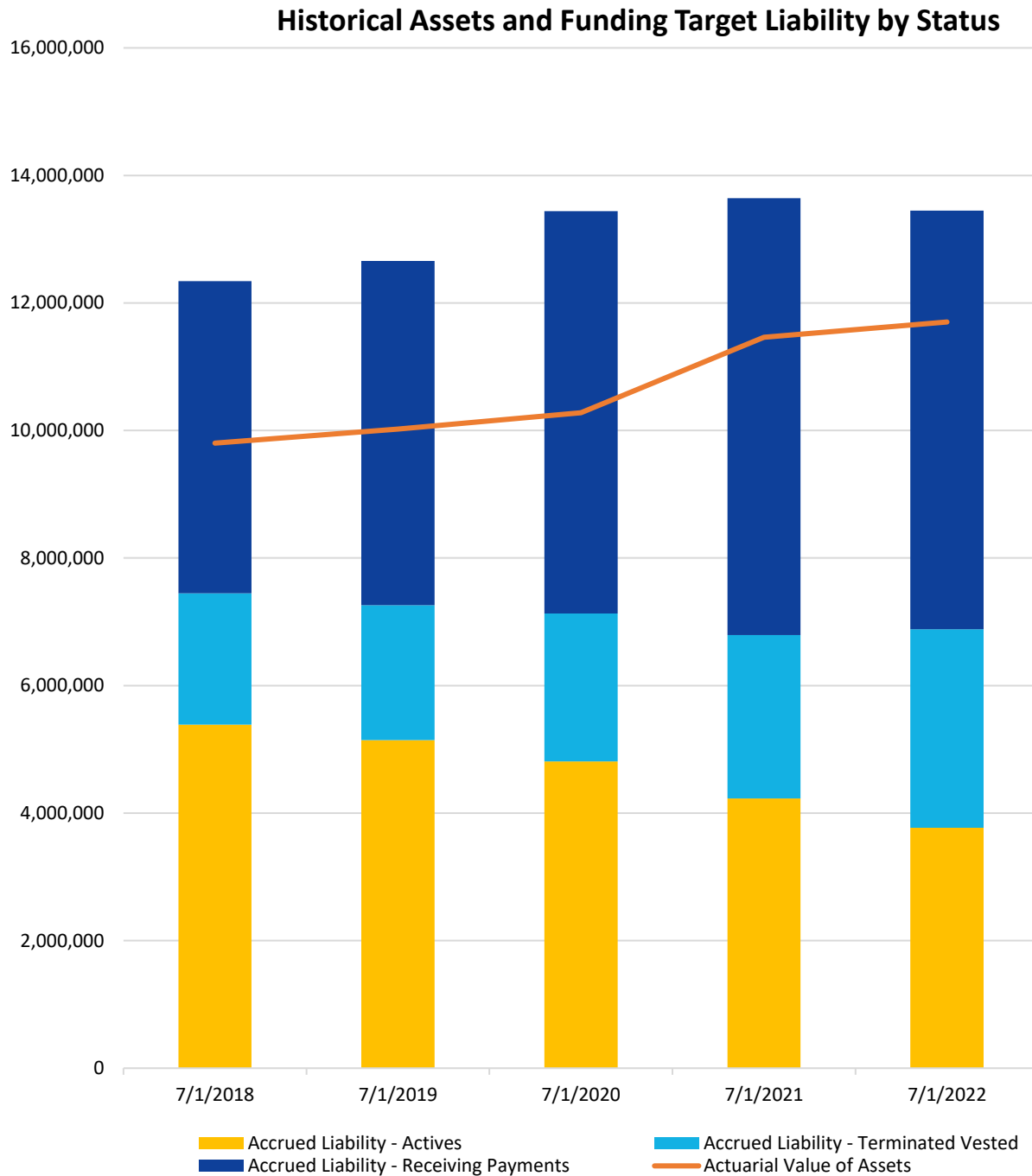
Allocation of Plan Assets



EXECUTIVE SUMMARY

Additional Comments

The chart below shows a breakdown of the historical present values of accrued benefits by source compared to plan assets.



DEVELOPMENT OF PLAN ASSETS

Market Value of Assets

1. Assets at July 1, 2021, excluding accrued contributions		\$ 13,147,524
2. Income:		
a. Employer contributions		
(i) For prior year	\$ 0	
(ii) For current year	536,160	
b. Investment income	309,313	
c. Realized gain/(loss)	2,491,199	
d. Unrealized gain/(loss)	(4,678,610)	
e. Other income (net from prior trustee)	0	
f. Total income		(1,341,938)
3. Distributions:		
a. Monthly benefit payments	768,030	
b. Lump sum payments	0	
c. Investment management fees and trustee fees	10,755	
d. Administrative expenses	24,815	
e. Other Adjustments	0	
f. Total distributions		803,600
4. Transfers (to)/from another plan		0
5. Assets at June 30, 2022, (1)+(2)-(3)		11,001,986
6. Accrued employer discretionary contributions		0
7. Accrued employer contractual contributions		0
8. Market value as of July 1, 2022, (5)+(6)+(7)		11,001,986
9. Average market value		12,898,508
10. Return on assets, (2c)+(2d)+(2e)+(2f)-(3c)+(4)		\$ (1,888,853)
11. Time weighted rate of return, (10)÷(9)		(14.64)%

DEVELOPMENT OF PLAN ASSETS

Actuarial Value of Assets

1. Actuarial value at July 1, 2021, excluding accrued contributions		\$ 11,462,399
2. Income:		
Employer contributions		
(i) For prior year	\$ 0	
(ii) For current year	536,160	
Total contributions		536,160
3. Expenses, including benefit payments, but not investment-related fees		792,845
4. Average actuarial value		11,213,383
5. Expected income 6.5% x (4)		728,870
6. Expected actuarial value, (1)+(2)-(3)+(5)		11,934,584
7. Market value at June 30, 2022		11,001,986
8. Market value excess/(shortfall), (7)-(6)		(932,598)
9. Recognition of excess/(shortfall), 25% x (8)		(233,150)
10. Actuarial value as of July 1, 2022, (6)+(9), but not more than 120% x (7), nor less than 80% x (7)		11,701,434
11. Accrued contributions		0
12. Actuarial value as of July 1, 2022, (10)+(11)		11,701,434
13. Return on Actuarial Value of Assets, (12)-(11)-(1)-(2)+(3)		495,720
14. Time weighted rate of return, (13)÷(4)		4.42%

VALUATION RESULTS

Development of Actuarial Gains and Losses by Source

Expected Unfunded Liability

1. Accrued liability, prior year	\$ 13,641,144
2. Actuarial value of assets, prior year	11,462,399
3. Unfunded accrued liability, prior year, (1)-(2)	2,178,745
4. Normal cost	0
5. Actual expenses, prior year	24,815
6. Interest at 6.50% on (3)+(4)+(5)	143,231
7. Actual contributions for prior year, with interest to end of year	547,726
8. Expected unfunded liability at valuation date, (3)+(4)+(5)+(6)-(7)	1,799,065

Actual Unfunded Liability

1. Accrued liability, at valuation date	13,449,564
2. Actuarial value of assets, at valuation date	11,701,434
3. Actual unfunded liability, (1)-(2)	1,748,130

Total Gain/(Loss) for the Year

Expected unfunded liability – actual unfunded liability	50,935
---	--------

Amount of Gain or (Loss) Attributable to:

1. Asset gain or (loss)	(234,328)
2. Plan amendment	0
3. Change in mortality assumptions	56,342
4. Change in other assumptions	0
5. New participants	0
6. Other demographic changes	228,921
7. Total gain or (loss), (1)+(2)+(3)+(4)+(5)+(6)	\$ 50,935

VALUATION RESULTS

Present Value of Projected Benefits and Normal Cost at Valuation Date

1. Present value of projected benefits:		
a. Active participants	\$ 3,771,585	
b. Retired participants	6,568,503	
c. Terminated vested participants	3,109,476	
d. Total present value		\$ 13,449,564
2. Present value of future normal costs		0
3. Actuarial Liability, (1)-(2)		13,449,564
4. Actuarial asset value		11,701,434
5. Unfunded Liability, (3)-(4)		1,748,130
6. Normal cost		\$ 26,000
a. For benefits	0	
b. For expenses	26,000	

VALUATION RESULTS

Contribution Alternatives

	Low-Range Contribution	Mid-Range Contribution	High-Range Contribution
1. Employer normal cost	26,000	26,000	26,000
2. Unfunded liability	1,748,130	1,748,130	1,748,130
3. Years in amortization	25	10	5
4. Amortization Payment	134,567	228,331	394,986
5. Preliminary Contribution, (1)+(4)	160,567	254,331	420,986
6. Interest on (5) mid- year to end of plan year	5,218	8,266	13,682
7. Anticipated employer contribution, (5)+(6)	165,785	262,597	434,668

