



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING

Wednesday, January 22, 2025 – 4:00 p.m.

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

AGENDA

	<u>PRESENTER</u>	<u>ACTION</u>
1. PUBLIC COMMENT		
2. MINUTES REVIEW June 12, 2024 (No Quorum) and November 6, 2024	Mayor Kepley	Approve
3. DISCUSSION		
a. FY 23/24 Audit (BDO)	BDO	Recommend
b. Financial Planning and Analysis	Linda Medina	Information
4. INFORMATIONAL		
a. Fare Cap Proposal Update – Public Input Process	Deb Prato Nick Monoyios	Information
5. ADJOURNMENT		

Next meeting: April 16, 2025



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, June 12, 2024 – 4:00 p.m.

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

ATTENDANCE:

Committee Members Present:

Mayor Kepley, Mayor Carey, Mayor Maas

Committee Members Absent:

Mayor Favale, Steven Gilbert

Rapid Attendees:

Cassi Cooper, Kris Heald, Steve Luther, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Tim Roseboom, Steve Schipper, Peter Sillanpaa, Mike Wieringa, Kevin Wisselink

Public Attendees:

Andrew Ittigson (AECOM), Becca Smiles (AECOM)

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

1. PUBLIC COMMENT

No public comment

2. MINUTES – April 17, 2024

Vice Chair Mayor Kepley asked Ms. Heald to make one minor change to the meeting minutes from April 17th. then he entertained a motion to approve the meeting minutes from April 17, 2024, per the correction.

Mayor Maas motioned to approve the meeting minutes with a minor correction. Mayor Carey supported it. The motion passed unanimously.

3. DISCUSSION

a. AECOM – TMP – Mr. Andrew Ittigson

Mr. Ittigson from AECOM provided an update on the progress of the Transit Master Plan (TMP) and emphasized that the focus of the discussion would be on various funding tools that have been identified.

Draft Recommendation Concepts:

Mr. Ittigson highlighted several key concepts to consider moving forward:

- Community Awareness and Education: Enhancing understanding and support for transit initiatives.
- Existing Service Improvements: Making enhancements to current transit offerings.
- Future Service Expansion: Planning for new services to meet growing demands.
- Transit Oriented Development (TOD): Encouraging development that supports transit use.
- Innovation and Technology: Implementing new technologies to improve transit services.
- Regional Partnerships: Collaborating with regional stakeholders to enhance transit efficacy.

Strategies:

The following strategies were identified for achieving the objectives:

- Sustainable Funding: Establishing reliable funding sources for maintenance and expansion of transit services.
- Internal Workforce Development: Investing in training and development for staff to ensure efficient service delivery.

Public Outreach:

Mr. Ittigson shared that the outreach team had engaged with the public on transit platforms, gathering feedback from riders on both existing services and potential expansions. Focus groups also revealed significant interest in Community Awareness initiatives as well as Innovation and Technology.

Funding Tools:

Mr. Ittigson listed various funding sources that are currently available and emphasized the need to explore all options. Among the tools discussed:

- State Assistance: Existing support from state funding.
- Fares: Revenue generated from ticket sales, which has undergone changes due to post-pandemic trends.
- Federal Assistance: Grants and funding programs from the federal government.
- Aspirational Peers: Learning from other successful transit systems that have employed innovative funding strategies.

Mayor Kepley clarified that the local millage rate is currently a primary funding mechanism for The Rapid, which Mr. Ittigson confirmed.

The team reviewed a preliminary analysis of various funding tools, which includes:

- Fare Funding: Adjustments in fare structure post-pandemic.
- Concessions and the Sale of Transportation Services: Generating income through partnerships and offering services.
- Advertising: Utilizing advertising space to generate revenue.
- Large Scale Park and Rides: Establishments that can reduce congestion and increase ridership.
- Local Property: Local taxes that can contribute to funding.
- Gas Tax: Potential for an increase in allocation for transit.
- Alcohol and Lottery Tax: Leveraging specific taxes for transit funding.
- General Revenue: Broad tax revenue sources.
- Rental Care and TNC Tax: taxes on services like rideshares and rental cars.
- Motor Vehicle Tax: A further funding source tied to vehicle registration or use.

In conclusion, Mr. Ittigson indicated that further discussions would refine the identified funding tools and provide clarity on how these could be implemented within the context of the TMP's 20-year planning horizon. The importance of engaging the community and exploring innovative financing options will be key to successfully advancing the TMP objectives.

b. April Operating Statement – Ms. Linda Medina

Ms. Medina presented the April Operating Statement, providing insights into the financial performance of the transit System.

Key Financial Highlights:

Passenger Fare:

- Currently running slightly under budget, mainly due to Paratransit services trending lower than anticipated.

Sale of Transportation Services:

- Down 3% compared to projections, attributed to higher ridership estimates in the budget that did not materialize.
- Grand Valley: Decrease in revenue due to a recent route change.
- DASH Service: Increased usage due to additional service hours.

State Operating Assistance:

- Experienced a 15% decrease, impacting overall funding.

