



## Interurban Transit Partnership

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### Finance Committee Members

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

## FINANCE COMMITTEE MEETING

Tuesday, January 25, 2022 – 1:00 p.m.

Rapid Central Station Conference Room (250 Grandville Avenue, SW) | Virtual and In-Person

### AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
<b>1. PUBLIC COMMENT</b>		
<b>2. MINUTES REVIEW – November 3, 2021</b>	Mayor Kepley	Review
<b>3. DISCUSSION</b>		
a. FY 20/21 BDO Audit Report	BDO	
b. November 30, 2021, Operating Statement	Linda Medina	
<b>4. INFORMATION ITEMS</b>		
Covid Funding Update	Linda Medina	
5 Year Projection	Linda Medina	
<b>5. ADJOURNMENT</b>		

Next meeting: April 13, 2022



## Interurban Transit Partnership

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**Date:** January 25, 2022  
**To:** ITP Board  
**From:** Linda Medina, Finance Manager  
**Subject:** Financial Statements and Single Audit Reports Years Ended September 30, 2021, and 2020

### **OVERVIEW**

Attached for your approval are the Financial Statements and Single Audit Reports for fiscal years ending September 30, 2021, and 2020.

### **BACKGROUND**

The FY 20/21 audit was completed by BDO USA in accordance with standards contained in Government Auditing Standards. The necessary financial statements along with any required supplemental information per State and Federal regulations are presented in the Financial Statements and Single Audit Reports.

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

Once again, BDO USA issued an unmodified opinion on the report and no material weaknesses or significant deficiencies were identified. This opinion confirms that the financial statements are fairly and appropriately presented and in compliance with GAAP. Below are the highlights for FY 20/21:

- Net position increased by \$20.1 million dollars. Operating revenue was down 25% compared to FY 19/20, but non-operating revenue increased over 50% due to COVID funding.
- Overall expenses did not increase dramatically compared to FY 19/20, but certain categories saw an increase. Services (13%), Utilities (21%), and Insurance (83%) expenses increased as we continue to put safety as a priority for our customers and employees, the Silver Line was full service in FY 20/21 affecting utility costs and insurance costs were higher in FY 20/21.
- From year to year there was a slight increase in capital assets as The RAPID continues to invest in revenue vehicles, facilities, information systems technology, etc. to maintain and achieve community and regional outcomes. This year purchases

included replacement revenue buses, the Butterworth facilities project and purchase of information systems technology for the Lake Line.

Also included in the report is information regarding the defined benefit pension plans. In FY 20/21, a high range contribution was made to both plans. The union defined benefit plan had a favorable year.

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

## **Interurban Transit Partnership**

Financial Statements and Independent Auditor's Reports Required by *Government Auditing Standards* and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Schedule of Expenditures of Federal Awards Years Ended September 30, 2021 and 2020

**DRAFT 1/6/2022**

## **Interurban Transit Partnership**

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Financial Statements and Independent Auditor's Reports Required by  
*Government Auditing Standards* and Title 2 U.S. Code of Federal  
Regulations Part 200, *Uniform Administrative Requirements, Cost  
Principles, and Audit Requirements for Federal Awards* (Uniform  
Guidance) and Schedule of Expenditures of Federal Awards  
Years Ended September 30, 2021 and 2020

# Interurban Transit Partnership

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## Independent Auditor's Report

Members of the Board  
Interurban Transit Partnership  
Grand Rapids, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of Interurban Transit Partnership (ITP) as of and for the years ended September 30, 2021, and 2020 (as of and for the years ended June 30, 2021 and 2020 for the Pension Trust Funds), and the related notes to the financial statements, which collectively comprise ITP's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Interurban Transit Partnership as of September 30, 2021 and 2020 (June 30, 2021 and 2020 for the Pension Trust Funds), and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ITP's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7-12, the schedules of changes in the net pension liability and related ratios on pages 35-36, and the schedules of contributions on pages 37-40 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Supplementary Information*

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

The accompanying combining statements and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and various schedules, as listed in the table of contents, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2022 on our consideration of ITP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ITP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ITP's internal control over financial reporting and compliance.

\_\_\_\_\_, 2022

# Interurban Transit Partnership

## Management's Discussion and Analysis Year Ended September 30, 2021

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*This section of Interurban Transit Partnership's (ITP) annual financial report presents our discussion and analysis of ITP's financial performance during the fiscal years ended September 30, 2021 and 2020.*

### Financial Highlights

- The state operating assistance rate for fiscal year (FY) ending 2021 was 31.6001%, up from 30.9848% in FY20, and down from 32.04% in FY19.
- ITP levied 1.4308 mills in 2021, 1.45 mills and 1.47 mills in 2020 and 2019, respectively, as approved by the taxpayers, adjusted by MCL211.34d (Headlee adjustment).
- GASB 68 - *Accounting and Financial Reporting for Pensions* became effective for FY15. This pronouncement requires that ITP's net pension liability, as well as deferred outflows and inflows of resources related to pensions, be recorded in its financial statements. ITP recognized a net pension liability of \$739,049 and \$4,015,145 at September 30, 2021 and 2020, respectively.

### Overview of the Financial Statements

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

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

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

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

# Interurban Transit Partnership

## Management's Discussion and Analysis Year Ended September 30, 2021

### Financial Analysis of ITP

#### Net Position

ITP's net position increased by \$20.1 million as of September 30, 2021, an increase of 12% from FY20 (see Table A-1). The increase in current assets is largely due to the reimbursement of operating expenses through federal COVID-19 funding. The reimbursement increased cash investments and improves ITP's five year financial outlook. ITP continues to invest in capital assets (land, buildings, vehicles, equipment, and infrastructure) to achieve community and regional outcomes. The significant capital purchases include revenue buses and an investment in information systems and technology. Current liabilities increased from year to year as linehaul buses were received at year end but paid the following fiscal year. The net pension liability decreased as the asset return was favorable for the defined benefit plans. The following table shows the net position as of September 30, 2021, 2020, and 2019:

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

<i>September 30,</i>	2021	2020	2019
Current assets	\$ 62,817	\$ 38,543	\$ 33,692
Capital assets, net	158,283	158,354	133,881
<b>Total Assets</b>	<b>221,100</b>	<b>196,897</b>	<b>167,573</b>
<b>Deferred Outflows of Resources</b>	<b>996</b>	<b>1,327</b>	<b>1,125</b>
<b>Current Liabilities</b>	<b>13,842</b>	<b>8,566</b>	<b>13,638</b>
<b>Net Pension Liability</b>	<b>739</b>	<b>4,015</b>	<b>3,506</b>
<b>Deferred Inflows of Resources</b>	<b>22,912</b>	<b>21,149</b>	<b>21,235</b>
<b>Net Position</b>			
Investment in capital assets	158,283	158,354	133,881
Unrestricted	26,320	6,140	(3,562)
<b>Total Net Position</b>	<b>184,603</b>	<b>164,494</b>	<b>130,319</b>

**Interurban Transit Partnership**  
**Management's Discussion and Analysis**  
**Year Ended September 30, 2021**

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***Changes in Net Position***

Net position increased by \$20.1 million from September 30, 2020, to September 30, 2021 (see Table A-2). Operating revenues decreased as ridership and fares are slow to recover while non-operating revenue increased due to the Coronavirus Aid, Relief, and Economic Security (the CARES Act) and Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Acts. Capital contributions decreased this fiscal year as the prior years included the Laker Line project. The Laker Line project opened service in August 2020.

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

<i>Year ended September 30,</i>	2021	2020	2019
<b>Operating Revenues</b>			
Passenger fares	\$ 2,962	\$ 4,075	\$ 6,590
Advertising	258	208	132
<b>Total Operating Revenues</b>	<b>3,220</b>	<b>4,283</b>	<b>6,722</b>
<b>Operating Expenses</b>			
Salaries and fringe benefits	26,892	28,097	28,839
Supplies and other operating expenses	20,210	20,627	21,703
Depreciation and loss on disposal of assets	15,677	13,839	11,914
<b>Total Operating Expenses</b>	<b>62,779</b>	<b>62,563</b>	<b>62,456</b>
<b>Operating Loss</b>	<b>(59,559)</b>	<b>(58,280)</b>	<b>(55,734)</b>
<b>Non-Operating Revenues</b>			
State and federal	40,121	31,052	20,247
Property taxes	17,472	16,791	16,238
Other local	6,469	6,300	7,335
<b>Total Non-Operating Revenues</b>	<b>64,062</b>	<b>54,143</b>	<b>43,820</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>4,503</b>	<b>(4,137)</b>	<b>(11,914)</b>
<b>Capital Contributions</b>	<b>15,606</b>	<b>38,312</b>	<b>31,707</b>
<b>Change in Net Position</b>	<b>20,109</b>	<b>34,175</b>	<b>19,793</b>
<b>Net Position, beginning of year</b>	<b>164,494</b>	<b>130,319</b>	<b>110,526</b>
<b>Net Position, end of year</b>	<b>\$ 184,603</b>	<b>\$ 164,494</b>	<b>\$ 130,319</b>

## Interurban Transit Partnership

### Management's Discussion and Analysis Year Ended September 30, 2021

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

The table below compares fiscal year ending September 30, 2021, to September 30, 2020 operating expenses before depreciation. The main changes from year-to-year is due to the reduction in the labor force, along with a pandemic related increase in need for resources related to employee and customer safety, the implementation of the Laker Line service, and increasing casualty and liability costs due to ITP's insurance loss ratio.