VALUATION RESULTS

Present Value of Accumulated Plan Benefits (Lump Sum Basis)

	07/01/2022	07/01/2021
1. Present value of vested benefits:		
a. Active participants	\$ 5,193,014	\$ 7,350,255
b. Terminated vested participants	<u>4,288,560</u>	<u>4,500,515</u>
c. Subtotal	9,481,574	11,850,770
d. Participants receiving payments	<u>8,325,098</u>	<u>9,988,929</u>
e. Total	17,806,672	21,839,699
2. Present value of non-vested benefits	65,880	144,816
3. Present value of accumulated benefits, (1)+(2)	17,872,552	21,984,515
4. Assets available for benefits	11,001,986	13,147,524
5. Unfunded present value of vested benefits, (1)-(4)	6,804,686	8,692,175
6. Unfunded present value of accumulated benefits, (3)-(4)	\$ 6,870,566	\$ 8,836,991
7. Funded Ratio, (4)÷(3)	61.5%	59.8%
Segment interest rates used to value benefits ¹		
a. Segment 1 (years 0-5)	3.23%	0.61%
b. Segment 2 (years 5-20)	4.59%	2.84%
c. Segment 3 (years 20 and after)	4.69%	3.54%

Applicable Mortality Tables

Applicable Table from IRC §417(e)
effective in valuation year

Lump sum values are calculated as if the plan had terminated at the valuation date and all participants were permitted to and had elected to receive a lump sum payment of their benefits, based on the assumptions shown above. All other assumptions were the same as those used in the funding valuation.

¹ 417(e) rates are used for lump sum payments (less than \$5,000) and are used as an estimate of the purchase prices of annuities in case of plan termination.

ADDITIONAL INFORMATION

Reconciliation of Participant Data

This section provides detailed information about plan participants who were included in the current valuation.

	Active	Terminated Vested/Transferred	Retired	Beneficiaries In Pay	Total
Participants included in the 07/01/2021 valuation	198	135	122	16	471
Data Corrections	0	0			0
Terminated Vested	(23)	24	-	-	1
Retired	(4)	0	4	-	0
Died with Beneficiary	(2)	2	0	(1)	(1)
Died without Beneficiary	0	0	(5)	0	(5)
Lump Sum					
Terminated non-vested	(4)	-	-	-	(4)
Transfer out of Union	0	(1)	-	-	(1)
New Participants	0	-	-	-	0
Participants included in the 7/1/2022 valuation	165	160	121	15	461

Participant Summaries

Active Participant Summary

Total participants	165
Average current age	54
Average past service	7
Average projected monthly benefit at normal retirement	\$ 282
Average accrued monthly benefit	\$ 282

Inactive Participant Summary

	Participants Entitled to:	
	Deferred Benefits	Current Benefits
Total participants	160	136
Average current age	54	73
Average monthly benefit	\$268	\$459

ADDITIONAL INFORMATION

Age, Service and Compensation Summary

Age	Under 1	1 – 4	5 – 9	10 – 14	15 - 19	20 - 24	25 & Up	Total
0 – 24								0
25 – 29	1							1
30 – 34	2	3						5
35 – 39	1	7	5					13
40 – 44	4	2	3	2	2			13
45 – 49	4	3	3	5				15
50 – 54	2	10	6	2	3			23
55 – 59	3	10	12	5	6	2	1	39
60 – 64	1	9	15	9	8			42
65 & Up		3	3	4	2	1	1	14
Total	18	47	47	27	21	3	2	165

RISK COMMENTARY, PLAN MATURITY MEASURES & HISTORICAL INFORMATION

Risk Commentary

It is important to understand that all defined benefits plans are exposed to risk. Risk is the potential for actual future valuation results to be significantly different from expected due to future economic and demographic factors being different than assumed.

- Volatility of recommended contributions
- Changes in unfunded liabilities – including changes that effect the State of Michigan Public Act (PA) 202 triggers
- Increased liabilities due to decreases in the GASB discount rate
- Increase/decrease in employee contributions

Following are examples of risk that may be anticipated to significantly affect your plan's future financial condition.

Investment Risk

Lower than expected investment returns could increase future contribution requirements or result in funded status implications under Governmental Accounting Standards Board (GASB) 67/68 reporting or triggering a Corrective Action Plan under State of Michigan Public Act (PA) 202.

Interest Rate Risk

The interest rate used to discount future values is a significant driver in the projection of plan liabilities. When interest rates decrease or increase, assets and liabilities can both be affected.

Asset/liability mismatch

One form of asset/liability mismatch occurs when funds used to pay benefits in the near term are invested in long term products. Liquidity demands can cause the fund to sell investments at inopportune times.

Longevity Risk

Plan participants may live longer or shorter than expected and receive pensions for a period of time other than assumed.

Contributions Risk

Actual future contributions may be different from expected future contributions, for example, because contributions are not made according to the plan's funding policy. A percent-of-pay contribution policy may be impacted by unexpected changes in the number of active participants.

RISK COMMENTARY, PLAN MATURITY MEASURES & HISTORICAL INFORMATION

Maturity Measures

As a plan matures, it will become more sensitive to risk. For example, it will be harder to recover from investment losses with increases in employer contributions, reductions in benefit accruals, or both.

Ratio of Actives to Retirees/Beneficiaries: 1.20

A young plan will have many more actives than retirees resulting in a high ratio. A ratio near 1.0 is a sign of a more mature plan. A very mature or closed plan may have significantly more retirees than actives resulting in a ratio below, or significantly below, 1.0.

Ratio of retired life actuarial liability to total actuarial liability: .49

A ratio near 0.5 means nearly half of all liabilities are due to retirees/beneficiaries, a sign of a mature plan. A ratio significantly more than 0.5 means retiree liability is a vast portion of the total liability, a sign of a very mature plan.

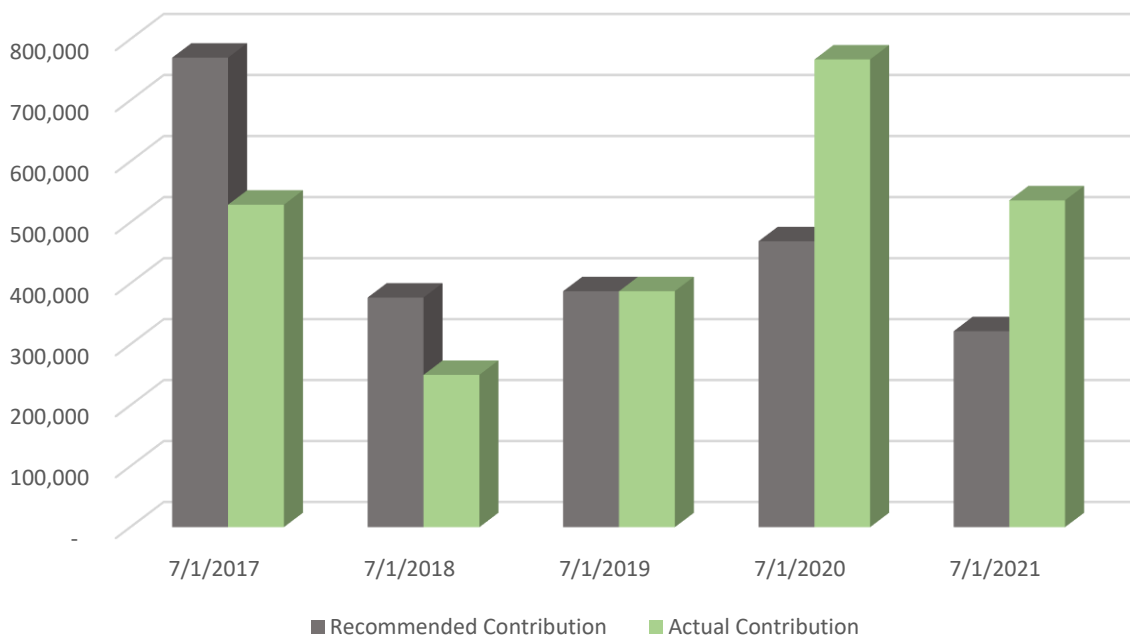
Ratio of benefit payments to contributions: 1.43

A ratio greater than 1.0 indicates all contributions are used to pay benefits and none are available to increase assets. This may be a sign of a mature plan past the accumulation phase.