Expenses:

- Overall expenditure is under budget, at 14.2%.
- Salaries and Wages: Focus on aggressive recruitment and retention strategies despite current spending.
- Benefits: Currently 23% below budget, showing a positive trend.
- Fuel & Lubricants: Actual costs exceeded budget estimates; however, transitioning from Diesel to CNG has led to some cost efficiencies.
- Utilities and Insurance: Down by 8.5%, reflecting cost management efforts.
- Purchased Transportation Costs: Increased due to a lower-than-expected average of 1.5 riders per revenue hour versus the anticipated 2 riders.
- Miscellaneous Revenue: This is primarily driven by interest income from reserves, contributing positively to financial performance.

Capital Budget Adjustment:

Ms. Medina noted that from the \$4 million budgeted for preventative maintenance expenses, \$944,202 had been identified as eligible and subsequently moved out of the operating budget and into the capital budget. This adjustment reflects a strategic shift in funding allocation to better align with eligibility criteria.

c. Fare History – Mr. Nick Monoyios

Mr. Monoyios provided an overview of the fare history and policies associated with the transit system. Here are the key points he highlighted:

Fare History Recap:

Fare Policy Development:

- A comprehensive Fare Policy was created in 2014 and adopted by the board. This policy was grounded in guidelines established in 2013.

Fare Structure Changes (2018):

- In 2018, the board approved changes to the fare structure, which included the implementation of the e-Fare system. This system features capped fares aimed at providing riders with more predictable and equitable pricing.

Standardization of Discount Fare Program (July 2021):

- In July 2021, significant adjustments were made to the fare policies:
- The discount fare program was standardized, ensuring consistency in fare offerings for eligible riders.
- The 7-day weekly capped service was eliminated, which replaced a previous option for riders to limit their costs over a weekly period.
- The negative balance feature on Wave cards was removed, meaning that riders could no longer use their cards when their balance fell below zero, promoting a more responsible approach to fare management.

In conclusion, Mr. Monoyios' recap aimed to provide context on the evolution of fare policies and structures, influencing how riders interact with the fare system today. These adjustments reflect The Rapids' ongoing efforts to streamline operations, enhance rider experience, and ensure fair accessibility to transit services.

d. 2022 NTD Peer Fare Comparison – Mr. Nick Monoyios

Mr. Monoyios presented a comprehensive peer fare comparison, analyzing the Rapid's fare structure against five peer groups that are both larger and smaller based on factors such as population, ridership, operating budget, and state positioning within Michigan.

Peer Fare Comparison:

- The analysis included fellow transportation systems that vary in size and operational scale to understand competitive pricing and fare structure.
- At a set fare of \$1.75, that data provided insights into potential revenue generation and the implications for monthly pass caps.
- The findings suggest significant revenue potential associated with the established fare, emphasizing the importance of a well-structured fare system in maintaining financial viability.

Mr. Monoyios indicated that if further detailed analysis is desired, it would require a timeline of five to six months to complete.

Discussion Points:

- Concerns for Future Viability (2029):

Mayor Kepley raised concerns regarding the financial sustainability of The Rapid by the year 2029 and asked for clarity on the anticipated funding needs to prevent a steep decline in service.

Ms. Prato responded that approximately \$5 million would be necessary to ensure stability, emphasizing the limited options available within The Rapid's control. She noted behavioral elasticity among customers, suggesting that changes in service or pricing could influence ridership patterns.

Ms. Prato expressed doubt that ridership would return to the previous equilibrium of one-third funded by fares, one-third by local funds, and one-third by state and federal funding. However, she highlighted a positive trend with increasing ridership on Sunday's year-over-year.

Strategic Needs:

Ms. Prato stressed the necessity for The Rapid to enhance its service offerings, focusing on convenience, frequency, and geographic expansion to position itself as a viable transportation alternative.

Next Steps:

Ms. Prato proposed further discussion on these matters in the upcoming Budget Board Workshop in July, allowing for a more in-depth examination of the budgetary implications and strategies to support The Rapid's future success. This discussion will be crucial for formulating actionable plans that could mitigate potential funding gaps in the coming years.

e. Farebox Recovery Rate

Mr. Monoyios presented data reflecting a decline in farebox recovery rates since 2015. He noted that according to the Fare Policy, a farebox recovery rate falling below 25% serves as a critical indicator to re-evaluate fare structures. Currently, the farebox recovery is reported to be just above 10%, raising significant financial concerns.

The graph demonstrated a noticeable decline in the farebox recovery, emphasizing the growing gap between operating costs and fare revenues. The 25% threshold established in the Fare Policy acts as an alarm for the need to reconsider fare strategies, given the current rate is so low.

Ms. Prato acknowledged that while this metric has been tracked, it hasn't been a primary focus in recent reviews. However, it remains a crucial element of their budgetary considerations.

Mayor Kepley sought clarity on the optimal timing for implementing any necessary fare adjustments or changes.

Ms. Prato emphasized that, from a financial standpoint, acting sooner is preferable to delaying. She expressed concern over the current state-level solutions, which are less promising than previously anticipated. She noted the importance of proactively working on fare adjustments to stabilize revenue streams.

Mayor Kepley expressed gratitude for the detailed analysis and peer comparisons presented, validating the need for ongoing assessment and potential adjustments to fare structures. The discussion underscored the urgency of addressing farebox recovery rates and the need for a comprehensive strategy to ensure the financial health of The Rapid moving forward. The sentiment was clear that timely actions are critical in mitigating future financial challenges and enhancing the sustainability of transit services.

f. Budget Guidelines #8 – Fare Analysis – Ms. Linda Medina

Ms. Medina gave a fare analysis summary which included fare capping, partner fares, state operating assistance (SOA), and contract partner cost.