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

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

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

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

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

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

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

## Interurban Transit Partnership

### Management's Discussion and Analysis Year Ended September 30, 2021

#### Capital Assets

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

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

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

<i>September 30,</i>	2021	2020	Percentage Change (%)
Land	\$ 9,368	\$ 9,368	-
Artwork	368	368	-
Easements	55	55	-
Construction in progress	172	1,147	(85.0)
Land improvements	2,586	2,715	(4.8)
Facilities	84,620	87,855	(3.7)
Revenue vehicles	49,152	47,224	4.1
Support equipment	4,026	3,807	5.8
Information systems and technology	7,564	5,512	37.2
Software and software development	372	303	22.8
<b>Total Net Capital Assets</b>	<b>\$ 158,283</b>	<b>\$ 158,354</b>	<b>0.4</b>

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

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

# Interurban Transit Partnership

## Management's Discussion and Analysis Year Ended September 30, 2021

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### Economic Factors and Next Year's Budget

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

For FY 2022, the Board of Directors adopted a \$51.1 million operating budget, exclusive of depreciation, and \$23.9 million capital budget. Passenger fares and contract service revenue are anticipated to recover slowly in the next year. CRRSAA and ARPA federal funding will continue to assist the fare recovery. Property tax revenue is anticipated to be stable, and state operating assistance will be 29.5143%. Zero emission vehicles and the required infrastructure, fuel and insurance costs are a focus for the upcoming fiscal year. The linehaul fleet is currently 50% CNG and 50% diesel. Staff will monitor the cost and investigate options to control fuel costs. ITP is working closely with our insurance broker to manage and reduce our exposure and loss risk.

## Basic Financial Statements

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# Interurban Transit Partnership

## Statements of Net Position Enterprise Fund

September 30,	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and investments (Note 2)	\$ 46,149,497	\$ 27,513,058
Property taxes receivable, net	1,247,099	1,730,862
Due from federal government	8,981,916	3,773,491
Due from State of Michigan	1,963,634	1,152,587
Billed receivables	3,098,116	3,766,690
Materials and supplies inventories	578,826	579,685
Prepaid expenses and deposits	797,464	26,625
<b>Total Current Assets</b>	<b>62,816,552</b>	<b>38,542,998</b>
<b>Capital Assets (Note 3)</b>		
Facilities	117,678,642	116,360,639
Revenue vehicles	83,340,271	87,165,968
Support equipment	16,790,853	16,237,255
Land and improvements	14,692,152	14,566,181
Information systems, technology, and software	28,313,794	24,014,557
Other non-depreciable assets	423,814	423,470
Construction in progress	171,715	1,147,039
	261,411,241	259,915,109
Less: accumulated depreciation	(103,127,823)	(101,560,892)
<b>Net Capital Assets</b>	<b>158,283,418</b>	<b>158,354,217</b>
<b>Total Assets</b>	<b>\$ 221,099,970</b>	<b>\$ 196,897,215</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions (Note 4)	\$ 996,227	\$ 1,326,678
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 8,736,940	\$ 3,447,545
Accrued payroll	2,598,871	2,648,305
Unredeemed fares	509,523	305,665
Unearned revenues	278,331	271,481
Due to State of Michigan	1,718,653	1,893,152
<b>Total Current Liabilities</b>	<b>13,842,318</b>	<b>8,566,148</b>
<b>Net Pension Liability (Note 4)</b>	<b>739,049</b>	<b>4,015,145</b>
<b>Total Liabilities</b>	<b>14,581,367</b>	<b>12,581,293</b>
<b>Deferred Inflows of Resources</b>		
Property taxes received or receivable before the levy date	17,785,399	17,395,614
Related to pensions (Note 4)	5,126,311	3,752,808
<b>Total Deferred Inflows of Resources</b>	<b>22,911,710</b>	<b>21,148,422</b>
<b>Net Position</b>		
Investment in capital assets	158,283,418	158,354,217
Unrestricted	26,319,702	6,139,961
<b>Total Net Position</b>	<b>\$ 184,603,120</b>	<b>\$ 164,494,178</b>

*See accompanying notes to financial statements.*

## Interurban Transit Partnership

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

<i>Year ended September 30,</i>	2021	2020
<b>Operating Revenues</b>		
Passenger fares	\$ 2,961,800	\$ 4,075,367
Advertising	258,253	207,249
<b>Total Operating Revenues</b>	<b>3,220,053</b>	<b>4,282,616</b>
<b>Operating Expenses</b>		
Salaries and fringe benefits	26,892,299	28,096,715
Supplies and other operating expenses	20,210,358	20,626,630
Depreciation and loss on disposal of assets	15,677,114	13,839,510
<b>Total Operating Expenses</b>	<b>62,779,771</b>	<b>62,562,855</b>
<b>Operating Loss</b>	<b>(59,559,718)</b>	<b>(58,280,239)</b>
<b>Non-Operating Revenues</b>		
State	17,387,842	15,621,444
Federal	22,733,207	15,430,314
Property taxes	17,472,240	16,791,217
Other local	6,469,054	6,300,363
<b>Total Non-Operating Revenues</b>	<b>64,062,343</b>	<b>54,143,338</b>
<b>Income (Loss), before capital contributions</b>	<b>4,502,625</b>	<b>(4,136,901)</b>
<b>Capital Contributions</b>	<b>15,606,317</b>	<b>38,312,158</b>
<b>Change in Net Position</b>	<b>20,108,942</b>	<b>34,175,257</b>
<b>Net Position, beginning of year</b>	<b>164,494,178</b>	<b>130,318,921</b>
<b>Net Position, end of year</b>	<b>\$ 184,603,120</b>	<b>\$ 164,494,178</b>

*See accompanying notes to financial statements.*

# Interurban Transit Partnership

## Statements of Cash Flows Enterprise Fund

<i>Year ended September 30,</i>	2021	2020
<b>Cash from (for) Operating Activities</b>		
Receipts from customers	\$ 4,092,485	\$ 2,306,070
Payments to suppliers	(15,690,943)	(26,096,905)
Payments to employees and fringe benefits	(28,513,875)	(28,698,665)
<b>Net Cash for Operating Activities</b>	<b>(40,112,333)</b>	<b>(52,489,500)</b>
<b>Cash from Noncapital Financing Activities</b>		
Federal grants received	22,733,207	15,434,023
State grants received	16,409,144	17,484,330
Local government assistance received	6,158,695	5,871,211
Property taxes	18,345,788	18,140,325
Other income	107,106	305,772
<b>Net Cash from Noncapital Financing Activities</b>	<b>63,753,940</b>	<b>57,235,661</b>
<b>Cash from (for) Capital and Related Financing Activities</b>		
Federal contributed capital	7,402,453	34,396,324
State contributed capital	2,995,439	7,657,077
Local contributed capital	-	(74,961)
Purchase of capital assets	(15,606,317)	(38,312,158)
Proceeds from sale of capital assets	137,737	49,991
<b>Net Cash from (for) Capital and Related Financing Activities</b>	<b>(5,070,688)</b>	<b>3,716,273</b>
<b>Cash from Investing Activity</b>		
Interest received on investments	65,519	73,389
<b>Net Increase in Cash and Investments</b>	<b>18,636,439</b>	<b>8,535,823</b>
<b>Cash and Investments, beginning of year</b>	<b>27,513,058</b>	<b>18,977,235</b>
<b>Cash and Investments, end of year</b>	<b>\$ 46,149,497</b>	<b>\$ 27,513,058</b>
<b>Reconciliation of Operating Loss to Net Cash for Operating Activities</b>		
Operating loss	\$ (59,559,718)	\$ (58,280,239)
Adjustments to reconcile operating loss to net cash for operating activities:		
Depreciation and loss on disposal of assets	15,677,114	13,839,510
Changes in assets and liabilities:		
Increase (decrease) in billed receivables	668,574	(2,106,135)
Increase (decrease) in inventories	859	(2,535)
(Decrease) increase in prepaid expenses and deposits	(770,839)	200,000
Increase (decrease) in accounts payable	5,289,395	(5,667,740)
Decrease in accrued payroll	(49,434)	(10,683)
Increase in unredeemed fares	203,858	129,589
Decrease in pension-related items	(1,572,142)	(591,267)
<b>Net Cash for Operating Activities</b>	<b>\$ (40,112,333)</b>	<b>\$ (52,489,500)</b>

*See accompanying notes to financial statements.*

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

*June 30,*

	Pension Trust Funds	
	2021	2020
<b>Assets</b>		
Cash and short-term investments (Note 2)	\$ 1,038,622	\$ 1,166,424
<b>Receivables</b>		
Interest and dividends receivable	16	50
<b>Investments, at fair value (Note 2)</b>		
Bond mutual funds	3,421,811	3,199,577
Equity mutual funds	10,756,010	8,009,798
<b>Total investments, at fair value</b>	<b>14,177,821</b>	<b>11,209,375</b>
<b>Total Assets</b>	<b>15,216,459</b>	<b>12,375,849</b>
<b>Net Position Held in Trust for Pension Benefits</b>	<b>\$ 15,216,459</b>	<b>\$ 12,375,849</b>

*See accompanying notes to financial statements.*

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

*Year ended June 30,*

	Pension Trust Funds	
	2021	2020
<b>Additions</b>		
Employer and employee contributions	\$ 1,175,294	\$ 806,514
Investment income:		
Net appreciation	3,125,968	305,683
Interest	277	6,950
Dividends	335,747	280,966
Investment expense	(11,154)	(12,317)
<b>Total Investment Income</b>	<b>3,450,838</b>	<b>581,282</b>
<b>Total Additions</b>	<b>4,626,132</b>	<b>1,387,796</b>
<b>Deductions</b>		
Benefits	1,743,415	883,235
Administrative expense	42,107	39,634
<b>Total Deductions</b>	<b>1,785,522</b>	<b>922,869</b>
<b>Change in Net Position</b>	<b>2,840,610</b>	<b>464,927</b>
<b>Net Position Held in Trust for Pension Benefits,</b> beginning of year	<b>12,375,849</b>	<b>11,910,922</b>
<b>Net Position Held in Trust for Pension Benefits,</b> end of year	<b>\$ 15,216,459</b>	<b>\$ 12,375,849</b>

*See accompanying notes to financial statements.*

# Interurban Transit Partnership

## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

Interurban Transit Partnership (ITP) was created in 2000 pursuant to the provisions of the Public Transit Authority Act of 1986, as amended. The six-member municipalities of East Grand Rapids, Grand Rapids, Grandville, Kentwood, Walker, and Wyoming each levy 1.45 mills to fund operations.