Historical Information

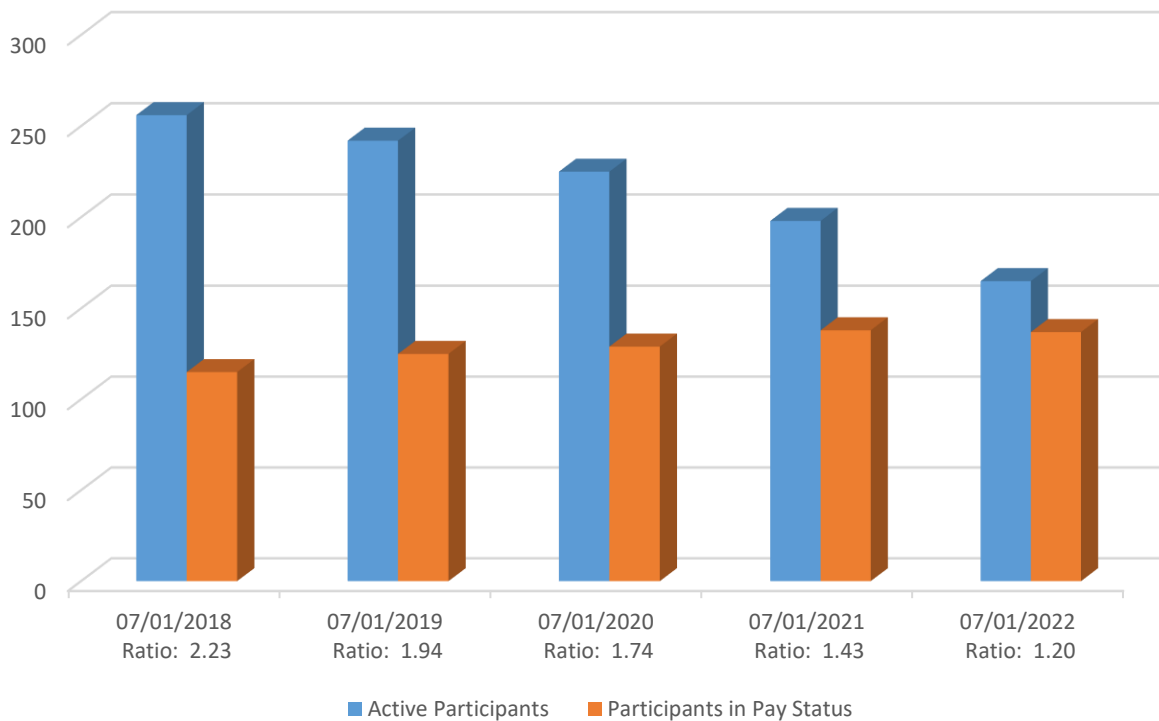
Looking at historical trends helps identify plan risks.

Plan Contributions

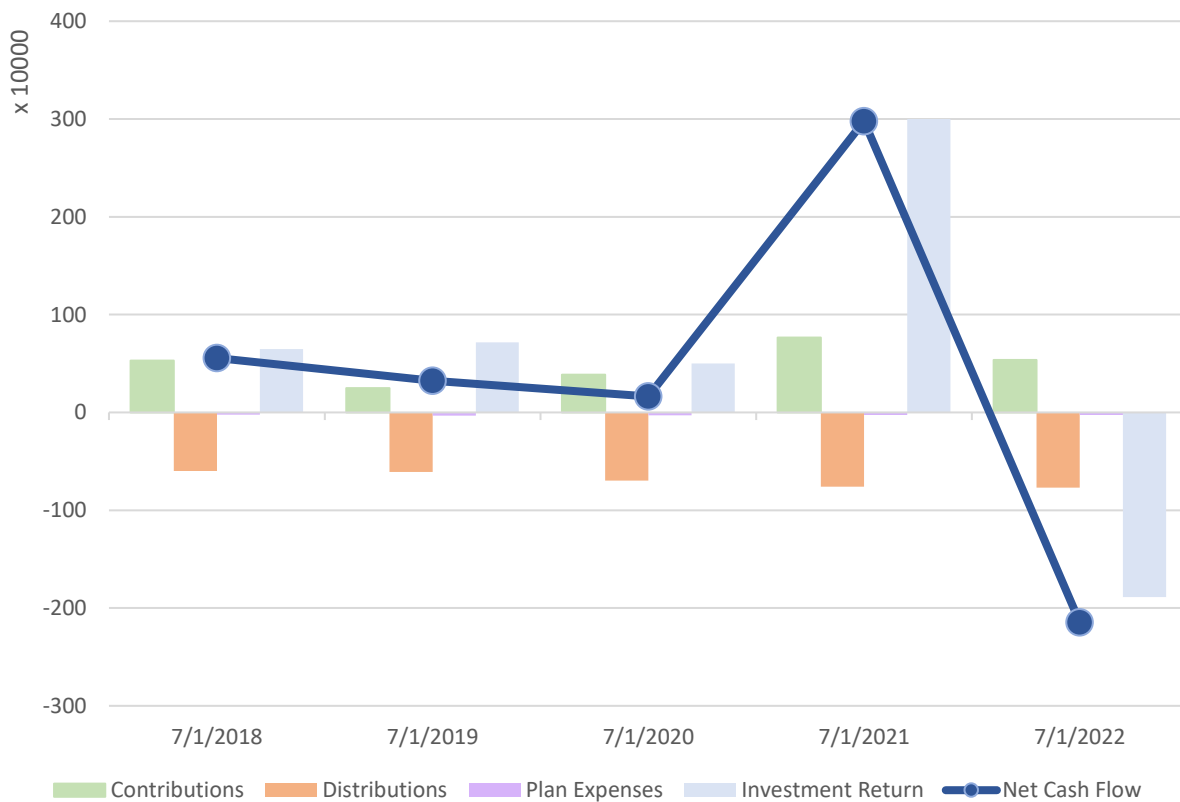


RISK COMMENTARY, PLAN MATURITY MEASURES & HISTORICAL INFORMATION

Active Participants vs Participants in Pay Status



Net Cash Flow



ADDITIONAL INFORMATION

Historical Perspectives

Plan Year Begun On	Present Value of Benefits	Actuarial Value of Assets ¹	Market Value of Assets ¹	Recommended Employer Contribution	Actual Contributions	Benefits Paid	Expenses Paid	Market Rate of Return ²	Actuarial Rate of Return
July 1, 2008	8,352,085	4,634,693	4,305,385	365,813	428,938	272,143	38,267	(10.7)	5.5
July 1, 2009	8,760,764	4,778,864	3,982,387	473,378	410,117	316,701	42,237	11.8	.1
July 1, 2010	9,288,706	5,124,284	4,531,195	476,311	444,095	326,790	43,851	21.1	4.0
July 1, 2011	9,858,352	5,621,032	5,590,154	475,705	505,357	349,588	47,260	(.50)	7.8
July 1, 2012	11,883,935	6,081,674	5,697,925	488,712	552,202	366,639	50,532	10.31	5.7
July 1, 2013	12,953,430	6,667,325	6,456,024	564,196	578,632	396,118	56,615	13.25	6.8
July 1, 2014	14,031,841	7,391,567	7,476,399	623,782	644,907	441,394	60,806	1.05	8.4
July 1, 2015	14,637,053	8,020,446	7,735,907	795,496	644,412	499,710	66,204	(.50)	6.2
July 1, 2016	15,468,656	8,450,644	7,818,029	828,038	987,300	545,433	65,453	11.43	3.9
July 1, 2017	15,515,992	9,345,845	9,127,439	769,777	529,010	597,778	32,948	7.19	5.6
July 1, 2018	12,344,268	9,802,014	9,674,153	376,920	250,000	607,696	28,606	7.69	6.0
July 1, 2019	12,657,135	10,022,395	10,003,546	387,328	387,328	697,478	25,729	5.21	6.5
July 1, 2020	13,440,598	10,277,459	10,169,272	455,490	766,843	759,830	37,184	30.56	6.1
July 1, 2021	13,641,144	11,462,399	13,147,524	321,702	536,160	768,030	35,570	(14.64)	4.4
July 1, 2022	13,449,564	11,701,434	11,001,986	262,597					

¹ Value at beginning of year.

² Time-weighted.

ACTUARIAL COST METHODS AND ASSUMPTIONS

These are the assumptions used for the ongoing valuation calculations, unless otherwise noted.