4. ADJOURNMENT

This meeting was adjourned at 5:18 p.m.

The next meeting is scheduled for August 14, 2024 (meeting was canceled)

Respectfully submitted,



Kris Heald, Board Secretary



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, November 6, 2024 – 4:00 p.m.

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

ATTENDANCE:

Committee Members Present:

Mayor Kepley, Mayor Carey

Committee Members Absent:

Steven Gilbert, Mayor Favale, Mayor Maas

Rapid Attendees:

Steve Clapp, Kris Heald, John Joldersma, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Steve Schipper, Mike Wieringa, Kevin Wisselink

Public Attendees:

Mayor Kepley called the meeting to order at 4:01 p.m.

1. PUBLIC COMMENT

No public comments

2. MINUTES – June 12, 2024

Due to a lack of quorum, the meeting minutes of June 12, 2024, could not be approved. This item will be brought to the January 22, 2025, Finance Committee meeting.

3. DISCUSSION

a. Defined Benefit Pension Plans Actuarial & GASB, Mr. Chris Veenstra (Watkins Ross)

Mr. Chris Veenstra from Watkins Ross provided insights on GASB (Governmental Accounting Standards Board) and the actuarial valuation funding for both Union and Administration Pension Plans.

Union Analysis of Results.

CONTRIBUTIONS:

MISSION: *To create, offer and continuously improve a flexible network of public transportation options and mobility solutions.*

The recommended employer contribution for the current year is \$61,055. This amount is the sum of the normal cost, which reflects the cost of benefits earned by our employees during the current year, plus an amortization charge for any unfunded liabilities. The normal cost represents the ongoing expenses incurred by the plan, calculated based on the projected benefits for the current year. This figure is crucial since it reflects the fresh obligations without considering past service liabilities. Unfunded liabilities arise when the plan's assets are insufficient to cover its projected obligations. To manage these unfunded amounts, we're considering various amortization periods (25-years, 10-years, and 5-years). The choice of amortization period can significantly impact annual contributions and cash flow.

The actual investment return of 8.40% exceeded the assumed return of 6.50%, which positively affects the funding status of the plan. A higher return means that the plan's assets are growing faster than anticipated, which can help reduce future contributions needed to cover unfunded liabilities. As a governmental entity, there is flexibility regarding the amount contributed each year. Unlike private-sector plans, you are not bound by strict maximum deductions or minimum funding rules, allowing for strategic decisions based on the organization's budget and priorities.

Under new accounting rules established by GASB, contributions should be aligned with the patterns of expenses recognized in financial statements. The rules dictate that actuarial gains and losses should be amortized based on the average future service of employees (5 years for asset gains/losses). This alignment will help manage both expenses and contributions, ensuring that funding strategies are sustainable and comply with accounting standards.

FUNDED STATUS:

A funded ratio of 87.5% indicates that the plan is underfunded on a termination basis, meaning if the plan were to settle its obligations today and distribute lump sums to eligible employees, it would not have enough assets to cover all accrued benefits.

The funded status can fluctuate significantly due to a variety of factors:

- Interest Rates
- Contributions
- Investment Performance
- Changes in Payroll
- Demographic Changes

While a low funded ratio may raise immediate concerns, the more critical question is whether future contributions and current assets are adequate to meet future benefit obligations:

- Sustainable Contributions
- Asset Growth
- Liability Projections

Regular monitoring and evaluation of the funded status, combined with proactive management of contributions and investments, is essential. This can be done by establishing a comprehensive funding policy that includes regular actuarial reviews and stress testing can better prepare the plan for fluctuations in market conditions and demographic changes.

Mr. Veenstra emphasized that while the current funded status is a useful measure, it should be interpreted in the broader context of projected contributions and benefit obligations to ensure the long-term viability of the pension plans.

Mayor Kepley asked Ms. Medina what we had budgeted, to which she confirmed \$260,000 was budgeted.

Mayor Kepley recommends contributing \$85,271 to the fund, with a suggestion to round it up to \$86,000 or even \$90,000.

Mayor Carey inquires about possible changes in actuarial formulas and their impact on funding. He highlights a concern regarding the decreasing rate of return compared to previous years. Mr. Veenstra reassured him that the overall performance of the fund has been solid despite potential future adjustments.

Mr. Veenstra noted the current assumed rate of return for the union plan is 6.5%, while for the administration plan it is 6%. The difference in rates is due to the investment strategy-admin funds are managed more conservatively since those members are effectively retired. Mr. Veenstra mentions that the expected return on the admin portfolio could potentially decrease in the next 5-10 years, but despite this, the plan remains financially sound with a payment horizon extending beyond 2054.