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

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

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

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

#### *Cash*

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

#### *Materials and Supplies Inventories*

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

#### *Investments*

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

#### *Capital Assets*

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

# Interurban Transit Partnership

## Notes to Financial Statements

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

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

### ***Unearned Revenues***

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

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

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

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

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

### ***Pensions***

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

### ***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets is net of accumulated

# Interurban Transit Partnership

## Notes to Financial Statements

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depreciation. Net position is reported as restricted when there are limitations imposed on its use either through legislation or external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

### *Compensated Absences*

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

### *Property Taxes*

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

Property taxes are recognized as revenue in the period for which they are levied, with proper allowances made for estimated uncollectible amounts. ITP levied 1.45 mills for FY21, as approved by the voters and adjusted by MCL211.34d (Headlee adjustment) in a prior year.

### *Advertising*

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

### *Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### *Subsequent Events*

Management has evaluated subsequent events through \_\_\_\_\_, 2022, the date the financial statements were available to be issued.

## **2. Cash and Investments**

### *Deposits*

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

# Interurban Transit Partnership

## Notes to Financial Statements

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### *Custodial Credit Risk Related to Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, ITP's deposits might not be recovered. ITP minimizes custodial credit risk by pre-qualifying financial institutions. At September 30, 2021, the bank balances were \$39,615,245, of which \$38,861,036 was uninsured and uncollateralized.

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

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

### *Investments*

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

At September 30, 2021, ITP's Enterprise Fund had the following investment, which is measured at amortized cost:

<u>Investment</u>	<u>Maturity</u>	<u>Amortized Cost</u>
Kent County Investment Pool	Less than 1 year	6,106,957

### *Interest Rate Risk*

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

### *Custodial Credit Risk Related to Investments*

Custodial credit risk is the risk that, in the event of the failure of the counterparty, ITP will not be able to recover the value of its investments that are in the possession of an outside party. ITP minimizes custodial credit risk by limiting investments and pre-qualifying financial institutions. ITP had no investments subject to custodial credit risk at September 30, 2021.

### *Credit Risk*

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

# Interurban Transit Partnership

## Notes to Financial Statements

At September 30, 2021, ITP's investments had the following credit ratings and exposure:

Investment Type	Rating	Credit Exposure as a Percentage of Total Investments
<b>Enterprise Fund</b>		
Kent County Investment Pool	Not rated	100
<b>Pension Trust Funds</b>		
Money market funds	Moody's A-mf	6.83
Bond mutual funds	Not rated	22.49

### *Fair Value Measurement*

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

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

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

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

The following tables set forth by level within the fair value hierarchy the investment assets at fair value as of June 30, 2021, and 2020. As required by the fair value measurement standard, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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

### *June 30, 2021*

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

# Interurban Transit Partnership

## Notes to Financial Statements

June 30, 2020

	Level 1	Level 2	Level 3	Total
<b>Pension Trust Fund</b>				
Cash and short-term investments	\$ 1,166,424	\$ -	\$ -	\$ 1,166,424
Equity mutual funds	8,009,797	-	-	8,009,797
Bond mutual funds	3,199,578	-	-	3,199,578
<b>Investments, at fair value</b>	<b>\$12,375,799</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$12,375,799</b>

### 3. Capital Assets

Capital asset activity for the year ended September 30, 2021 is as follows:

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

Please note the \$1,147,039 amount in construction in progress was done to distribute prior-year capital assets to the appropriate asset category for the fare revenue machines for the Laker Line.

# Interurban Transit Partnership

## Notes to Financial Statements

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

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

#### 4. Pension and Retirement Plans

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

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

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

## Interurban Transit Partnership

### Notes to Financial Statements

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

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

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

	2021	2020
Retirees and beneficiaries currently receiving benefits	15	16
Terminated employees entitled to benefits but not yet receiving them	14	16
Active plan members	1	1
<b>Total</b>	<b>30</b>	<b>33</b>

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

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

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

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

	2021	2020
Retirees and beneficiaries currently receiving benefits	137	129
Terminated employees entitled to benefits but not yet receiving them	129	127
Active plan members	210	225
<b>Total</b>	<b>476</b>	<b>481</b>

#### *Basis of Accounting*

The financial statements of both plans have been prepared on the accrual basis. The employer contributions are recognized when due and a formal commitment to provide the contribution has

# Interurban Transit Partnership

## Notes to Financial Statements

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been made. Benefits are recognized when due and payable, according to the terms of the plans. Investments are reported at fair value.

### ***Funding Policy***

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

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

### ***Actuarial Assumptions***

The total pension liability for both plans was determined by an actuarial valuation as of July 1, 2021, and the following actuarial assumptions, applied to all periods included in the measurement:

	Administrative Plan	Non- Administrative Plan
Inflation	2.50	2.50
Salary increases	0.00	0.00
Investment rate of return	6.00	6.50

### ***Discount Rate***

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

# Interurban Transit Partnership

## Notes to Financial Statements

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

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

	1% Decrease	Current Rate	1% Increase
Administrative Plan	(5.00)	(6.00)	(7.00)
<b>Net Pension Liability</b>	\$ 461,497	\$ 245,429	\$ 60,162

	1% Decrease	Current Rate	1% Increase
Non-Administrative Plan	(5.50)	(6.50)	(7.50)
<b>Net Pension Liability</b>	\$ 2,037,428	\$ 493,620	\$ (793,741)

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

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

	Administrative Plan		Non-Administrative Plan	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Domestic equity	50.00	7.50	50.00	7.50
International equity	10.00	8.50	15.00	8.50
Domestic Bonds	32.25	2.50	20.00	2.50
International Bonds	7.50	3.50	5.00	3.50
Real Estate	0.00	0.00	10.00	4.50

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## Interurban Transit Partnership

### Notes to Financial Statements

#### *Changes in the Net Pension Liability*

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance, July 1, 2020</b>	\$ 2,950,396	\$ 2,206,577	\$ 743,819
<b>Changes in Pension Liability</b>			
Service cost	-	-	-
Interest	147,516	-	147,516
Experience (gains) losses	208,572	-	208,572
Contributions - employer	-	408,451	(408,451)
Assumption change	(8,535)	-	(8,535)
Net investment income	-	451,877	(451,877)
Benefit payments	(983,585)	(983,585)	-
Administrative expenses	-	(14,385)	14,385
<b>Net Changes in Pension Liability</b>	<b>(636,032)</b>	<b>(137,642)</b>	<b>(498,390)</b>
<b>Balance, June 30, 2021</b>	<b>\$ 2,314,364</b>	<b>\$ 2,068,935</b>	<b>\$ 245,429</b>

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balance, July 1, 2020</b>	\$ 13,440,598	\$ 10,169,272	\$ 3,271,326
<b>Changes in pension liability</b>			
Interest	848,945	-	848,945
Experience (gains) losses	111,431	-	111,431
Contributions - employer	-	766,843	(766,843)
Assumption change	-	-	-
Net investment income	-	2,998,961	(2,998,961)
Benefit payments	(759,830)	(759,830)	-
Administrative expenses	-	(27,722)	27,722
<b>Net Changes in Pension Liability</b>	<b>200,546</b>	<b>2,978,252</b>	<b>(2,777,706)</b>
<b>Balance, June 30, 2021</b>	<b>\$ 13,641,144</b>	<b>\$ 13,147,524</b>	<b>\$ 493,620</b>

## Interurban Transit Partnership

### Notes to Financial Statements

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

At September 30, 2021, ITP reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Administrative Plan		Non-Administrative Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -	\$ 279,486	\$ 217,717
Changes of assumptions	-	-	716,741	2,860,774
Investment earnings losses	-	206,990	-	1,840,830
<b>Total</b>	<b>\$ -</b>	<b>\$ 206,990</b>	<b>\$ 996,227</b>	<b>\$ 4,919,321</b>

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

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

Year ending September 30,	Administrative Plan	Non- Administrative Plan	Total
2022	\$ (38,667)	\$ (962,677)	\$ (1,001,344)
2023	(42,735)	(949,899)	(992,634)
2024	(58,156)	(930,014)	(988,170)
2025	(67,432)	(957,556)	(1,024,988)
2026	-	(295,284)	(295,284)
Thereafter	-	172,336	172,336

#### *Components of Pension Expense*

For the year ended September 30, 2021, ITP recognized pension expense of \$407,877 for the Administrative Plan and \$(804,725) for the Non-Administrative Plan.

# Interurban Transit Partnership

## Notes to Financial Statements

Below are the components of the total pension expense:

*Year ended September 30, 2021*

	Administrative Plan	Non- Administrative Plan
Interest	\$ 147,516	\$ 848,945
Experience (gains) losses	425,946	(3,231)
Assumption change	(9,527)	(486,598)
Projected earnings on pension plan investments	(114,709)	(660,330)
Investment earnings losses	(55,734)	(531,233)
Administrative expenses	14,385	27,722
<b>Total Pension Expense</b>	<b>\$ 407,877</b>	<b>\$ (804,725)</b>

For the year ended September 30, 2021, actual cash payments made were \$408,451 and \$766,843 for the Administrative Plan and the Non-Administrative Plan, respectively.

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

ITP has a non-contributory defined contribution benefit plan for its administrative employees. The plan was established July 1, 2000. Administrative employees are eligible to participate on the first day of the month following completion of six months of service, provided that the employee has at least 500 hours of service. The plan provides 100% vesting after five years of service. The contribution is made monthly at 9% of compensation paid during the month. ITP made contributions totaling \$415,928 for the year ended September 30, 2021.

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

ITP has a contributory defined contribution benefit plan for its non-administrative employees. The plan had an initial effective date of August 1, 2018, with ITP contributions retroactive to the December 11, 2017, effective date of a new bargaining agreement. Non-administrative employees are eligible to participate after completion of a probationary period of 90 or 150 days. The plan provides 100% vesting after five years of service, with intermediate vesting levels for fewer years of service. Contributions are made bi-weekly and consist of 6% of eligible compensation, plus a match of participants' additional elective contributions up to 1% of eligible compensation. ITP made contributions totaling \$958,237 for the year ended September 30, 2021.