Valuation date July 1, 2022

Actuarial methods:

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

Actuarial assumptions:

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 later); terminated vested participants are assumed to retire at age 65

Interest rate 6.50% per year

Mortality Public Plan 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 valued Vesting and pre-retirement death

Normal cost expenses (non-investment related) Estimated expense is calculated as the average of prior two year's non-investment related expenses paid from the trust, rounded to the nearest \$1,000

Data collection:

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 None

SUMMARY OF PLAN PROVISIONS

Plan name	Interurban Transit Partnership and Amalgamated Transit Union Pension Plan
Plan effective date	June 7, 1946
Most recent restatement effective date (execution date)	Amended and restated effective July 1, 2013 (January 31, 2014)
2018-1 Amendment	Effective December 11, 2017
Eligibility provisions:	
Participation	60 days after full-time active employment with transit authority and member of union (Division No. 836, amalgamated transit union); participation frozen December 10, 2017
Normal retirement	Age 65; current formula applicable to employees retiring after December 31, 2003
Unreduced early retirement	Age 62 with 15 years of vesting service
Early retirement	Age 60 with 10 years of vesting service
Late retirement	Retirement after normal retirement date
Vesting schedule	5 years, 100% vested
Disability	10 years of vesting service
Pre-retirement death:	
Annuity to surviving spouse	Death after becoming eligible for a non-forfeitable benefit
Lump sum	Employees contributed during years required (prior to July 1, 1984)
Benefit amounts:	
Normal retirement:	
Termination after December 31, 2005	\$34.00 multiplied by total years of benefit service, consistent with the current collective bargaining agreement

SUMMARY OF PLAN PROVISIONS

Prior formula (termination through December 31, 2003)	Accrued benefit based on sum of: (a) \$200, multiplied by the ratio (not to exceed 1.0) which the years of benefit service bears to 15 years or if greater, total years to age 65 (b) \$5.45 multiplied by years of benefit service earned after July 1, 1983 and prior to July 1, 1988 (c) \$25.00 multiplied by benefit service earned after July 1, 1988
Minimum benefit	Accrued benefit under prior formula as of December 31, 2003
Maximum benefit	IRC Section 415 limits
Unreduced early retirement	Accrued benefit payable immediately
Early retirement (if reduction applies)	Accrued benefit payable at normal retirement date; or a benefit reduced by 0.5% for each complete calendar month by which the benefit commencement date precedes age 65, if commenced prior to such date
Late retirement	Greater of accrued benefit based on service to actual retirement date or actuarial equivalent of the normal retirement benefit
Vested termination	Applicable percentage of accrued benefit payable at normal retirement date
Disability	Accrued normal retirement benefit payable the first day of the month immediately following disability certification
Pre-retirement death:	
Annuity to spouse	50% of the benefit that would have been payable to the participant at the participant's early retirement age under the Joint and 50% Survivor form of payment, had the participant terminated employment the day before death occurred (the joint benefit is 86% of the accrued normal retirement benefit where such percentage is increased by 1% up to a maximum of 98% for each 12 months the spouse's age exceeds the participant's age, and decreased by 1% for each 12 months the spouse's age is less than the participant's age)

SUMMARY OF PLAN PROVISIONS

Lump sum	Amount equal to employee contributions plus interest; if paid, the monthly annuity to the spouse is reduced accordingly
Definitions:	
Accrued benefit	An amount equal to the normal retirement benefit calculated using benefit service at date of determination; accrued benefit frozen December 10, 2017
Actuarial equivalence:	
General	Unisex Pension - 1984 Table; 6% interest (set back 3 years for beneficiaries)
Entry dates	1st of month following 60 days of eligibility service
Years of service for:	
Eligibility purposes	60 days after full-time employment as union member
Vesting purposes	Employment in any plan year as full-time union member (elapsed time method); 1/12 year for each 30-day period
Benefit purposes	Employment in any plan year as full-time union member (elapsed time method); 1/12 year for each 30-day period; benefit service frozen December 10, 2017
Unreduced payment form	Life annuity
Optional annuity payment forms	Joint and 50% Survivor
Changes since prior valuation	Plan participation and benefit accruals frozen effective December 2017
Employer contribution rates	Collectively bargained contributions will go into the Defined Contribution plan effective 2018

GLOSSARY

A number of special terms and concepts are used in connection with pension plans and the actuarial valuation report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Accrued Benefit - Each participant has an accrued benefit under the plan. This is the amount of monthly benefit already earned. It is based on past employment with the plan sponsor and is payable at normal retirement.

Actuarial Cost Method - This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Actuarial Gain or Loss - The dollar value of the variations of past experience from the actuarial assumptions. For example, an actuarial gain will result if investment income is greater than expected income, or if employee turnover is greater than expected, or if salary increases are lower than expected salary increases. Expectations are expressed in the form of actuarial assumptions.

Accrued Liability - For active employees, this represents the excess of the present value of projected benefits over the present value of future normal costs. For retired or terminated vested employees, it represents the present value of all future benefit payments. The actuarial liability is compared to the valuation assets of the plan to determine the unfunded actuarial liability.

Actuarial Value of Assets - The amount of assets recognized for actuarial valuation purposes. Recent changes in the market value of assets may be partially recognized.

Amortization - Whenever the assets or the accrued liability change due to an actuarial gain or loss or a change in the plan or actuarial assumptions, that change is amortized over a period of future years. The amortization can be handled much as a mortgage is repaid, with fixed annual deposits or by including the gain or loss as part of all future normal costs. The method of treatment is determined by the actuarial method which is being used.

Market Value of Assets - The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Normal Cost - That portion of the total present value of projected benefits which is allocated to the current year by the specific actuarial cost method being used.

Present Value - The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

Present Value of Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current accrued benefits.

GLOSSARY

Present Value of Future Normal Costs - The discounted value of all future normal costs.

Present Value of Projected Benefits - The discounted value of all future monthly benefits which are expected to be paid from the plan. It includes the value of benefits expected to be earned for future periods of employment.

Present Value of Vested Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current vested benefits.

Projected Benefit - The estimated monthly benefit which will become payable at normal retirement date, assuming that the participant continues working full time until then.

Vested Benefit - A percentage of the accrued benefit. It may range from zero up to the full accrued benefit, based upon past service with the employer and the vesting schedule in the plan.

September 30, 2022

PERSONAL & CONFIDENTIAL

Ms. Linda Medina
Interurban Transit Partnership
300 Ellsworth Avenue, S.W.
Grand Rapids, MI 49503-2783

RE: Interurban Transit Partnership and Amalgamated Trust Union Pension Plan

Dear Linda:

Enclosed is a copy of your pension accounting report for the employer's fiscal year ending September 30, 2022. This information is intended to assist you in complying with Governmental Accounting Standards Board Statement No. 67 (GASB 67) Financial Reporting for Pension Plans, and Statement No. 68 (GASB 68) Accounting and Financial Reporting for Pensions.

If you have any questions, please call me at (616) 742-9242 or email me at tschnabel@watkinsross.com.

Sincerely,



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary

Enclosure

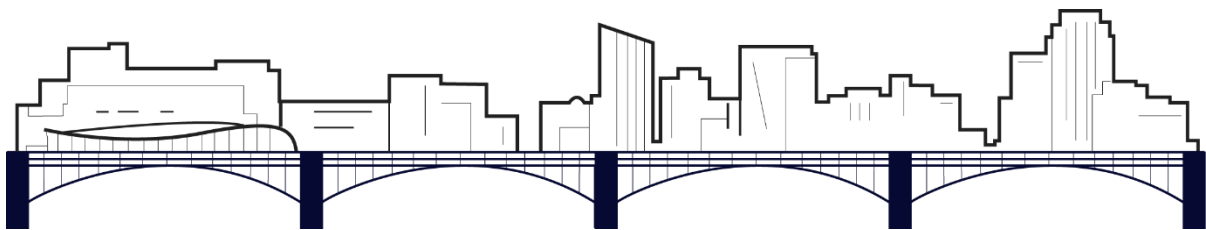
cc: John LaFramboise - BDO

Interurban Transit Partnership And Amalgamated Transit Union Pension Plan

Pension Accounting Report

for the Employer's Fiscal Year Ending September 30, 2022

under GASB Statements 67 & 68



Report presented by:



September 2022

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INTRODUCTION AND CERTIFICATION

The schedules included in this report have been prepared in order to provide the information necessary to comply with Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68. This information may, at the discretion of management of the plan sponsor and its auditor, be used for the preparation of its financial statements. The calculations herein have been made based on our understanding of GASB 67 and 68, and may be inappropriate for other purposes.

The calculations summarized in this report involve actuarial calculations that require assumptions about future events. We believe that the assumptions used in the report are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate, and their use would produce different results.

This report is a supplement to the regular annual actuarial valuation report issued under separate cover. The regular report contains additional information and details related to plan provisions and recommended contribution calculations.

This report was prepared on the basis of participant data and asset values as reported to us by the plan sponsor. Watkins Ross relied upon the data as submitted, and has no reason to believe that any information, which would have a material effect on the results of this valuation, was not considered in the preparation of the report.

The enrolled actuary certifying this report represents himself as meeting the Qualification Standards of the American Academy of Actuaries to render actuarial opinions contained in the report.

Prepared by:



Kayla Morrish
Senior Pension Analyst

Certified by:



Troy A. Schnabel, ASA, MAAA
Enrolled Actuary #20-06116

PLAN DESCRIPTION

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expenses, information about the fiduciary net position of the Interurban Transit Partnership and Amalgamated Trust Union Pension Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by Interurban Transit Partnership. For this purpose, benefits payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

Interurban Transit Partnership administers the interurban Transit Partnership and 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 currently closed to new participants. Management of the plan is the responsibility of the Finance Director and Benefit Services Director.

Benefits Provided

For the active participants in the plan: \$34.00 multiplied by total years of benefit service. Benefits were frozen December 10, 2017.