GASB for Union:

Mr. Veenstra's comments highlight important distinctions between funding measures and GASB (Governmental Accounting Standards Board) reporting for pension and other post-employment benefits

- **Presentation Differences:** GASB has specific guidelines that dictate how financial information should be presented, particularly regarding liabilities related to pensions and other benefits. This means that both funding and GASB calculations may relate to the same underlying data, the way numbers are disclosed and reported can differ significantly.
- **Interest Rate for Discounting Liabilities:** The interest rate used to discount liabilities can vary depending on the context (funding vs. GASB). For The Rapid, both the funding and GASB calculations used the same expected rate of return of 6.5%. This is crucial because it helps maintain consistency between the two reports, particularly for a well-funded plan.
- **Market Value Measurement:** GASB requires that liabilities be measured against the market value of assets rather than an expected future value or funding basis. This approach provides a more current snapshot of the plan's financial status, making it a vital tool for stakeholders to understand the true financial position of the retiree benefits plan.
- **Disclosure of Changes:** One of the advantages of GASB's presentation is that it details changes in assets and liabilities from the beginning to the end of the reporting period. This can help provide insights into the plan's trajectory over time, allowing for better analysis and understanding of financial health.
- **Experienced Gains:** In the context of GASB reporting, Mr. Veenstra mentions an experienced gain that occurred due to more individuals passing away than was expected. Such demographic changes can significantly affect the liability calculations, as they can reduce the total amount owed to beneficiaries, thereby impacting overall liability figures.

Mayor Kepley inquired on the GASB report about the actuarially determined contribution.

Mr. Veenstra's response clarifies the implications of Public Act 202, which aims to ensure transparency and accountability in how municipalities report their pension obligations. Specifically, he points out that while the GASB standards might not mandate specific contributions, Public Act 202 seeks to establish a standardized method of reporting Actuarially Determined Contributions (ADCs). This allows the state to evaluate and compare the status of various retirement plans across jurisdictions. Furthermore, the requirement that municipalities take corrective action when their ADC exceeds 10% of their revenue underscores the state's intent to encourage fiscal responsibility and proactive management of public retirement systems. It highlights a necessary check to ensure that plans remain solvent and are adequately funded while also protecting the financial interests of municipalities and their taxpayers. If the plans are found to be in a critical status, municipalities will need to develop and implement strategies to address these funding issues, potentially leading to revised budget allocations or changes in retirement benefits.

Admin Analysis of Results
CONTRIBUTIONS:

For the current year, the suggested employer contribution is \$0. This figure is derived from two key components. The current year's normal cost, and a 1-year amortization of unfunded liabilities, which is chosen based on the expected working life of active plan participants.

As a governmental entity, there is flexibility in determining actual contribution amounts since maximum deduction and minimum funding rules do not apply. Mr. Veenstra provided additional recommended contribution levels based on both 10-year and 20-year amortizations of the unfunded liabilities.

When determining actual contributions, it is crucial to consider the timeframe for addressing past service liabilities. Also, under new GASB rules, amortization of actuarial gains and losses needs to be recognized as an expense over average future service (5 years for asset gains/losses). While it's not mandatory to match contributions to recognized expenses, doing so could be beneficial.

Mayor Kepley inquired about the relationship between the actuarial value of assets and the actual assets of a retirement or pension plan. The actuarial value of assets, which Mr. Veenstra explains, refers to a valuation method used by actuaries to assess the value of a pension plan's assets, potentially incorporating smoothing techniques to account for volatility in market performances over time.

Mr. Veenstra's comment about using smoothing methods implies that unless the decision is made to only report the actual market value of assets, the actuarial value could still reflect a different number due to those smoothing techniques. Thus, they are related but not necessarily equal unless certain conditions about the plan's status and the methodology are met.

FUNDED STATUS:

As of the valuation date, the ratio of current market assets to the present value of all accrued benefits is 111.0%. This indicates that the plan is fully funded and has a surplus of assets to cover the benefits owed to participants, should the plan be terminated and lump-sum distributions be made. In the prior year, the ratio was 89.4%, indicating that the plan was underfunded at that time. The significant improvement in the ratio is primarily attributed to the increase in spot segment interest rates. Higher interest rates decrease the present value of future liabilities, thus improving the funded ratio. The funded ratio can be volatile and influenced by numerous variables such as:

- The duration of the plan has been in effect.
- Current interest rates (which affect the present value calculations).
- Recent pay increases for employees.
- Contributions made to the plan.
- Investment performance.
- Benefits distributed to participants.

While the funded ratio provides useful insights into the plan's status at a given time, it is not the sole indicator of long-term viability for an ongoing pension plan.

The crucial factor to consider for the plan's financial health is whether the current assets and future anticipated contributions will be adequate to meet benefit obligations when they come due. Stakeholders should take a long-term view of the funded status, recognizing that fluctuations can occur from year to year due to market conditions and other variables. Therefore, consistent monitoring and assessment of both funding levels and future cash flows are essential for ensuring the sustainability of the pension plan.

While the current funded ratio reflects a favorable position, attention should also be given to the future dynamics that can affect the plan's ability to meet its obligations over time.

b. Financial Planning & Analysis, Ms. Linda Medina

Ms. Medina presented her Audit Update.

The current auditor is BDO, responsible for submitting an audit plan to both the finance committee and the board, detailing their responsibilities, strategies, and timeline. The auditors will be onsite from November 11 to November 22. Draft audit report to be reviewed by the Finance Committee on January 22, with the Board meeting scheduled for January 29 for final approval.