## **5. Risk Management**

ITP is exposed to various risks of loss related to torts, theft of and damage to assets, errors and omissions, injuries to employees, and natural disasters. ITP carries commercial insurance for most risks of loss, including employee life, health, and accident insurance. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. ITP participated in a public entity risk pool for property and liability coverage through November 30, 2009. ITP paid an annual premium to the entity risk pool, which is adjusted retroactively to reflect the actual cost. Each member is responsible for all losses falling within its selected retention level, plus its share of pool losses and administrative expenses, less its share of investment income. The agreement for formation of the Michigan Transit Pool (the Pool) provides that the Pool will be self-sustaining

# Interurban Transit Partnership

## Notes to Financial Statements

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through member premiums and will provide property and liability coverage to its members for the first \$2,000,000 per occurrence. The Pool has purchased excess insurance for an additional \$3,000,000 per occurrence. In addition, ITP carried excess insurance for an additional \$5,000,000 per occurrence. The Pool publishes its own financial report which can be obtained from the Pool. ITP's participation in the Pool ended as of December 1, 2009, except with regard to known and unknown covered events occurring prior to December 1, 2009. ITP currently purchases commercial insurance for property and liability with coverage of \$5,000,000 per occurrence with a \$50,000 deductible and has excess coverage for an additional \$5,000,000. ITP carries catastrophic insurance to cover direct damage to property.

### **6. Description of Grant Funding**

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

#### ***Operations***

ITP's general operations are funded as follows:

The Michigan Department of Transportation (MDOT) authorized funding for fiscal years 2021 and 2020 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$22,321,281 and \$21,379,383 in 2021 and 2020, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 31.6001% and 30.9848%, respectively, totaled \$14,107,094 and \$13,248,718 in 2021 and 2020, respectively.

#### ***Capital Acquisitions***

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

#### ***Contingencies***

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

## Required Supplementary Information

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## Interurban Transit Partnership

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

<i>Year ended June 30,</i>	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	147,516	166,683	222,849	298,964	304,879
Changes in benefit terms	-	-	-	-	-
Difference between expected and actual experience	208,572	70,045	652,124	(17,596)	29,585
Change of assumptions	(8,535)	139,623	(2,976)	92,870	414,758
Benefit payments	(983,585)	(185,757)	(3,355,575)	(177,586)	(178,477)
<b>Net Change in Total Pension Liability</b>	<b>(636,032)</b>	<b>190,594</b>	<b>(2,483,578)</b>	<b>196,652</b>	<b>570,745</b>
<b>Total Pension Liability - beginning</b>	<b>2,950,396</b>	<b>2,759,802</b>	<b>5,243,380</b>	<b>5,046,728</b>	<b>4,475,983</b>
<b>Total Pension Liability - ending (a)</b>	<b>2,314,364</b>	<b>2,950,396</b>	<b>2,759,802</b>	<b>5,243,380</b>	<b>5,046,728</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employer	408,451	419,186	400,000	457,924	800,000
Net investment income	451,877	79,677	126,980	250,474	369,137
Benefit payments	(983,585)	(185,757)	(3,355,575)	(177,586)	(178,477)
Administrative expenses	(14,385)	(13,905)	(14,445)	(12,580)	(11,874)
<b>Net Change in Fiduciary Net Position</b>	<b>(137,642)</b>	<b>299,201</b>	<b>(2,843,040)</b>	<b>518,232</b>	<b>978,786</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>2,206,577</b>	<b>1,907,376</b>	<b>4,750,416</b>	<b>4,232,184</b>	<b>3,253,398</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>2,068,935</b>	<b>2,206,577</b>	<b>1,907,376</b>	<b>4,750,416</b>	<b>4,232,184</b>
<b>Net Pension Liability - ending (a)-(b)</b>	<b>\$ 245,429</b>	<b>\$ 743,819</b>	<b>\$ 852,426</b>	<b>\$ 492,964</b>	<b>\$ 814,544</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability (%)</b>	<b>89.4</b>	<b>74.8</b>	<b>69.1</b>	<b>94.1</b>	<b>83.9</b>
<b>Covered-employee payroll</b>	<b>\$ 48,337</b>	<b>\$ 205,047</b>	<b>\$ 210,141</b>	<b>\$ 707,023</b>	<b>\$ 703,623</b>
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll (%)</b>	<b>507.7</b>	<b>362.8</b>	<b>405.6</b>	<b>41.9</b>	<b>115.8</b>

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

## Interurban Transit Partnership

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

<i>Year ended June 30,</i>	2021	2020	2019	2018	2017
<b>Total Pension Liability</b>					
Service cost	\$ -	\$ -	\$ -	\$ 424,425	\$ 623,310
Interest	848,945	800,046	782,627	823,542	740,441
Changes in benefit terms	-	-	-	(1,612,940)	-
Difference between expected and actual experience	111,431	43,263	194,529	25,377	(261,781)
Change of assumptions	-	637,632	(56,593)	373,105	(2,723,243)
Benefit payments	(759,830)	(697,478)	(607,696)	(597,778)	(545,433)
<b>Net Change in Total Pension Liability</b>	<b>200,546</b>	<b>783,463</b>	<b>312,867</b>	<b>(564,269)</b>	<b>(2,166,706)</b>
<b>Total Pension Liability - beginning</b>	<b>13,440,598</b>	<b>12,657,135</b>	<b>12,344,268</b>	<b>12,908,537</b>	<b>15,075,243</b>
<b>Total Pension Liability - ending (a)</b>	<b>13,641,144</b>	<b>13,440,598</b>	<b>12,657,135</b>	<b>12,344,268</b>	<b>12,908,537</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - employee	-	-	-	-	-
Contributions - employer	766,843	387,328	250,000	529,010	987,300
Net investment income	2,998,961	501,605	715,694	648,430	889,974
Benefit payments	(759,830)	(697,478)	(607,696)	(597,778)	(545,433)
Administrative expenses	(27,722)	(25,729)	(28,605)	(32,948)	(22,431)
<b>Net Change in Fiduciary Net Position</b>	<b>2,978,252</b>	<b>165,726</b>	<b>329,393</b>	<b>546,714</b>	<b>1,309,410</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>10,169,272</b>	<b>10,003,546</b>	<b>9,674,153</b>	<b>9,127,439</b>	<b>7,818,029</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>13,147,524</b>	<b>10,169,272</b>	<b>10,003,546</b>	<b>9,674,153</b>	<b>9,127,439</b>
<b>Net Pension Liability - ending (a)-(b)</b>	<b>\$ 493,620</b>	<b>\$ 3,271,326</b>	<b>\$ 2,653,589</b>	<b>\$ 2,670,115</b>	<b>\$ 3,781,098</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability (%)</b>	<b>96.4</b>	<b>75.7</b>	<b>79.0</b>	<b>78.4</b>	<b>70.7</b>
Covered-employee payroll	n/a	n/a	n/a	n/a	n/a
<b>Net Pension Liability as a Percentage of Covered-Employee Payroll (%)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

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

**Interurban Transit Partnership**  
**Schedule of Contributions - Administrative Plan**

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

## Interurban Transit Partnership

### Schedule of Contributions - Administrative Plan

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Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2021
Actuarial cost method	Unit Credit
Asset valuation method	Market value
Retirement age	Age 65
Interest rate	6.00% per year
Mortality tables:	
Pre-retirement	None
Post-retirement	Pub-2010 Public Retirement Plans Mortality Tables for General Employees; annuitant and non-annuitant, sex-distinct with modified MP-2018 improvement factors
Turnover rates	None
Salary scale	None
Ancillary benefits values	None
Administrative experience	Prior year, rounded to nearest \$100
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross
Changes since prior valuation	Mortality updated to public pension tables
Cost of living adjustments after retirement	None

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

## Interurban Transit Partnership

### Schedule of Contributions - Non-Administrative Plan

<i>Year ended June 30,</i>	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 455,490	\$ 387,328	\$ 376,920	\$ 735,101	\$ 775,392	\$ 746,846
Actual contribution	766,843	387,328	250,000	529,010	987,300	644,412
<b>(Excess) Contribution</b>	<b>\$ (311,353)</b>	<b>\$ -</b>	<b>\$ 126,920</b>	<b>\$ 206,091</b>	<b>\$ (211,908)</b>	<b>\$ 102,434</b>
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a
Actual contribution as % of covered payroll (%)	n/a	n/a	n/a	n/a	n/a	n/a

## Interurban Transit Partnership

### Schedule of Contributions - Non-Administrative Plan

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Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2021
Actuarial cost method	Unit Credit
Asset valuation method	75% of expected assets plus 25% of market value of assets, including contributions accrued for hours worked through the valuation date, but not less than 80%, nor more than 120% of market value
Retirement age	10% of active employees are assumed to retire at age 62 (if eligible for early retirement) and all remaining at age 65 (or current age if older); terminated vested participants are assumed to retire at age 65
Interest rate	6.50%
Mortality table	SOA RP-2014 adjusted to 2006 Mortality Table for Blue-Collar Employees with MP-2019 Improvement Scale
Post-disablement mortality rates	Disabled retirees receiving benefits who have not attained age 65 are valued with applicable mortality rates from IRS Rev. Rul. 96-7 and 1964 OASDI rates of mortality
Turnover rates	Crocker-Sarason-Straight T-5
Ancillary benefits values	Vesting and pre-retirement death
Normal cost expenses (non-investment related)	Estimated expense is calculated as the average of prior two years' non-investment related expenses paid from the trust, rounded to the nearest \$1,000
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross
Changes since prior valuation	The mortality tables updated to public mortality tables
Cost of living adjustments after retirement	None