Summary of Plan Participants

As of July 1, 2021, and July 1, 2022, Retirement Plan membership consisted of the following:

	2021	2022
Inactive plan members receiving benefits	138	136
Inactive members entitled to, not yet receiving benefits	135	160
Active plan members	<u>198</u>	<u>165</u>
Total participants	471	461

Contributions

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. Interurban Transit Partnership 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. Interurban Transit Partnership is required to contribute the actuarially determined amount.

ASSUMPTIONS AND METHODS

The pension liability was valued and measured as of June 30, 2022.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2022, and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Investment rate of return	6.50%
Mortality	SOA RP-2014 adjusted to 2006 Mortality Table for Blue-Collar Employees with MP-2020 Improvement Scale

The long-term expected rate 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of June 30, 2022 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	50%	7.50%
International Equity	15%	8.50%
Domestic Bonds	20%	2.50%
International Bonds	5%	3.50%
Real Estate	10%	4.50%

The Employer, as Plan Sponsor and Investment Fiduciary, has chosen for the Plan an asset mix intended to meet or exceed a long-term rate of return of 6.50%.

ASSUMPTIONS AND METHODS

Discount Rate

The discount rate used to measure the total pension liability was **6.50%**. Based on those assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make all project 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 that yields the same present value of benefits is calculated. This discount rate is used to determine the Total Pension Liability. The discount rate used in last year's reporting was 6.50%.

NET PENSION LIABILITY

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance on June 30, 2021	13,641,144	13,147,524	493,620
Changes during the Year			
Service Cost	0		0
Interest	861,713		861,713
Experience (Gains)/Losses	(228,921)		(228,921)
Contributions – Employer		536,160	(536,160)
– Employee		0	0
Assumption Change	(56,342)		(56,342)
Net Investment Income		(1,888,853)	1,888,853
Benefit Payments	(768,030)	(768,030)	0
Administrative Expenses		(24,815)	24,815
Plan Amendment/Method	0	0	0
Total Changes	(191,580)	(2,145,538)	1,953,958
Balance on June 30, 2022	13,449,564	11,001,986	2,447,578

Net Pension Liability – Discount Rate Sensitivities

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (NPL) of Interurban Transit Partnership, calculated using the discount rate of 6.50%, as well as what Interurban Transit Partnership's net pension liability would be if it were calculated using a discount rate that is 1% percentage point lower (5.50%) or 1 percentage point higher (7.50%) than the current rate:

	1% Decrease, 5.50%	Current Rate, 6.50%	1% Increase, 7.50%
Total Pension Liability	\$ 14,933,069	\$ 13,449,564	\$ 12,207,070
Plan Fiduciary Net Position	<u>(11,001,986)</u>	<u>(11,001,986)</u>	<u>(11,001,986)</u>
Net Pension Liability	3,931,083	2,447,578	1,205,084

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the financial report which is issued separately.

NET PENSION LIABILITY

Deferred Inflows and Outflows of Resources Related to the Pension Plan

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	238,503	319,180
Changes of Assumptions	607,660	2,300,949
Net difference between projected and actual earnings	<u>820,098</u>	<u>0</u>
Total	\$ 1,666,261	\$2,620,129

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

Year Ended June 30,	
2023	\$ (506,611)
2024	(460,793)
2025	(410,536)
2026	251,736
2027	79,676
Thereafter	92,660

PENSION EXPENSE

Components of Pension Expense as of the June 30, 2022, Measurement Date

Below are the components of the Total Pension Expense:

	Measurement Date June 30, 2022
Service Cost	\$ 0
Interest on Total Pension Liability	861,713
Experience (Gains)/Losses	(86,475)
Changes of Assumptions	(507,086)
Employee Contributions	0
Projected Earnings on Pension Plan Investments	(846,247)
Investment Earnings (Gains)/Losses	74,172
Administrative Expenses	24,815
Plan Amendment	<u>0</u>
Total Pension Expense	\$ (479,108)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Changes in the Net Pension Liability

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total Pension Liability					
Service Cost	0	0	0	0	424,425
Interest	861,713	848,945	800,046	782,627	823,542
Changes of Benefit Terms	0	0	0	0	(1,612,940)
Difference between Expected and Actual Experience	(228,921)	111,431	43,263	194,529	25,377
Change of Assumptions	(56,342)	0	637,632	(56,593)	373,105
Benefit Payments	(768,030)	(759,830)	(697,478)	(607,696)	(597,778)
Net Change in Total Pension Liability	(191,580)	200,546	783,463	312,867	(564,269)
Total Pension Liability – Beginning	13,641,144	13,440,598	12,657,135	12,344,268	12,908,537
Total Pension Liability – Ending (a)	13,449,564	13,641,144	13,440,598	12,657,135	12,344,268
Plan Fiduciary Net Position					
Contributions – Employer	536,160	766,843	387,328	250,000	529,010
Contributions – Employee	0	0	0	0	0
Net Investment Income	(1,888,853)	2,998,961	501,605	715,695	648,430
Benefit Payments	(768,030)	(759,830)	(697,478)	(607,696)	(597,778)
Administrative Expenses	(24,815)	(27,722)	(25,729)	(28,606)	(32,948)
Other	0	0	0	0	0
Net Change in Fiduciary Net Position	(2,145,538)	2,978,252	165,726	329,393	546,714
Plan Fiduciary Net Position – Beginning	13,147,524	10,169,272	10,003,546	9,674,153	9,127,439
Plan Fiduciary Net Position – Ending (b)	11,001,986	13,147,524	10,169,272	10,003,546	9,674,153
Net Pension Liability – Ending (a)-(b)	2,447,578	493,620	3,271,326	2,653,589	2,670,115
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.8%	96.4%	75.7%	79.0%	78.4%

	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability				
Service Cost	623,310	628,910	787,815	758,609
Interest	740,441	686,559	650,711	613,988
Changes of Benefit Terms	N/A	N/A	N/A	N/A
Difference between Expected and Actual Experience	(261,781)	(51,400)	(158,069)	N/A
Change of Assumptions	(2,723,243)	(465,876)	(3,184,578)	N/A
Benefit Payments	(545,433)	(499,710)	(441,394)	(396,118)
Net Change in Total Pension Liability	(2,166,706)	298,483	(2,345,515)	967,479
Total Pension Liability – Beginning	15,075,243	14,776,760	17,122,275	16,145,796
Total Pension Liability – Ending (a)	12,908,537	15,075,243	14,776,760	17,122,275
Plan Fiduciary Net Position				
Contributions – Employer	987,300	644,412	644,907	578,632
Contributions – Employee	0	0	0	0
Net Investment Income	889,974	(36,996)	78,864	860,807
Benefit Payments	(545,433)	(499,710)	(441,394)	(396,118)
Administrative Expenses	(22,431)	(25,584)	(22,869)	(22,946)
Other	0	0	0	0
Net Change in Fiduciary Net Position	1,309,410	82,122	259,508	1,020,375
Plan Fiduciary Net Position – Beginning	7,818,029	7,735,907	7,476,399	6,456,024
Plan Fiduciary Net Position – Ending (b)	9,127,439	7,818,029	7,735,907	7,476,399
Net Pension Liability – Ending (a)-(b)	3,781,098	7,257,214	7,040,853	9,645,876
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	70.7%	51.9%	52.3%	43.7%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule Of Employer Contributions

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially Determined Employer Contribution	321,702	455,490	387,328	376,920	735,101
Employer Contribution	536,160	766,843	387,328	250,000	529,010
Contribution Deficiency/(Excess)	(214,458)	(311,353)	0	126,920	206,091

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Actuarially Determined Employer Contribution	775,392	746,846	584,391	529,618
Employer Contribution	987,300	644,412	644,907	578,632
Contribution Deficiency/(Excess)	(211,908)	102,434	(60,516)	(49,014)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

State of Michigan Public Acts 530 and 202 Information

Financial information	06/30/2022
Assets (Fiduciary net position)	11,001,986
Liabilities (Total Pension Liability)	13,449,564
Funded ratio for the Plan Year	81.8%
Actuarially Determined Contribution (ADC)	321,702
Membership	06/30/2022
Active members	165
Terminated Vested	160
Retirees and Beneficiaries	136
Investment Performance	
Actual rate of return – prior 1-year	(14.6)%
Actual rate of return – prior 5-years	5.7%
Actual rate of return – prior 10-years	6.0%
Actuarial Assumptions	06/30/2022
Actuarially assumed rate of investment return	6.50%
Discount rate	6.50%
Amortization method used for funding unfunded liability	Level \$
Amortization period used for funding unfunded liability	10 years
Is each division closed to new employees	Yes
Uniform Assumptions	06/30/2022
Assets using uniform assumptions	11,001,986
Liabilities using uniform assumptions	13,449,564
Funded ratio using uniform assumptions	81.8%
Actuarially Determined Contribution (ADC) using uniform assumptions under PA 202	321,702
Information for Summary Report (actuarially determined contribution)	06/30/2022
Normal Cost	27,000
Valuation payroll for active employees	TBD
Normal cost as a percent of covered payroll	TBD
10-year amortization of unfunded liability	284,576
Actuarially Determined Contribution under GASB	321,702

Current bond rates support using 3.0% for the bond rate assumption which, together with 6.85% or less for investment return will satisfy both GASB and PA 202. We have used a discount rate of 6.5% for both GASB and PA 202.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Assumptions Used in Calculation of Actuarially Determined Contribution on page 9

These are the assumptions used for the ongoing valuation calculations, unless otherwise noted.