Preliminary Financial Highlights for September

Revenue:

- Passenger Fares: Projected to be 4.8% under budget, primarily affected by paratransit services, yet still shows a 2.7% increase from the previous year.
- Sale of Transportation Services: Slight increase; impacts are notable from the DASH contract and CHM contributions, which fell short of budgeted expectations.
- State Operating Assistance: Anticipated revenues are lower in alignment with reduced expenses.
- Property Taxes: Currently 5% higher than last year.
- Advertising and Miscellaneous: Positive changes attributed to RINs credits and alternative fuel credits, accounting for approximately \$800,000. Advertising exceeded budget by \$50,000.

Overall, revenues are about 1.5% above projections with unutilized unrestricted reserves, allowing for replenishment of reserves.

Expenses:

- Wages and Salaries: Under budget, efforts are ongoing to fill vacancies.
- Contractual Services: Down approximately 29%, impacted primarily by staffing issues with Detail Experts Contract for cleaning services.
- Materials and Supplies: Favorable fuel rates contributed to lower expenditure compared to budget.
- Utilities, Insurance, and Miscellaneous: Insurance costs are under budget, and mild weather has led to lower utility costs.
- Purchased Transportation: Showing about 6% over budget; further discussions regarding Transdev are forthcoming.

We are planning to transfer approximately \$5.4M back into reserves.

Capitalized Operating Expenses

Ms. Medina noted a total of \$3.7M this year, which broke down to \$2.5M for operating expenses and \$1.2M for maintenance wages. This is reflective of strategic measures taken to manage operating costs effectively.

Insurance Trends:

PL&PD costs increased approximately 6%, influenced by global catastrophic losses, prevalence of uninsured drivers, and rising vehicle and replacement costs.

Transdev Discussion

Ms. Prato noted the ongoing renewal discussions with Transdev, who has been contracted for two years with three potential one-year extensions. An agreement was reached in principle for a \$1.5M refund to The Rapid due to billing for service hours instead of revenue hours. This will need disclosure to BDO. After the month end closes on November 7, discussions will continue regarding payments for services rendered in August and September, as well as finalizing the refund.

c. RINs Credit Discussion, Mr. Kevin Wisselink & Mr. John Joldersma

Mr. John Joldersma explained an example lifecycle of a Renewable Identification Number (RIN) at Mayor Kepley's request.

4. ADJOURNMENT

This meeting was adjourned at 5:27 p.m.

The next meeting is scheduled for January 22, 2025

Respectfully submitted,



Kris Heald, Board Secretary



Interurban Transit Partnership

Date: January 22, 2025
To: ITP Finance Committee
From: Linda Medina, Director of Finance
Subject: Financial Statements and Single Audit Reports Years Ended September 30, 2024, and 2023

OVERVIEW

Attached for your review are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2024, and 2023 and the audit wrap up report.

BACKGROUND

The FY 23/24 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 23/24:

- Net position increased by \$10.2 million dollars in FY 23/24. Operating revenue increased \$240,000 (5%) compared to FY 22/23 due to increased ridership, but non-operating revenue decreased \$4 million (2%) with the reduction in capital spending.
- Expenses decreased \$566,000 (1%) compared to FY 22/23. The Services category decreased by \$438,000 (10%) due to the change from contracted to in-house security operations, Utilities reduced by \$164,000 (12%) due to favorable weather, and the Miscellaneous category decreased by \$106,000 (20%) as outreach and promotional campaigns were reduced, following the robust campaigns launched in FY 22/23 for Transit App and open payments.
- From year to year there was a \$3 million (2%) decrease in capital assets. The Rapid continues to invest in revenue service vehicles, facilities, support equipment, information systems technology, etc. to maintain and enhance community and regional outcomes. This year's purchases included revenue service linehaul vehicles,

Demand Response revenue service vehicles (propane and electric), and completion of the Ellsworth and Rapid Central Station rehabilitation projects.

- Comparing FY 23/24 actual to budget, expenses were \$11.7 million (20%) under budget and revenues were \$642,000 (1%) under budget. The net effect of revenue and expenses is returning \$5.6 million to reserves instead of using \$5.4 million as budgeted.

Also included in the report is information regarding the defined benefit pension plans. In FY 23/24, a high-range contribution was made to both plans. Both plans had a favorable return.

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

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2024 and 2023

Required Supplementary Information,
Supplementary Information, and Schedule
of Expenditures of Federal Awards and
Reports Required by *Government Auditing
Standards* and Uniform Guidance
Year Ended September 30, 2024

DRAFT 1/15/2025

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2024 and 2023

Required Supplementary Information, Supplementary Information,
and Schedule of Expenditures of Federal Awards and Reports Required by
Government Auditing Standards and Uniform Guidance
Year Ended September 30, 2024

Draft - Subject to Revision

Interurban Transit Partnership

Contents

Independent Auditor's Report	4-6
Management's Discussion and Analysis	7-12
Basic Financial Statements	
Enterprise Fund:	
Statements of Net Position as of September 30, 2024 and 2023	14-15
Statements of Revenues, Expenses, and Changes in Net Position for the Years Ended September 30, 2024 and 2023	16
Statements of Cash Flows for the Years Ended September 30, 2024 and 2023	17
Fiduciary Funds:	
Statements of Fiduciary Net Position as of June 30, 2024 and 2023	18
Statements of Changes in Fiduciary Net Position for the Years Ended June 30, 2024 and 2023	19
Notes to Financial Statements	20-35
Required Supplementary Information	
Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios - Administrative Plan for the Year Ended June 30, 2024	37
Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios - Non-Administrative Plan for the Year Ended June 30, 2024	38
Schedule of Contributions - Administrative Plan for the Year Ended June 30, 2024	39-40
Schedule of Contributions - Non-Administrative Plan for the year ended June 30, 2024	41-42
Supplementary Information	
Pension Trust Funds:	
Combining Statement of Fiduciary Net Position as of June 30, 2024	44
Combining Statement of Changes in Fiduciary Net Position for the Year Ended June 30, 2024	45