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

## Supplementary Information

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

*June 30, 2021*

	Administrative Plan	Non- Administrative Plan	Total
<b>Assets</b>			
Cash and short-term investments	\$ 19,458	\$ 1,019,164	\$ 1,038,622
<b>Receivables</b>			
Interest and dividends receivable	2	14	16
<b>Investments, at fair value</b>			
Bond mutual funds	730,832	2,690,979	3,421,811
Equity mutual funds	1,318,643	9,437,367	10,756,010
<b>Total Investments, at fair value</b>	<b>2,049,475</b>	<b>12,128,346</b>	<b>14,177,821</b>
<b>Total Assets</b>	<b>2,068,935</b>	<b>13,147,524</b>	<b>15,216,459</b>
<b>Net Position Held in Trust for Pension Benefits</b>	<b>\$ 2,068,935</b>	<b>\$ 13,147,524</b>	<b>\$ 15,216,459</b>

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

*Year ended June 30, 2021*

	Administrative Plan	Non- Administrative Plan	Total
<b>Additions</b>			
Employer and employee contributions	\$ 408,451	\$ 766,843	\$ 1,175,294
Investment income (loss):			
Net appreciation	405,527	2,720,441	3,125,968
Interest	171	106	277
Dividends	47,871	287,876	335,747
Investment expense	(1,692)	(9,462)	(11,154)
<b>Total Investment Income</b>	<b>451,877</b>	<b>2,998,961</b>	<b>3,450,838</b>
<b>Total Additions</b>	<b>860,328</b>	<b>3,765,804</b>	<b>4,626,132</b>
<b>Deductions</b>			
Benefits	983,585	759,830	1,743,415
Administrative expense	14,385	27,722	42,107
<b>Total Deductions</b>	<b>997,970</b>	<b>787,552</b>	<b>1,785,522</b>
<b>Change in Net Position</b>	<b>(137,642)</b>	<b>2,978,252</b>	<b>2,840,610</b>
<b>Net Position Held in Trust for Pension</b>			
Benefits, beginning of year	2,206,577	10,169,272	12,375,849
<b>Net Position Held in Trust for Pension</b>			
Benefits, end of year	\$ 2,068,935	\$ 13,147,524	\$ 15,216,459

**Interurban Transit Partnership**  
**Schedule of Non-Operating Revenues - Local**

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*Year ended September 30, 2021*

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<b>Local Revenue</b>	
Property taxes	\$ 17,472,240
Grand Valley State University	2,842,767
Network180	327,379
DASH - City of Grand Rapids	2,205,921
Van pool	29,429
Ferris State University	75,891
Grand Rapids Community College	28,844
Amtrak	102,901
Alpine Township	90,515
Byron Township	42,745
Cascade Township	354,399
Gaines Township	53,055
Other local services	4,850
<b>Total Local Revenue</b>	<b>23,630,936</b>
<b>Other Income</b>	
Gain on sale of capital assets	137,737
Retail lease	14,058
Parking lot revenue	1,261
Interest income	65,519
Miscellaneous	10,521
Ride project coordination	53,047
Vending machine	12,702
Fare Evasion Fines	1,155
Billboard lease	14,358
<b>Total Other Income</b>	<b>310,358</b>
<b>Total Non-Operating Revenues - Local</b>	<b>\$ 23,941,294</b>

## Interurban Transit Partnership

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

*Year ended September 30, 2021*

<b>State of Michigan Grants</b>	
General operating assistance	\$ 16,254,784
Capital assistance	439,527
Preventive maintenance (operating)	21,759
Planning and miscellaneous project assistance	114,331
Specialized services	557,441
<b>Total State of Michigan grants</b>	<b>17,387,842</b>
<b>Federal Government Grants</b>	
Capital assistance	1,935,271
CARES Act assistance	16,292,765
CRRSA Act assistance	3,960,811
Preventive maintenance (operating)	87,037
Planning and miscellaneous project assistance	457,323
<b>Total Federal Government Grants</b>	<b>22,733,207</b>
<b>Total Non-Operating Revenues - State and Federal</b>	<b>\$ 40,121,049</b>

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

*Year ended September 30, 2021*

	General Operations				Grants	Total System
	Operations	Maintenance	Administration	Total		
<b>Labor</b>						
Operators' salaries and wages	\$ 9,889,724	\$ -	\$ -	\$ 9,889,724	\$ -	\$ 9,889,724
Other salaries and wages	2,952,290	2,515,719	1,949,829	7,417,838	19,396	7,437,234
Dispatchers' salaries and wages	211,020	-	-	211,020	-	211,020
<b>Total Labor</b>	<b>13,053,034</b>	<b>2,515,719</b>	<b>1,949,829</b>	<b>17,518,582</b>	<b>19,396</b>	<b>17,537,978</b>
<b>Fringe Benefits</b>						
Pension - defined benefit (actual paid)	868,411	167,770	139,112	1,175,293	-	1,175,293
Pension - defined benefit (GASB adjustment)	(1,325,015)	(246,931)	(196)	(1,572,142)	-	(1,572,142)
Pension - defined contribution	1,033,805	198,701	141,659	1,374,165	-	1,374,165
Other fringe benefits	6,146,236	1,196,452	1,024,103	8,366,791	10,214	8,377,005
<b>Total Fringe Benefits</b>	<b>6,723,437</b>	<b>1,315,992</b>	<b>1,304,678</b>	<b>9,344,107</b>	<b>10,214</b>	<b>9,354,321</b>
<b>Services</b>						
Audit fees	-	-	49,225	49,225	-	49,225
Other services	393,884	1,936,633	959,679	3,290,196	949,850	4,240,046
<b>Total Services</b>	<b>393,884</b>	<b>1,936,633</b>	<b>1,008,904</b>	<b>3,339,421</b>	<b>949,850</b>	<b>4,289,271</b>
<b>Materials and Supplies Consumed</b>						
Fuel and lubricants	1,806,260	-	-	1,806,260	-	1,806,260
Tires and tubes	-	25,534	-	25,534	254,821	280,355
Other materials and supplies	28,843	1,365,147	82,046	1,476,036	160,063	1,636,099
<b>Total Materials and Supplies Consumed</b>	<b>1,835,103</b>	<b>1,390,681</b>	<b>82,046</b>	<b>3,307,830</b>	<b>414,884</b>	<b>3,722,714</b>
<b>Utilities</b>						
Other	-	-	1,226,094	1,226,094	-	1,226,094
<b>Casualty and Liability Costs</b>						
Premiums for public liability and property damage insurance	2,962,773	-	-	2,962,773	-	2,962,773
Other insurance	-	-	286,832	286,832	-	286,832
<b>Total Casualty and Liability Costs</b>	<b>2,962,773</b>	<b>-</b>	<b>286,832</b>	<b>3,249,605</b>	<b>-</b>	<b>3,249,605</b>

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

*Year ended September 30, 2021*

	General Operations				Grants	Total System
	Operations	Maintenance	Administration	Total		
<b>Purchased Transportation</b>	\$ 5,137,990	\$ -	\$ -	\$ 5,137,990	\$ 1,276,980	\$ 6,414,970
<b>Miscellaneous</b>						
Travel and Training	8,021	1,428	13,646	23,095	3,739	26,834
Meetings	56	-	2,479	2,535	-	2,535
Advertising and Promotion	-	-	137,332	137,332	154,747	292,079
Dues	1,896	-	95,363	97,259	24,808	122,067
Other miscellaneous	4,308	42,781	58,081	105,170	644	105,814
<b>Total Miscellaneous</b>	14,281	44,209	306,901	365,391	183,938	549,329
<b>Depreciation and Loss on Disposal of Assets</b>	-	-	15,677,114	15,677,114	-	15,677,114
<b>Non-Rapid Enhancements</b>	-	-	-	-	649,578	649,578
<b>Preventive Maintenance</b>	-	-	-	-	108,797	108,797
<b>Total Expenses</b>	\$ 30,120,502	\$ 7,203,234	\$ 21,842,398	\$ 59,166,134	\$ 3,613,637	\$ 62,779,771

## Interurban Transit Partnership

### Schedule of Expenses by Grant

Year ended September 30, 2021

	Total	001 General Operations	530	540	550	560	570	601	771	772	796	870	986	987
			MI-2016-X009 12-0104-P12 FY16 Section 5307	MI-2017-X023 12-0070-P3 FY17 Section 5307	MI-16-X009 FY18 Section 5307	MI-2019-023 FY19 Section 5307	MI-2020-047 17-0070-P16 FY20 Section 5307	MI-2020-016 FY20 Section 5307	MI-2016-013 12-0104-P17 FY16 Section 5307	MI-2016-013 FY19 Section 5307	17-0070-P11 Specialized Services	MI-2017-015 FY17 Section 5339	17-0070-P10 MI Mobility Grant	MI-2019-010 TOD Grant
<b>Expenses</b>														
Labor	\$17,537,978	\$17,518,582	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,403	\$ 14,993	\$ -	\$ -	\$ -	\$ -
Fringe benefits	9,354,321	9,344,107	-	-	-	-	-	-	2,449	7,765	-	-	-	-
Services	4,289,271	3,339,421	-	116,763	14,809	112,485	6,811	-	-	-	-	403,099	-	295,883
Materials and supplies consumed	3,722,714	3,307,830	-	11,030	276,287	4,436	1,413	302	1,939	60	-	119,417	-	-
Utilities	1,226,094	1,226,094	-	-	-	-	-	-	-	-	-	-	-	-
Casualty and liability costs	3,249,605	3,249,605	-	-	-	-	-	-	-	-	-	-	-	-
Purchased transportation	6,414,970	5,137,990	-	-	-	110,819	589,181	-	19,539	-	557,441	-	-	-
Miscellaneous	549,329	365,391	-	2,620	3,550	21,776	-	644	116,561	28,994	-	9,793	-	-
Depreciation and loss on disposal of assets	15,677,114	15,677,114	-	-	-	-	-	-	-	-	-	-	-	-
Nonrapid enhancements	649,578	-	-	-	-	-	-	-	-	-	-	649,578	-	-
Preventive maintenance	108,797	-	-	108,797	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$62,779,771</b>	<b>\$59,166,134</b>	<b>\$ -</b>	<b>\$ 239,210</b>	<b>\$ 294,646</b>	<b>\$ 249,516</b>	<b>\$ 597,405</b>	<b>\$ 946</b>	<b>\$ 144,891</b>	<b>\$ 51,812</b>	<b>\$ 557,441</b>	<b>\$ 1,181,887</b>	<b>\$ -</b>	<b>\$ 295,883</b>