Valuation date July 1, 2021

Actuarial methods:

Cost method Entry Age Normal (level dollar amount)

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

Actuarial assumptions:

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 later); terminated vested participants are assumed to retire at age 65

Interest rate 6.5%

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 valued Vesting and pre-retirement death

Normal cost expenses (non-investment related) Estimated expense is calculated as the average of prior two year's non-investment related expenses paid from the trust, rounded to the nearest \$1,000

Data collection:

Date and form of data All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Changes since prior valuation The mortality tables updated to public mortality tables

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Differences Between Expected and Actual Experience

Amount Recognized in Year Ended June 30, 2022

Year Ended June 30,	Difference Between Expected and Actual Experience	Recognition Period (Years)	Amount Recognized in Year Ended June 30, 2022						Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027+		
2015	(158,069)	11.34	(13,939)	(13,939)	(13,939)	(13,939)	(4,740)	0	0	(46,557)
2016	(51,400)	11.21	(4,585)	(4,585)	(4,585)	(4,585)	(4,585)	(965)	0	(19,305)
2017	(261,781)	10.19	(25,690)	(25,690)	(25,690)	(25,690)	(25,690)	(4,881)	0	(107,641)
2018	25,377	9.84	2,579	2,579	2,579	2,579	2,579	2,166	12,482	0
2019	194,529	9.36	20,783	20,783	20,783	20,783	20,783	28,265	111,397	0
2020	43,263	8.96	4,828	4,828	4,828	4,828	4,828	9,467	28,779	0
2021	111,431	8.71	12,793	12,793	12,793	12,793	12,793	34,673	85,845	0
2022	(228,921)	2.75	<u>(83,244)</u>	<u>(83,244)</u>	<u>(62,433)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(145,677)</u>
Net Recognized in Pension Expense			(86,475)	(86,475)	(65,664)	(3,231)	5,968	68,725	238,503	(319,180)

Schedule of Changes in Assumptions

Amount Recognized in Year Ended June 30, 2022

Year Ended June 30,	Changes in Assumptions	Recognition Period (Years)	Amount Recognized in Year Ended June 30, 2022						Deferred Outflow of Resources	Deferred Inflow of Resources
			2022	2023	2024	2025	2026	2027+		
2015	(3,184,578)	11.34	(280,827)	(280,827)	(280,827)	(280,827)	(95,481)	0	0	(937,962)
2016	(465,876)	11.21	(41,559)	(41,559)	(41,559)	(41,559)	(41,559)	(8,727)	0	(174,963)
2017	(2,723,243)	10.19	(267,247)	(267,247)	(267,247)	(267,247)	(267,247)	(50,773)	0	(1,119,761)
2018	373,105	9.84	37,917	37,917	37,917	37,917	37,917	31,852	183,520	0
2019	(56,593)	9.36	(6,046)	(6,046)	(6,046)	(6,046)	(6,046)	(8,225)	0	(32,409)
2020	637,632	8.96	71,164	71,164	71,164	71,164	71,164	139,484	424,140	0
2021	0	8.71	0	0	0	0	0	0	0	0
2022	(56,342)	2.75	<u>(20,488)</u>	<u>(20,488)</u>	<u>(15,366)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(35,854)</u>
Net Recognized in Pension Expense			(507,086)	(507,086)	(501,964)	(486,598)	(301,252)	103,611	607,660	(2,300,949)

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Schedule Of Differences Between Projected and Actual Earnings on Pension Plan Investments

Amount Recognized in Year Ended June 30, 2022

Year Ended June 30,	Difference Between Expected and Actual Earnings on Pension Assets	Recognition Period (Years)	Amount Recognized in Year Ended June 30, 2022					Deferred Outflow of Resources	Deferred Inflow of Resources	
			2022	2023	2024	2025	2026			2027+
2018	(63,898)	5.00	(12,778)	0	0	0	0	0	0	
2019	(99,430)	5.00	(19,886)	(19,886)	0	0	0	0	(19,886)	
2020	137,709	5.00	27,542	27,542	27,541	0	0	55,083	0	
2021	(2,338,631)	5.00	(467,726)	(467,726)	(467,726)	(467,727)	0	0	(1,403,179)	
2022	2,735,100	5.00	<u>547,020</u>	<u>547,020</u>	<u>547,020</u>	<u>547,020</u>	<u>547,020</u>	<u>0</u>	<u>2,188,080</u>	<u>0</u>
Net Recognized in Pension Expense			74,172	86,950	106,835	79,293	547,020	0	2,243,163	(1,423,065)

Amount Recognized in Year Ended June 30,

	2023	2024	2025	2026	2027+
Total Deferred Outflow/(Inflow) of Resources	(506,611)	(460,793)	(410,536)	251,736	172,336

SUMMARY OF PLAN PROVISIONS

Plan name	Interurban Transit Partnership and Amalgamated Transit Union Pension Plan
Plan effective date	June 7, 1946
Most recent restatement effective date (execution date)	Amended and restated effective July 1, 2013 (January 31, 2014)
2018-1 Amendment	Effective December 11, 2017
Eligibility provisions:	
Participation	60 days after full-time active employment with transit authority and member of union (Division No. 836, amalgamated transit union); participant frozen December 10, 2017
Normal retirement	Age 65; current formula applicable to employees retiring after December 31, 2003
Unreduced early retirement	Age 62 with 15 years of vesting service
Early retirement	Age 60 with 10 years of vesting service
Late retirement	Retirement after normal retirement date
Vesting schedule	5 years, 100% vested
Disability	10 years of vesting service
Pre-retirement death:	
Annuity to surviving spouse	Death after becoming eligible for a nonforfeitable benefit
Lump sum	Employees contributed during years required (prior to July 1, 1984)
Benefit amounts:	
Normal retirement:	
Termination after December 31, 2005	\$34.00 multiplied by total years of benefit service, consistent with the current collective bargaining agreement

SUMMARY OF PLAN PROVISIONS

Prior formula (termination through December 31, 2003)	Accrued benefit based on sum of: <ul style="list-style-type: none">(a) \$200, multiplied by the ratio (not to exceed 1.0) which the years of benefit service bears to 15 years or if greater, total years to age 65(b) \$5.45 multiplied by years of benefit service earned after July 1, 1983 and prior to July 1, 1988(c) \$25.00 multiplied by benefit service earned after July 1, 1988
Minimum benefit	Accrued benefit under prior formula as of December 31, 2003
Maximum benefit	IRC Section 415 limits
Unreduced early retirement	Accrued benefit payable immediately
Early retirement (if reduction applies)	Accrued benefit payable at normal retirement date; or a benefit reduced by 0.5% for each complete calendar month by which the benefit commencement date precedes age 65, if commenced prior to such date
Late retirement	Greater of accrued benefit based on service to actual retirement date or actuarial equivalent of the normal retirement benefit
Vested termination	Applicable percentage of accrued benefit payable at normal retirement date
Disability	Accrued normal retirement benefit payable the first day of the month immediately following disability certification
Pre-retirement death:	
Annuity to spouse	50% of the benefit that would have been payable to the participant at the participant's early retirement age under the Joint and 50% Survivor form of payment, had the participant terminated employment the day before death occurred (the joint benefit is 86% of the accrued normal retirement benefit where such percentage is increased by 1% up to a maximum of 98% for each 12 months the spouse's age exceeds the participant's age, and decreased by 1% for each 12 months the spouse's age is less than the participant's age)

SUMMARY OF PLAN PROVISIONS

Lump sum Amount equal to employee contributions plus interest; if paid, the monthly annuity to the spouse is reduced accordingly

Definitions:

Accrued benefit An amount equal to the normal retirement benefit calculated using benefit service at date of determination; accrued benefit frozen December 10, 2017

Actuarial equivalence:

General Unisex Pension - 1984 Table; 6% interest (set back 3 years for beneficiaries)

Entry dates 1st of month following 60 days of eligibility service

Years of service for:

Eligibility purposes 60 days after full-time employment as union member

Vesting purposes Employment in any plan year as full-time union member (elapsed time method); 1/12 year for each 30-day period

Benefit purposes Employment in any plan year as full-time union member (elapsed time method); 1/12 year for each 30-day period

Unreduced payment form Life annuity

Optional annuity payment forms Joint and 50% Survivor

Changes since prior valuation Plan participation and benefit accruals frozen effective December 2017

Employer contribution rates

Effective	Rate/Hour per Employee ⁽¹⁾
07/01/2009	\$.80
07/01/2010	.85
04/01/2011	.90
07/02/2012	.95
06/30/2014	\$1.00

Collectively bargained contributions will go into the Defined Contribution plan effective 2018

⁽¹⁾ Contribution Rates specified in Collective Bargaining Agreement.