Interurban Transit Partnership

Contents

Schedule of Non-Operating Revenues - Local for the Year Ended September 30, 2024	46
Schedule of Non-Operating Revenues - State and Federal for the Year Ended September 30, 2024	47
Schedule of Operating Expenses by Function for the Year Ended September 30, 2024	48-49
Schedule of Expenses by Grant for the Year Ended September 30, 2024	50
Schedule of Regular Service Expenses by Function - Urban for the Year Ended September 30, 2024	51
Schedule of Regular Service Revenues - Urban for the Year Ended September 30, 2024	52
Schedule of Hours and Miles - Urban for the Year Ended September 30, 2024	53
Schedule of Operating Assistance Calculation for the Year Ended September 30, 2024	54
Notes to Schedule of Operating Assistance Calculation	55
Schedule of Expenditures of State Awards for the Year Ended September 30, 2024	56
Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2024	57
Notes to Schedule of Expenditures of Federal Awards	58
Additional Information	
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 <i>Government Auditing Standards</i>	59-60
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	61-63
Schedule of Findings and Questioned Costs for the Year Ended September 30, 2024	64

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, 2024 and 2023 (as of and for the years ended June 30, 2024 and 2023 for the Fiduciary 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, 2024 and 2023 (June 30, 2024 and 2023 for the Fiduciary Funds), and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of changes in the net pension (asset) liability and related ratios, and the schedules of contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ITP's basic financial statements. The accompanying combining statements, and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the 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 _____, 2025 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.

_____, 2025

Interurban Transit Partnership

Management's Discussion and Analysis

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, 2024 and 2023.

Financial Highlights

- The state operating assistance reimbursement rate (for eligible operating expenses) for fiscal year (FY) ended 2024 increased to 33.8553% from 29.2015% in FY 2023. The rate was 29.5134% in FY 2022.
- ITP levied 1.395 mills in 2024, 1.41 mills in 2023, and 1.41 mills in 2022, respectively, as approved by the taxpayers, adjusted by MCL211.34d (Headlee adjustment).
- GASB 68 - *Accounting and Financial Reporting for Pensions*, requires that ITP's net pension (asset) liability, as well as deferred outflows and inflows of resources related to pensions, be recorded in its financial statements. ITP recognized a net pension asset of \$618,866 as of September 30, 2024. ITP recognized a net pension liability of \$1,146,920, and \$2,927,208 as of September 30, 2023, and 2022, 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.

Financial Analysis of ITP

Net Position

ITP's net position increased by \$10.2 million for the year ended September 30, 2024, an increase of 5% from September 30, 2023 (see Table A-1). The increase in current assets was influenced by additional revenue ITP continues to invest in capital assets (buildings, vehicles, technology, and

Interurban Transit Partnership

Management's Discussion and Analysis

infrastructure) to achieve community and regional outcomes. This fiscal year's significant capital purchases include the purchase of revenue vehicles, completion of the Ellsworth and Rapid Central Station Info Booth renovations, and the Silver Line station wheel guides program. The net pension (asset) liability decreased as the asset return was favorable for the defined benefit plans.

ITP's net position increased by \$5.8 million for the year ended September 30, 2023, an increase of 3% from September 30, 2022 (see Table A-1). The increase in current assets includes the last of federal COVID reimbursement of operating expenses. The reimbursement increased cash investments and ITP's five-year financial outlook. ITP continues to invest in capital assets (land, buildings, vehicles, equipment, and infrastructure) to achieve community and regional outcomes. This fiscal year's significant capital purchases include the purchase of revenue vehicles, renovation of the Ellsworth building, the Cummins Park and Ride Lot in Walker, and an additional compressor at the Lake Line facility. The net pension liability decreased as the asset return was favorable for the defined benefit plans.

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

<i>September 30,</i>	2024	2023	2022
Current assets	\$ 96,846	\$ 88,042	\$ 77,697
Capital assets, net	151,406	148,395	151,476
Net pension asset	619	-	-
Total Assets	248,871	236,437	229,173
Deferred Outflows of Resources	548	953	1,821
Current Liabilities	10,621	8,806	7,836
Long-Term Liabilities	341	1,724	2,927
Deferred Inflows of Resources	23,500	22,108	21,247
Net Position			
Net investment in capital assets	151,406	148,395	151,476
Unrestricted	63,551	56,357	47,508
Total Net Position	\$ 214,957	\$ 204,752	\$ 198,984

The remainder of this page intentionally left blank.