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

## Interurban Transit Partnership

### Schedule of Regular Service Expenses by Function - Urban

Year ended September 30, 2021

	Operations	Maintenance	Administration	Total
<b>Labor</b>				
Operators' salaries and wages	\$ 9,889,724	\$ -	\$ -	\$ 9,889,724
Other salaries and wages	2,952,290	2,515,719	1,949,829	7,417,838
Dispatchers' salaries and wages	211,020	-	-	211,020
<b>Total Labor</b>	<b>13,053,034</b>	<b>2,515,719</b>	<b>1,949,829</b>	<b>17,518,582</b>
<b>Fringe Benefits</b>				
Pension - defined benefit	868,411	167,770	139,112	1,175,293
Pension - defined benefit (GASB)	(1,325,015)	(246,931)	(196)	(1,572,142)
Pension - defined contributions	1,033,805	198,701	141,659	1,374,165
Other fringe benefits	6,146,236	1,196,452	1,024,103	8,366,791
<b>Total Fringe Benefits</b>	<b>6,723,437</b>	<b>1,315,992</b>	<b>1,304,678</b>	<b>9,344,107</b>
<b>Services</b>				
Audit fees	-	-	49,225	49,225
Other services	393,884	1,936,633	959,679	3,290,196
<b>Total Services</b>	<b>393,884</b>	<b>1,936,633</b>	<b>1,008,904</b>	<b>3,339,421</b>
<b>Materials and Supplies Consumed</b>				
Fuel and lubricants	1,806,260	-	-	1,806,260
Tires and tubes	-	25,534	-	25,534
Other materials and supplies	28,843	1,365,147	82,046	1,476,036
<b>Total Materials and Supplies Consumed</b>	<b>1,835,103</b>	<b>1,390,681</b>	<b>82,046</b>	<b>3,307,830</b>
<b>Utilities</b>				
Other	-	-	1,226,094	1,226,094
<b>Total Utilities</b>	<b>-</b>	<b>-</b>	<b>1,226,094</b>	<b>1,226,094</b>
<b>Casualty and Liability Costs</b>				
Premiums for public liability and property damage insurance	2,962,773	-	-	2,962,773
Other insurance	-	-	286,832	286,832
<b>Total Casualty and Liability Costs</b>	<b>2,962,773</b>	<b>-</b>	<b>286,832</b>	<b>3,249,605</b>
<b>Purchased Transportation</b>	<b>5,137,990</b>	<b>-</b>	<b>-</b>	<b>5,137,990</b>
<b>Miscellaneous</b>				
Travel and Training	8,021	1,428	13,646	23,095
Meetings	56	-	2,479	2,535
Advertising/promotion media	-	-	137,332	137,332
Dues	1,896	-	95,363	97,259
Other miscellaneous	4,308	42,781	58,081	105,170
<b>Total Miscellaneous</b>	<b>14,281</b>	<b>44,209</b>	<b>306,901</b>	<b>365,391</b>
<b>Depreciation and Loss on Disposal of Assets</b>	<b>-</b>	<b>-</b>	<b>15,677,114</b>	<b>15,677,114</b>
<b>Total Expenses</b>	<b>\$ 30,120,502</b>	<b>\$ 7,203,234</b>	<b>\$ 21,842,398</b>	<b>\$ 59,166,134</b>

## Interurban Transit Partnership

### Schedule of Regular Service Revenues - Urban

*Year ended September 30, 2021*

<b>Operating Revenues</b>	
Passenger fares	\$ 2,961,800
Advertising	258,253
<b>Total Operating Revenues</b>	<b>3,220,053</b>
<b>Non-Operating Revenues</b>	
State and federal assistance	40,121,049
<b>Local Revenue</b>	
Property taxes	17,472,240
Grand Valley State University	2,842,767
Network180	327,379
DASH - City of Grand Rapids	2,205,921
Van pool	29,429
Ferris State University	75,891
Grand Rapids Community College	28,844
Amtrak	102,901
Alpine Township	90,515
Byron Township	42,745
Cascade Township	354,399
Gaines Township	53,055
Other local services	4,850
<b>Total Local Revenue</b>	<b>23,630,936</b>
<b>Other Income</b>	
Gain on sale of property	137,737
Retail lease	14,058
Parking Lot Revenue	1,261
Family First Coronavirus Response Act (FFCRA)	-
Interest income	65,519
Miscellaneous	10,521
Ride project coordination	53,047
Vending machine	12,702
Fare Evasion Fees	1,155
Billboard lease	14,358
<b>Total Other Income</b>	<b>310,358</b>
<b>Total Revenues</b>	<b>\$ 67,282,396</b>

**Interurban Transit Partnership**  
**Schedule of Hours and Miles - Urban**

*Year ended September 30, 2021*

	Weekday	Saturday	Sunday	Total
Total vehicle hours - linehaul	343,111	33,920	14,078	391,109
Revenue hours - linehaul	328,504	32,912	13,641	375,057
Total vehicle hours - bus rapid transit	22,720	2,540	1,916	27,176
Revenue hours - bus rapid transit	22,256	2,474	1,858	26,588
Total vehicle hours - demand response	108,730	8,563	6,714	124,007
Revenue hours - demand response	93,524	7,473	5,846	106,843
Total vehicle miles - linehaul	4,538,587	455,803	198,031	5,192,421
Revenue miles - linehaul	4,343,512	438,127	186,973	4,968,612
Total vehicle miles - bus rapid transit	284,384	31,915	24,657	340,956
Revenue miles - bus rapid transit	274,726	30,418	22,841	327,985
Total vehicle miles - demand response	1,694,891	111,084	90,060	1,896,035
Revenue miles - demand response	1,302,356	95,949	77,381	1,475,686

The methodology used for compiling nonfinancial data on OAR schedules is an adequate and reliable methodology.

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

*Year ended September 30, 2021*

	State Operating Assistance Urban
<b>General Operating Expenses</b>	<b>\$ 62,779,771</b>
<b>Add: Eligible Expenses</b>	
Reverse GASB entry to pension to reflect actual paid pension expenses	1,572,142
<b>Less: Ineligible Expenses</b>	
Depreciation expense and loss on disposal of assets	15,677,115
Capital funds used for operating expenses	3,504,839
Amtrak - billed directly to the State of Michigan	128,056
Non-transportation revenue	156,956
APTA and MPTA dues	7,391
Preventive maintenance	108,796
Other	126,198
	<b>18,137,209</b>
<b>Eligible Operating Expenses</b>	<b>\$ 44,642,562</b>
<b>Maximum State Operating Assistance (50%)</b>	<b>\$ 22,321,281</b>
<b>State Operating Assistance Accrual (31.6001%)</b>	<b>\$ 14,107,094</b>

## Interurban Transit Partnership

### Notes to Schedule of Operating Assistance Calculation

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

ITP has deducted all known ineligible expenses in completing this calculation of state operating assistance. Any refunds or rebates are deducted from the appropriate expense item when received. Any expenses related to miscellaneous revenue were netted against said revenue. ITP had no other post-employment benefits. No such expense was accrued or paid during fiscal year 2020 and, therefore, there are no applicable issues regarding calculation of eligible operating expenses or the related assistance from the State of Michigan. ITP did not apply for non-urban assistance for fiscal year 2021; therefore, schedules for urban and non-urban expenses are not included.

The following are statements of assurances for the state:

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

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

*Capital Funds Used to Pay for Operating* - Operating expenses of \$3,504,839 were paid for with capital funds. This amount was subtracted out as ineligible expense. No other operating expenses were paid for with capital funds. Ineligible expenses are identified according to the definition in the revenue and expense manual.

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

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

*Retirement Benefits* - ITP offers two types of pension compensation plans: defined benefit and defined contribution for administrative and non-administrative staff. The defined contribution expenses paid this year for the administrative staff is \$415,928 and non-administrative staff is \$958,237. The entire sum of \$1,374,765 was expensed on the books and paid with out-of-pocket funds.

The defined benefit plan expenses paid this year for the administrative plan is \$408,451 and the non-administrative plan is \$766,843. The entire sum of \$1,175,294 was expensed on the books and paid with out-of-pocket funds. The defined benefit plan is calculated pursuant to the GASB 68 Implementation Guide. The GASB adjustment is a decrease of \$1,572,142 to the pension expense, which is a reduction of \$574 to the administration plan and a reduction of \$1,571,568 to the union plan. Therefore, the \$1,572,142 is an eligible expense and was added to the total operating expense for the calculation of state operating assistance.

\$16,291,820 was received in the CARES Act and \$3,960,811 in the CRRSA Act funding in fiscal year 2021 to reimburse eligible operating expenses through September 30, 2021. These expenses are included in the schedule of operating expenses by function under general operations.

# Interurban Transit Partnership

## Schedule of Expenditures of Federal Awards

*Year ended September 30, 2021*

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Passed Through	Pass-Through Federal Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Federal Transit Cluster</b>					
Federal Transit Formula Grants	20.507	Direct	MI-2016-X009	\$ -	\$ 12,539
Federal Transit Formula Grants	20.507	Direct	MI-2017-X023	-	745,089
Federal Transit Formula Grants	20.507	Direct	MI-2018-011	-	498,760
Federal Transit Formula Grants	20.507	Direct	MI-2019-023	-	1,083,685
Federal Transit Formula Grants	20.507	Direct	MI-2020-047	-	2,709,021
Federal Transit Formula Grants	20.507	Direct	MI-2021-022	-	1,080,531
Federal Transit Formula Grants (CARES Act)	20.507	Direct	MI-2020-016	-	16,921,890
Federal Transit Formula Grants	20.507	Direct	MI-2021-004	-	3,960,811
Federal Transit Formula Grants	20.507	Direct	MI-2016-013	-	377,034
Federal Transit Formula Grants	20.507	Direct	MI-2019-024	-	1,900,064
Federal Transit Formula Grants	20.526	Direct	MI-2020-047	-	1,136,373
Federal Transit Formula Grants	20.526	Direct	MI-2021-022	-	1,053,602
Federal Transit Capital Investment Grants	20.500	Direct	MI-2017-015	-	3,627,151
Federal Transit Capital Investment Grants	20.500	Direct	MI-2019-010	-	236,707
<b>Total Federal Awards</b>				<b>\$ -</b>	<b>\$ 35,343,257</b>

# Interurban Transit Partnership

## Notes to Schedule of Expenditures of Federal Awards

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### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of ITP under programs of the federal government for the year ended September 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ITP, it is not intended to and does not present the financial position, changes in net assets or cash flows of ITP.