GLOSSARY

A number of special terms and concepts are used in connection with pension plans and the pension accounting report. The following list reviews a number of these terms and provides a brief discussion of their meaning.

Accrued Benefit - Each participant has an accrued benefit under the plan. This is the amount of monthly benefit already earned. It is based on past employment with the company and is payable at normal retirement.

Actuarial Cost Method - This is a mathematical formula which is used to allocate the present value of projected benefits to past and future plan years.

Amortization – The difference between actual and expected investment returns, the difference between actual and expected experience, and the impact of any plan or assumption changes will be amortized and paid over future years.

Depletion Date (Cross-over Point) – The projected date (if any) where plan assets, including future contributions, are no longer sufficient to pay Projected Benefit Payments to current members.

Long-term expected rate of return – The rate of return based on the nature and mix of current and expected plan investments and over the time period from when an employee is hired to when all benefits to the employee have been paid.

Market Value of Assets Date – The market value of all assets in the fund including any accrued contribution for the previous plan year, which was not paid by the end of the year.

Measurement Date – The date the Total Pension Liability, Fiduciary Net Position, and Net Pension Liability are determined. For GASB 67, the measurement date is the plan's current fiscal year end.

Net Pension Liability (NPL) – The Total Pension Liability less the Plan Fiduciary Net Position.

Plan Fiduciary Net Position – The market value of plan assets as of the measurement date.

Pension Expense (PE) – The change in the Net Pension Liability (NPL) recognized in the current measurement period. Changes to the NPL not fully recognized in a given year's pension expense will be maintained as deferred inflows and deferred outflows. These will be recognized incrementally in the pension expense over time.

Present Value - The present value of a future payment or a series of payments is the amount of each payment, discounted to recognize the time value of money, and further reduced for the probability that the payment might not be made because of death, disability or termination of employment.

GLOSSARY

Present Value of Vested Accumulated Benefits - The discounted value of all monthly benefit payments due in the future, based on current vested benefits.

Projected Benefit Obligation - The value of benefits earned to the measurement date, but based on anticipated salary levels at retirement, computed in accordance with GAAP accounting rules.

Projected Benefit Payments – All benefits projected to be payable to current active and inactive employees as a result of their past service and their expected future service.

Real Rate of Return – The rate of return on an investment after the adjustment to eliminate inflation.

Service Cost - The value of benefits earned during the current year computed in accordance with GAAP accounting rules.

Single Equivalent Discount Rate – The single rate that gives the same total present value as discounting the Projected Benefit Payments with the long-term expected rate of return until the Depletion Date and discounting any remaining Projected Benefit Payments with the yield on a 20-year AA/Aa tax-exempt municipal bond index.

Total Pension Liability (TPL) – The actuarial present value of the accrued benefit determined under the entry age actuarial cost method calculated using the Blended Single Equivalent Discount Rate.



Interurban Transit Partnership

Date: November 9, 2022
To: Finance Committee
From: Linda Medina, Finance Manager
Subject: FY 21/22 AUDIT PLAN DOCUMENT

OVERVIEW

To review the FY 21/22 audit plan as submitted by BDO USA, LLP (BDO) to perform ITP's audit

BACKGROUND

Professional standards require that BDO communicate to the Board their audit plan each fiscal year. The attached document provides an overview of BDO's audit plan of the financial statements and schedule of expenditures of federal awards for year ending September 30, 2022. This document will be presented to the Board on December 7, 2022.

Please feel free to reach out to me directly at (616) 774-1149 or lmolina@ridetherapid.org with any additional questions regarding the plan.

Report to Members of the Board of Directors

INTERURBAN TRANSIT PARTNERSHIP

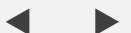
Audit Planning for the
Year Ending September 30, 2022

Contents

QUICK ACCESS TO THE FULL REPORT

<u>WELCOME</u>	3
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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

September 19, 2022

Board of Directors
Interurban Transit Partnership

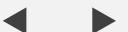
Professional standards require us to communicate with you regarding matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This document provides an overview of our plan for the audit of the financial statements and schedule of expenditures of federal awards of Interurban Transit Partnership (ITP) as of and for the year ending September 30, 2022, including a summary of the nature, scope, and timing of the planned audit work.

We are pleased to be of service to ITP and look forward to discussing our audit plan, as well as other matters that may be of interest to you.

Respectfully,

BDO USA, LLP

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Executive Summary

Responsibilities

BDO USA, LLP, as your auditor, is responsible for forming and expressing an opinion(s) 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.



Audit Strategy

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, Government Auditing Standards require that we also plan and perform the audit to obtain reasonable assurance about whether ITP has complied with applicable laws, 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:

- ▶ prior year audit results together with current year preliminary analytical review, including discussions with management and those charged with governance regarding ITP's operations,
- ▶ inherent risk within ITP,
- ▶ recent developments within the industry, regulatory environment, and general economic conditions,
- ▶ recently issued and effective accounting and financial reporting guidance,
- ▶ ITP's significant accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions,
- ▶ the control environment and the possibility that the control system and procedures may fail to prevent or detect a material error or fraud,
- ▶ information about systems and the computer environment in which the related systems operate,
- ▶ a continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting ITP, and
- ▶ 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.

Planned Scope

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

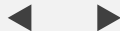
- ▶ The areas indicated below relate to significant risks identified during our risk assessment procedures and include a brief description of how we propose to address them:
 - Revenue recognition -we will test revenue through detailed testing.
 - Management override of controls - will test through detailed testing of various journal entries throughout the year.
- ▶ We will plan and perform the audit of the financial statements for the year ending September 30, 2022, in accordance with *Government Auditing Standards*.
- ▶ We will consider ITP's internal control over financial reporting as a basis for designing audit 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.
- ▶ We will perform tests of 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 is not an objective of our audit.
- ▶ We will plan and perform the audit of the Schedule of Expenditures of Federal Awards (SEFA) for the year ending September 30, 2022 in accordance with GAS and the Uniform Guidance and will issue an in relation to opinion.
- ▶ We will consider 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 an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.



Overall Audit Timeline

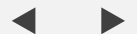
The following represents our anticipated schedule with regard to our audit of the financial statements of ITP:

	Sep	Oct	Nov	Dec	Jan
Planning	✓				
Interim Fieldwork		✓			
Year-End Fieldwork			✓	✓	
Release Reports on Financial Statements					✓
Completion of NTD Procedures					✓



Independence

Our engagement letter to you dated September 19, 2022, 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.



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 individual to be assigned to the engagement based on particular experience, expertise, and engagement needs.

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.



John LaFramboise
Director
jlafamboise@bdo.com



Joshua Laramy
Senior Manager
jlaramy@bdo.com



Industry Resources

Industry Risk and Resources

- ▶ BDO's industry focus is part of who we are and how we serve our clients and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.
- ▶ Our industry practices bring perspective on trends, opportunities, issues and regulations that frame our services and approach to address your needs and your industry.

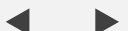
The screenshot shows the BDO website's Public Sector overview page. The browser address bar displays the URL <https://www.bdo.com/industries/public-sector/overview>. The navigation menu includes links for Locations, Our People, Events, News, Careers, Blogs, Contact, and Login. The main navigation bar features the BDO logo, a search bar, and menu items for SERVICES, INDUSTRIES, ISSUES & RESOURCES, INSIGHTS, and ABOUT. The breadcrumb trail reads: Home > Industries > Public Sector > Overview. The main content area features a large image of business professionals in a meeting, with the heading "Public Sector" and the text: "BDO leverages an independent viewpoint to help clients navigate complex, government-wide challenges." Below this, there are two tabs: "OVERVIEW" (selected) and "FEDERAL GOVERNMENT". The "OVERVIEW" tab contains the following text:

Challenging times call for a new perspective.

The public sector is facing many challenges. In addition to political gridlock, the federal deficit has caused many agencies' budgets to shrink over the last several years, meaning that government leaders are under pressure to accomplish more with reduced funding.

BDO's Public Sector Practice serves a wide variety of clients across many levels of government. In addition to our Federal Government clients, we also serve Regional, State, and Local Governments, drawing on deep experience to provide strategic, innovative solutions. Offering a unique depth of capabilities and resources, BDO helps government leaders develop tailored strategies and implement practical solutions that make the most of their limited resources.


The "KEY CONTACTS" section features a portrait of Mark Ellenbogen, President/CEO of BDO Public Sector.