Interurban Transit Partnership

Management's Discussion and Analysis

Changes in Net Position

Net position increased by \$10.2 million from September 30, 2023 to September 30, 2024 (see Table A-2). Operating revenue increased slightly as ridership saw a slight increase. The change in non-operating revenues is a result of higher property values increasing property tax revenues and the inclusion of the Alternative Fuel Credit and RIN credits. Capital contributions increased this fiscal year with the purchase of linehaul and specialized service revenue vehicles, electric buses, the renovation of the Rapid Central Station Info Booth, the completion of the Ellsworth renovation, the VOIP bus radio upgrade, and the Silver Line station wheel guides program.

Net position increased by \$5.8 million from September 30, 2022 to September 30, 2023 (see Table A-2). Operating revenues increased as ridership is recovering. The change in non-operating revenues is a result of the decrease in federal funding due to the completion of the American Rescue Plan Act (ARPA) grant. Capital contributions increased this fiscal year with the purchase of linehaul and specialized service revenue vehicles, the renovation of the Ellsworth building, the addition of the Cummings Park and Ride Lot and the purchase of an additional CNG fueling compressor at the Laker Line facility.

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

<i>Year ended September 30,</i>	2024	2023	2022
Operating Revenues			
Passenger fares	\$ 4,783	\$ 4,535	\$ 4,216
Advertising	377	385	411
Total Operating Revenues	5,160	4,920	4,627
Operating Expenses			
Salaries and fringe benefits	27,722	27,649	26,582
Supplies and other operating expenses	22,645	23,780	20,263
Depreciation and loss on disposal of assets	16,884	16,676	16,234
Total Operating Expenses	67,251	68,105	63,079
Operating Loss	(62,091)	(63,185)	(58,452)
Non-Operating Revenues			
State and federal	22,077	29,968	38,298
Property taxes	20,316	18,868	18,012
Other local	9,762	7,364	7,096
Total Non-Operating Revenues	52,155	56,200	63,406
Income (Loss), before capital contributions	(9,936)	(6,985)	4,954
Capital Contributions	20,141	12,753	9,427
Change in Net Position	10,205	5,768	14,381
Net Position, beginning of year	204,752	198,984	184,603
Net Position, end of year	\$ 214,957	\$ 204,752	\$ 198,984

Interurban Transit Partnership

Management's Discussion and Analysis

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

The table below compares fiscal year ended September 30, 2024 to September 30, 2023 for operating expenses before depreciation. The main changes from year-to-year are attributed to the transition of the Security function to in-house instead of outsourcing the service, favorable weather conditions which lead to a decrease in expected utility costs, and marketing expenses declined as the promotional campaign for the Transit App and Open Payment System was completed in the previous fiscal year.

<i>Year ended September 30,</i>	2024		2023		Change (%)
Labor	\$	19,269	\$	18,989	1.0
Fringe benefits		8,453		8,660	(2.0)
Services		3,923		4,361	(10.0)
Materials and supplies consumed		4,714		4,794	(2.0)
Utilities		1,240		1,404	(12.0)
Casualty and liability costs		2,592		2,468	5.0
Purchased transportation		9,666		9,642	-
Miscellaneous		411		517	(32.0)

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

<i>Year ended September 30,</i>	2023		2022		Change (%)
Labor	\$	18,989	\$	18,207	4.3
Fringe benefits		8,660		8,375	3.4
Services		4,361		3,946	10.5
Materials and supplies consumed		4,794		4,745	1.0
Utilities		1,404		1,334	5.2
Casualty and liability costs		2,468		2,453	0.6
Purchased transportation		9,642		6,855	40.7
Miscellaneous		517		492	5.1

Interurban Transit Partnership

Management's Discussion and Analysis

Capital Assets

As of September 30, 2024, ITP had invested approximately \$295,115,000 in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating equipment. Net of accumulated depreciation, capital assets on September 30, 2024 totaled approximately \$151,406,000 (see Table A-4). This amount represents a net increase (including additions and disposals, net of depreciation) of approximately \$3.0 million, or 2.0%, from September 30, 2023.

As of September 30, 2023, ITP had invested approximately \$281,795,000 in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating equipment. Net of accumulated depreciation, capital assets on September 30, 2023 totaled approximately \$148,395,000" (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately \$3.1 million, or 2.0%, from September 30, 2022.

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

<i>September 30,</i>	2024	2023	Change (%)
Land	\$ 12,139	\$ 12,139	-
Artwork	368	368	-
Easements	55	55	1.0
Construction in progress	-	1,958	(100.0)
Land improvements	2,758	3,032	(9.0)
Facilities	78,738	79,099	-
Revenue vehicles	44,720	39,112	13.0
Support equipment	6,720	5,749	24.0
Information systems and technology	5,032	5,639	(11.0)
Software and software development	381	403	(5.5)
Subscription Based Information Technology Arrangements (SBITA)	495	841	(41.1)
Total Net Capital Assets	\$ 151,406	\$ 148,395	2.0
<i>September 30,</i>	2023	2022	Change (%)
Land	\$ 12,139	\$ 12,139	-
Artwork	368	368	-
Easements	55	55	-
Construction in progress	1,958	-	100.0
Land improvements	3,032	2,709	11.9
Facilities	79,099	83,112	(4.8)
Revenue vehicles	39,112	42,700	(7.6)
Support equipment	5,749	3,883	39.5
Information systems and technology	5,639	5,908	(4.6)
Software and software development	403	602	(38.2)
Subscription Based Information Technology Arrangements (SBITA)	841	-	100.0
Total Net Capital Assets	\$ 148,395	\$ 151,476	(2.1)

Interurban Transit Partnership

Management's Discussion and Analysis

Economic Factors and Next Year's Budget

ITP's focus in FY 2023/2024 was to continue to double down on communicating the value transit provides in achieving community equity, access and regional economic growth goals and outcomes. Transit is no longer a conversation limited to how many riders are on ITP's system. The conversation has turned to the value a transit network and infrastructure brings to support and promote the vitality of the community it serves. ITP is a strategic partner in growth and economic development, playing its part means providing access to employment, health care, and education and by offering and continuously improving and reimagining a flexible network of public transportation and mobility solutions. This year ITP signed a ten year Laker Line agreement and executed a new contract with Grand Rapids Community College for student all access to the system.