### 2. Summary of Significant Accounting Policies

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

### 3. Indirect Cost Rate

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

### 4. Matching Costs

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

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

Year ended September 30, 2021

Title	Federal CFDA Number	Federal Grant Number	State Authorization Number	Total State Award Amount	Current Year's Expenditures				Prior Year's State Expenditures	State Amount Remaining	Expensed as Operating	Reference
					Federal	State	Local	Total				
FY 2020 \$5307 - Local Formula	20 507	MI-2021-022	2017-0070-P18	\$ 2,513,395	\$ 1,080,531	\$ 270,133	\$ -	\$ 1,350,664	\$ -	\$ 2,243,262	\$ -	580
FY 2020 \$5339 - Local Bus and Bus Facilities	20 526	MI-2021-022	2017-0070-P18	263,400	1,053,602	263,400	-	1,317,002	-	-	-	848
FY 2020 \$5307 - Local Formula	20 507	MI-2020-047	2017-0070 P16	2,501,061	2,709,021	677,255	-	3,386,276	-	1,823,806	119,481	568
FY 2020 \$5339 - Local Bus and Bus Facilities	20 526	MI-2020-047	2017-0070 P16	284,093	1,136,373	284,093	-	1,420,466	-	-	-	847
FY 2019 \$20005(b) Map-21 Transit Oriented Development	20 500	MI-2019-010	2017-0070 P14	174,000	236,707	59,177	-	295,884	113,949	874	59,177	987
FY 2019 \$5307 - Local Formula	20 507	MI-2019-023	2017-0070 P13	2,537,958	1,083,685	270,921	-	1,354,606	1,186,876	1,080,161	49,903	558
FY 2019 \$5339 - Local Bus and Bus Facilities	20 526	MI-2019-023	2017-0070 P13	275,050	-	-	-	-	275,050	-	-	846
FY 2019 & FY 2020 \$5307 - Local Formula and CMAQ	20 507	MI-2019-024	2017-0070 P12	522,500	1,900,892	462,270	-	2,363,162	45,230	15,000	-	772
FY 2021 & 2020 Specialized Services		n/a	2017-0070 P11	1,084,738	-	557,441	-	557,441	527,297	-	557,441	796
FY 2019 Michigan Mobility Challenge		n/a	2017-0070 P10	373,782	-	-	-	-	291,883	81,899	-	986
FY 2018 \$5307 - Local Formula	20 507	MI-2018-011	2017-0070 P7	2,353,918	498,759	124,690	-	623,449	1,662,010	567,218	58,930	548
FY 2018 \$5339 - Local Bus and Bus Facilities	20 526	MI-2018-011	2017-0070 P7	2,599,201	-	-	-	-	299,201	2,300,000	-	845
FY 2017 \$5307 - Local Formula	20 507	MI-2017-023	2017-0070 P3	2,431,404	745,089	186,272	-	931,361	2,075,255	169,877	47,842	538
FY 2017 \$5339 - Local Bus and Bus Facilities	20 526	MI-2017-023	2017-0070 P3	226,537	-	-	-	-	226,537	-	-	844
FY 2016 & FY 2017 \$5309 Capital Investment	20 500	MI-2017-015	2012-0104 P20	14,047,417	3,627,151	906,788	-	4,533,939	11,121,255	2,019,374	236,377	870
FY 2016 \$5307 - Local Formula and CMAQ	20 507	MI-2016-009	2012-0104 P18	2,269,162	12,539	3,135	-	15,674	2,256,342	9,685	-	530
FY 2016 \$5339 - Local Bus and Bus Facilities	20 526	MI-2016-009	2012-0104 P18	231,376	-	-	-	-	231,376	-	-	843
FY 2016 \$5307 - Local Formula and CMAQ	20 507	MI-2016-013	2012-0104 P17	875,683	377,034	62,921	-	439,955	786,562	26,200	3,908	771
<b>Totals</b>				<b>\$ 35,564,675</b>	<b>\$ 14,461,383</b>	<b>\$ 4,128,496</b>	<b>\$ -</b>	<b>\$ 18,589,879</b>	<b>\$ 21,098,823</b>	<b>\$ 10,337,356</b>	<b>\$ 1,133,059</b>	

## **Additional Information**

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

Members of the Board  
Interurban Transit Partnership  
Grand Rapids, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise ITP's basic financial statements and have issued our report thereon dated \_\_\_\_\_, 2022.

### Internal Control Over Financial Reporting

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

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

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

### ***Compliance and Other Matters***

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

### **Purpose of This Report**

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

\_\_\_\_\_, 2022

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

Members of the Board  
Interurban Transit Partnership  
Grand Rapids, Michigan

### **Report on Compliance**

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

We have audited Interurban Transit Partnership’s (ITP) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Interurban Transit Partnership’s major federal programs for the year ended September 30, 2021.

ITP’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Interurban Transit Partnership complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended September 30, 2021.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ITP and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of ITP’s compliance with the types of compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ITP's compliance with the types of compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ITP's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control Over Compliance**

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

internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

\_\_\_\_\_, 2022

# Interurban Transit Partnership

## Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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### Section 1. Summary of Auditor's Results

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported
- Noncompliance material to financial statements noted?  Yes  No

#### Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,060,300

Auditee qualified as low-risk auditee?

Yes  No

### Section 2. Financial Statement Findings

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

### Section 3. Federal Award Findings and Questioned Costs

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

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Report to Board of Directors

# INTERURBAN TRANSIT PARTNERSHIP

Audit Wrap Up for the  
Year Ended September 30, 2021



BDO

# Contents

QUICK ACCESS TO THE FULL REPORT

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

# Welcome

January 11, 2022

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

Professional standards require us to communicate with you regarding matters related to the audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On September 1, 2021, we presented an overview of our plan for the audit of the financial statements including the schedule of expenditures of federal awards of Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2021, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

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

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

Respectfully,

*BDO USA, LLP*

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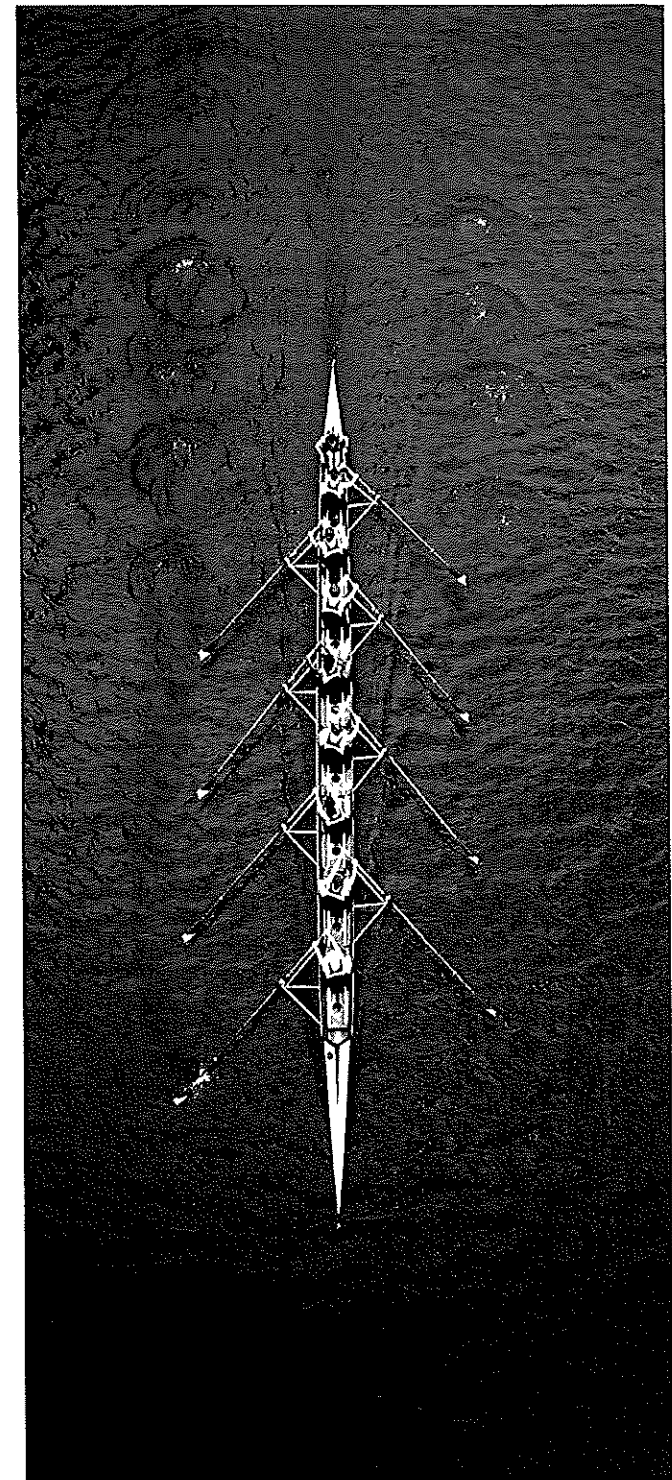
# Executive Summary



# Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended September 30, 2021. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- ▶ We expect to issue an unmodified opinion on the financial statements and release our report in January 2022.
- ▶ We also expect to issue an unmodified opinion on ITP's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA). In planning and performing our audit of the SEFA, we considered ITP's internal control over compliance with requirements that could have a direct and material effect on its major federal program(s) to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- ▶ Our responsibility for other information in documents containing ITP's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by ITP and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of ITP personnel throughout the course of our work.