Accounting, Audit and Other Compliance Considerations for Public Sector Entities Related to COVID-19

The global pandemic is having unprecedented impacts on federal, state, local, tribal and territory governments. Our [COVID-19 resource center](#) helps organizations stay abreast of the latest developments and mitigate risk during this time of uncertainty. For government organizations, the stakes are high as agencies and elected officials work overtime to flatten the curve, save lives and ensure the safety of the American people.


While circumstances are changing daily, our FAQs for the Public Sector answer the most frequently asked questions by government organizations, along with resources to help them respond and plan around each on.



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Financial Planning & Analysis

The Rapid

Finance Committee

November 9, 2022



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BDO Audit Plan

June 30 2022 Pension Reports

September Preliminary Statement Revenue

September Preliminary Statement Expenses

Insurance Comparison

Scheduled/Unscheduled Overtime

Contract Service Rate

September Preliminary Statement - Revenue

	YTD as of September 30, 2022		Variance		Last Year	FY 20/21 Actual	
	Adopted	Projected	\$	%	FY 20/21	vs. FY 21/22 Projected	
					Actual	\$	%
Revenues and Operating Assistance							
Passenger Fares	\$ 3,307,466	\$ 3,993,946	\$ 686,480	20.8%	\$ 2,820,986	\$ 1,172,960	41.6%
Sale of Transportation Services							
CMH Contribution	256,900	392,591	135,691	52.8%	327,379	65,212	19.9%
Dash Contract	1,764,499	2,289,138	524,639	29.7%	2,205,921	83,217	3.8%
Grand Valley State University	3,542,974	3,257,448	(285,526)	-8.1%	2,842,767	414,681	14.6%
Van Pool Transportation	84,000	58,102	(25,898)	-30.8%	29,428	28,674	97.4%
Township Services	344,344	425,944	81,600	23.7%	540,714	(114,770)	-21.2%
Other	482,234	294,900	(187,334)	-38.8%	243,478	51,422	21.1%
Subtotal Sale of Transportation Services	6,474,951	6,718,123	243,172	3.8%	6,189,687	528,436	8.5%
State Operating	15,332,303	13,191,439	(2,140,864)	-14.0%	16,254,784	(3,063,345)	-18.8%
Property Taxes	17,751,118	18,099,129	348,011	2.0%	17,472,240	626,889	3.6%
Advertising & Miscellaneous	638,391	819,027	180,636	28.3%	678,432	140,595	20.7%
Subtotal Revenues and Operating Assistance	43,504,229	42,821,665	(682,564)	-1.6%	43,416,129	(594,464)	-1.4%
Grant Operating Revenue (CARES/CRRSAA)	7,603,447	19,982,084	12,378,637	100.0%	20,253,576	(271,492)	-1.3%
Total Revenues and Operating Assistance	\$ 51,107,676	\$ 62,803,749	\$ 11,696,073	22.9%	\$ 63,669,705	\$ (865,956)	-1.4%

September Preliminary Statement - Expenses

	YTD as of September 30, 2022		Variance		Last Year	FY 20/21 Actual	
	Adopted	Projected	\$	%	FY 20/21 Actual	vs. FY 21/22 Projected	
			\$	%		\$	%
Expenses							
Salaries and Wages							
Administrative	\$ 5,706,224	\$ 5,256,484	\$ (449,740)	-7.9%	\$ 5,100,986	\$ 155,498	3.0%
Operators	14,931,367	13,124,626	(1,806,741)	-12.1%	12,544,622	580,004	4.6%
Maintenance	2,071,508	1,935,148	(136,360)	-6.6%	1,991,199	(56,051)	-2.8%
Subtotal Salaries and Wages	22,709,099	20,316,258	(2,392,841)	-10.5%	19,636,807	679,451	3.5%
Benefits	9,501,484	7,378,601	(2,122,883)	-22.3%	8,801,550	(1,422,949)	-16.2%
Contractual Services	3,839,277	3,304,902	(534,375)	-13.9%	3,350,166	(45,264)	-1.4%
Materials and Supplies							
Fuel and Lubricants	2,111,337	2,782,933	671,596	31.8%	1,806,260	976,673	54.1%
Other	1,760,853	1,521,110	(239,743)	-13.6%	1,492,004	29,106	2.0%
Subtotal Materials and Supplies	3,872,190	4,304,044	431,854	11.2%	3,298,264	1,005,780	30.5%
Utilities, Insurance, and Miscellaneous	5,682,551	3,833,159	(1,849,392)	-32.5%	4,836,385	(1,003,226)	-20.7%
Purchased Transportation	5,503,075	5,558,117	55,042	1.0%	5,137,991	420,126	8.2%
Expenses Before Capitalized Operating	51,107,676	44,695,081	(6,412,595)	-12.5%	45,061,163	(366,082)	-0.8%
Capitalized Operating Expenses	-	-	-	0.0%	-	-	0.0%
Total Operating Expenses	\$ 51,107,676	\$ 44,695,081	\$ (6,412,595)	-12.5%	\$ 45,061,163	\$ (366,082)	-0.8%
Net Surplus/(Deficit) without CARES/CRRSAA		\$ (1,873,416)			\$ (1,645,034)		
Net Surplus/(Deficit) with CARES/CRRSAA		\$ 18,108,668			\$ 18,608,542		

September Preliminary Statement Summary

Revenues

- Anticipating fare revenue to be slightly over budget
- Sale of Transportation Services is 3.8% over budget due to the additional rides for DASH and Community Mental Health
- State Operating Assistance is 14.0% under budget due to reduced overall expenses
- Received \$12,378,637 in Federal ARP funding

Expenses

- Expenses are 12.5% under budget
- Wages, Salaries, Fringes, Contractual Services, and Insurance continue to be under budget
- Fuel prices continue to fluctuate resulting in a 31.8% increase in the budget

Insurance Comparison

- Carolina Casualty remains our Auto insurance carrier for FY22/23
- Budget savings of \$520K
- Premiums are overall 3% higher than FY21/22
- Improved loss experience continues to assist with reducing premiums
- Market trends contributed to increased insurance premiums

Premium	FY22/23 Budget to Actual			FY22/23 Actual to FY21/22 Actual		
	FY22/23 Budget	FY22/23 Actual	% Change	FY21/22 Actual	Variance	% Change
Automobile	1,796,631	1,497,448	-17%	1,403,456	93,992	7%
Excess Liability	571,236	474,770	-17%	456,989	17,781	4%
General Liability	80,089	64,830	-19%	42,552	22,278	52%
Crime	2,996	2,853	-5%	2,853	-	0%
Property	101,259	95,615	-6%	92,799	2,816	3%
Bus Catastrophic Damage	137,633	112,675	-18%	131,079	(18,404)	-14%
Public Officials	23,081	21,755	-6%	19,234	2,521	13%
UST - CNG Station	3,957	3,933	-1%	3,769	164	4%
UST - Wealthy St	1,968	2,068	5%	2,071	(3)	0%
Busch/ Flood Insurance	1,783	1,081	-39%	1,621	(540)	-33%
Cyber	5,000	3,320	-34%	2,461	859	35%
CNG Renewal	28,738	15,240	-47%	26,125	(10,885)	-42%
Amtrak	18,038	17,248	-4%	17,608	(360)	-2%
US Trackworks	3,229	3,000	-7%	3,152	(152)	-5%
Unemployment Insurance	121,000	84,000	-31%	121,000	(37,000)	-31%
Workmen's Compensation	339,891	316,936	-7%	323,706	(6,770)	-2%
Total:	3,276,529	2,756,771	-16%	2,683,464	73,307	3%

Contract Service Rate

	FY 19/20	FY 20/21	FY 21/22	FY22/23
State Operating %	32.93%	32.04%	30.98%	31.60%
Full Hourly Cost	\$86.30	\$94.91	\$95.21	\$ 97.56
Partner Cost	\$57.88	\$64.92	\$65.71	\$ 66.73
Rate with GO!Bus	\$68.48	\$76.75	\$75.71	\$ 76.37

- Contract service rate is calculated annually
- Revenue hours are estimated for the fiscal year
- Most recent audited numbers are used for expenses
- State operating assistance credit is included in the calculation
- Two contract service rates: Linehaul only and Linehaul and GO Bus

	LINEHAUL COSTS FY20/21 Audited Numbers	Cost per Revenue Hour
Operations	26,307,527	64.28
Maintenance	7,558,963	18.47
Administration	6,060,661	14.81
Total	39,927,152	97.56
	State Operating %	30.83
	Linehaul Rate	66.73

	LINEHAUL + GO!BUS COSTS FY20/21 Audited Numbers	Cost per Revenue Hour
Operations	26,307,527	64.28
Maintenance	7,558,963	18.47
Administration	6,060,661	14.81
Paratransit	5,764,517	14.09
Total	45,691,669	111.65
	State Operating %	35.28
	Linehaul & GO!Bus Rate	76.37

Projected FY22/23	
Revenue Hours	409,240
SOA Rate	31.6001%