# Results of the Audit

## ACCOUNTING PRACTICES, POLICIES AND ESTIMATES

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

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

- ▶ There were no changes in significant accounting policies and practices during 2021.

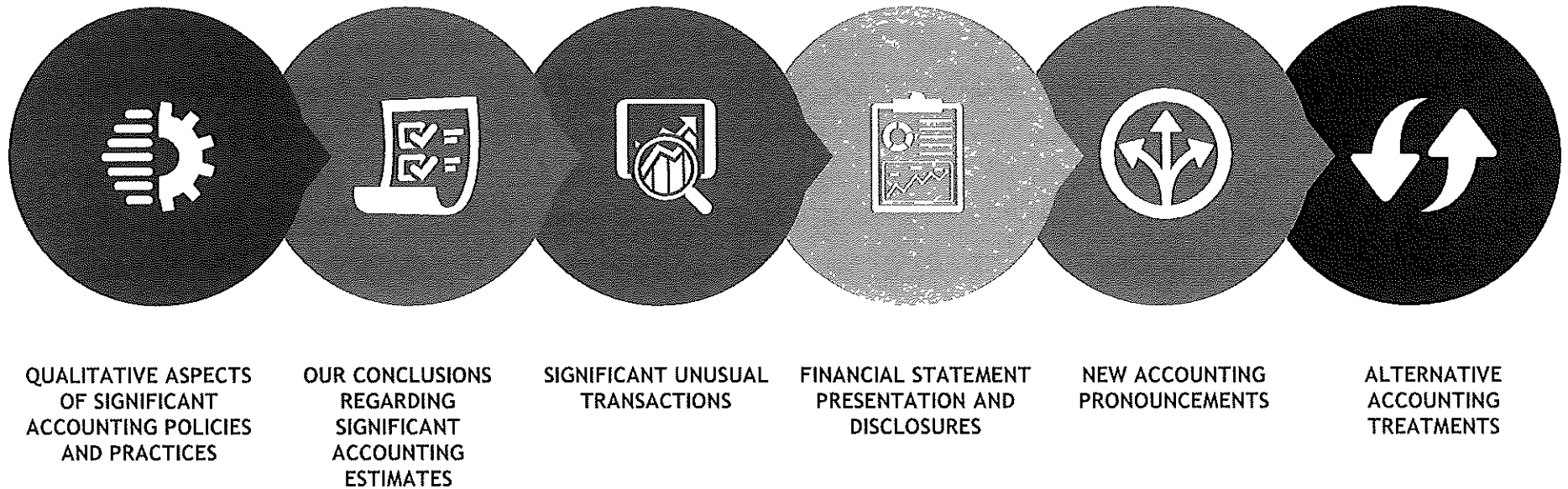
Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. ITP's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed in Note 1 of the financial statements.

- ▶ Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2021.

# Results of the Audit

## QUALITY OF ITP'S FINANCIAL REPORTING

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



# Results of the Audit

## CORRECTED AND UNCORRECTED MISSTATEMENTS

There was one corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management. This corrected misstatement decreased property taxes revenue by \$216,900 and also decreased the property taxes receivable by \$216,900.

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





# Internal Control Over Financial Reporting



# Internal Control Over Financial Reporting

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

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

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

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



# Internal Control Over Financial Reporting

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

- ▶ We have communicated to management of ITP, the following control deficiency that was identified as a result of our audit that we did not consider to be material weaknesses or significant deficiencies.

Control Deficiency	Comments
Property Taxes	The property tax receivable did not agree to the underlying supporting documentation. As a result, a journal entry was needed to correct the balance of the receivable.





# Additional Required Communications



# Other Required Communications

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

Requirement	Discussion Point
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risks of material misstatement, including fraud risks; or tips or complaints regarding ITP's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Significant findings and issues arising during the audit in connection with ITP's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management



# Other Required Communications

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

Requirement	Discussion Point
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to ITP's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Matters that are difficult or contentious for which the auditor consulted outside the engagement team	There were no difficult or contentious matters that we consulted with others outside the engagement team that we reasonably determined to be relevant to those charged with governance regarding their oversight of the financial reporting process.
If applicable, other matters significant to the oversight of ITP's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of ITP's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.



# Independence

Our engagement letter to you dated August 30, 2021, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of ITP with respect to independence as agreed to by . Please refer to that letter for further information.



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## Interurban Transit Partnership

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**Date:** January 25, 2022  
**To:** ITP Finance Committee  
**From:** Linda Medina, Finance Manager  
**Subject:** November Operating Statement

Attached are the financial reports through November 30, 2021, for general operating and grants. November's report includes October and November's activity.

### FY 2022 YTD Operating Statement Analysis

Total revenue is over budget by .7% before COVID funding.

- Sales of Transportation Services are over budget by 7%. CMH services continue to be steady from month to month but is higher than what was budgeted in August 2021. Dash service also increased as Saturday service has returned. Van Pool program is slowly returning to full capacity. There are currently 8 active vanpools out of the 14 budgeted. By January the program will be at full capacity with the signing of 6 vans to start service January. Staff will continue to monitor these services to determine if the budget needs adjusting.
- Advertising and Miscellaneous is over budget by 12.3%. This is due to the increase of the bus advertising mag to \$275,000.
- \$1.9 million of COVID funding has been requested for reimbursement of eligible operating expenses.

Total expenses are 7.7% under budget.

- Wages and salaries overall are under budget by 11.4%. The RAPID continues to aggressively seek employees to fill open positions.
- Materials and supplies are 4.8% over budget. The first two months of the fiscal year CNG fuel costs are higher than what was budgeted. The increase in price is mainly due to hurricane Ida affecting production in September. According to our supplier it is anticipated that the cost should level out soon. Staff will continue to monitor the cost and will adjust if necessary.
- Utilities, Insurance and Miscellaneous is under budget by 15.3%. The decrease is mainly due to our insurance rates being lower than what was first anticipated. The RAPID continues to partner with our insurance carrier to identify and improve current processes.

Please feel free to reach out to me directly at (616) 774-1149 or [imedina@ridetherapid.org](mailto:imedina@ridetherapid.org) with any additional questions regarding the attached financial reports.

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

	YTD as of November 30, 2021		Variance		Last Year	Current Year
	Budget	Actual	\$	%	FY 20/21* YTD Actual	FY 21/22** Annual Budget
<b>Revenues and Operating Assistance</b>						
Passenger Fares	\$ 532,799	\$ 520,718	\$ (12,081)	-2.3%	\$ 466,302	\$ 3,307,467
Sale of Transportation Services						
CMH Contribution	45,804	67,406	21,602	47.2%	55,697	256,900
Dash Contract	329,083	401,447	72,364	22.0%	387,638	1,764,499
Grand Valley State University	703,800	697,255	(6,545)	-0.9%	580,854	3,542,974
Van Pool Transportation	7,000	2,625	(4,375)	-62.5%	2,500	84,000
Township Services	68,336	71,357	3,021	4.4%	100,335	344,344
Other	48,600	46,183	(2,417)	-5.0%	40,930	482,233
Subtotal Sale of Transportation Services	1,202,623	1,286,273	83,650	7.0%	1,167,953	6,474,950
State Operating	2,796,040	2,538,046	(257,994)	-9.2%	2,878,634	15,332,303
Property Taxes	2,958,520	3,191,115	232,595	7.9%	2,899,085	17,751,118
Advertising & Miscellaneous	73,682	82,760	9,078	12.3%	93,801	638,391
Subtotal Revenues and Operating Assistance	7,563,664	7,618,912	55,249	0.7%	7,505,775	43,504,229
Grant Operating Revenue (Cares Act)	1,267,241	1,900,000	632,759	49.9%	4,175,504	7,603,447
<b>Total Revenues and Operating Assistance</b>	<b>\$ 8,830,905</b>	<b>\$ 9,518,912</b>	<b>\$ 688,008</b>	<b>7.8%</b>	<b>\$ 11,681,278</b>	<b>\$ 51,107,676</b>
<b>Expenses</b>						
Salaries and Wages						
Administrative	\$ 1,097,351	\$ 1,005,280	\$ (92,071)	-8.4%	\$ 976,864	\$ 5,706,224
Operators	2,952,300	2,550,492	(401,808)	-13.6%	2,421,822	14,931,367
Maintenance	393,603	382,756	(10,847)	-2.8%	365,494	2,071,508
Subtotal Salaries and Wages	4,443,254	3,938,528	(504,726)	-11.4%	3,764,180	22,709,099
Benefits	1,572,673	1,511,176	(61,497)	-3.9%	1,852,081	9,501,483
Contractual Services	499,184	507,217	8,034	1.6%	595,668	3,839,278
Materials and Supplies						-
Fuel and Lubricants	259,604	287,788	28,184	10.9%	131,075	2,111,337
Other	219,023	213,790	(5,233)	-2.4%	177,605	1,760,853
Subtotal Materials and Supplies	478,627	501,578	22,951	4.8%	308,680	3,872,190
Utilities, Insurance, and Miscellaneous	1,443,668	1,223,214	(220,454)	-15.3%	1,706,287	5,682,551
Purchased Transportation	882,728	917,666	34,938	4.0%	882,677	5,503,075
Expenses Before Capitalized Operating	9,320,133	8,599,378	(720,755)	-7.7%	9,109,573	51,107,676
Capitalized Operating Expenses	-	-	-	0.0%	-	-
<b>Total Operating Expenses</b>	<b>\$ 9,320,133</b>	<b>\$ 8,599,378</b>	<b>\$ (720,755)</b>	<b>-7.7%</b>	<b>\$ 9,109,573</b>	<b>\$ 51,107,676</b>
Net Surplus/(Deficit) without CARES		\$ (980,466)			\$ (1,603,798)	
Net Surplus/(Deficit) with CARES		\$ 919,534			\$ 2,571,705	

\* Fiscal year is 10/1/2020 - 9/30/2021

\*\* Fiscal year is 10/1/2021 - 9/30/2022