For FY 2024/2025, the Board of Directors adopted a \$58.2 million operating budget, exclusive of depreciation, and a \$30.9 million capital budget. Ridership, passenger fares contract service revenue remains consistent. Property tax revenue is anticipated to be stable, and state operating assistance decreased to 29.1515%. Unrestricted net reserves will be used to offset the deficit between revenue and expenses. The goal is to continue to participate in legislative briefings and testimonies to support the newly formed Legislative Transit Caucus, identify alternative revenue tools used by other states through the Transit Master Plan, and review our internal revenue sources to identify potential additional funding solutions. Transitioning ITP's fleet to zero emissions continues to be a priority of ITP. The linehaul fleet is currently 77% CNG and 23% diesel. Staff continues to explore strategies to ensure long term financial sustainability.

Basic Financial Statements

Draft - Subject to Revision

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

September 30,	2024	2023
Assets		
Current Assets		
Cash and investments (Note 2)	\$ 77,844,369	\$ 75,924,629
Property taxes receivable, net	867,676	2,315,218
Due from federal government	9,694,898	3,740,872
Due from State of Michigan	958,839	2,195,997
Billed receivables	5,460,562	1,763,040
Materials and supplies inventories	736,621	747,054
Prepaid expenses and deposits	1,283,055	1,354,706
Total Current Assets	96,846,020	88,041,516
Capital Assets (Note 3)		
Facilities	125,709,426	121,383,660
Revenue vehicles	92,338,639	86,039,523
Support equipment	23,165,066	20,329,630
Land and improvements	18,605,827	18,541,503
Information systems, technology, and software	33,794,510	32,041,549
Other non-depreciable assets	423,813	423,813
Subscription Based Information Technology Arrangements (SBITA)	1,077,359	1,077,359
Construction in progress	-	1,958,118
	295,114,640	281,795,155
Less: accumulated depreciation and amortization	(143,708,284)	(133,400,530)
Net Capital Assets	151,406,356	148,394,625
Net Pension Asset	618,866	-
Total Assets	\$ 248,871,242	\$ 236,436,141
Deferred Outflows of Resources		
Related to pensions (Note 4)	\$ 547,940	\$ 953,056

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

September 30,	2024	2023
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,649,451	\$ 3,586,605
Accrued payroll	2,276,155	2,029,206
Unredeemed fares	880,921	790,927
Unearned revenues	240,444	269,458
Due to state of Michigan	4,274,491	1,870,612
Current portion of subscription liabilities (Note 7)	300,342	259,040
Total Current Liabilities	10,621,804	8,805,848
Net Pension Liability (Note 4)	-	1,146,920
Subscription Liabilities, net of current portion (Note 7)	340,399	576,790
Total Liabilities	\$ 10,962,203	\$ 10,529,558
Deferred Inflows of Resources		
Property taxes received or receivable before the levy date	\$ 21,594,103	\$ 20,071,589
Related to pensions (Note 4)	1,906,141	2,035,988
Total Deferred Inflows of Resources	\$ 23,500,244	\$ 22,107,577
Net Position		
Net investment in capital assets	\$ 150,765,615	\$ 147,558,795
Unrestricted	64,191,120	57,193,267
Total Net Position	\$ 214,956,735	\$ 204,752,062

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>	2024	2023
Operating Revenues		
Passenger fares	\$ 4,783,317	\$ 4,534,783
Advertising	376,547	385,457
Total Operating Revenues	5,159,864	4,920,240
Operating Expenses		
Salaries and fringe benefits	27,722,014	27,648,668
Supplies and other operating expenses	22,644,824	23,780,278
Depreciation and loss on disposal of assets	16,884,156	16,676,021
Total Operating Expenses	67,250,994	68,104,967
Operating Loss	(62,091,130)	(63,184,727)
Non-Operating Revenues		
State	17,219,454	16,839,046
Federal	4,857,030	13,128,675
Property taxes	20,315,753	18,867,978
Other local	9,762,208	7,363,867
Total Non-Operating Revenues	52,154,445	56,199,566
Loss, before capital contributions	(9,936,685)	(6,985,161)
Capital Contributions	20,141,358	12,753,274
Change in Net Position	10,204,673	5,768,113
Net Position, beginning of year	204,752,062	198,983,949
Net Position, end of year	\$ 214,956,735	\$ 204,752,062

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Cash Flows Enterprise Fund

<i>Year ended September 30,</i>	2024	2023
Cash from Operating Activities		
Receipts from customers	\$ 1,552,337	\$ 7,939,457
Payments to suppliers	(23,499,895)	(23,611,683)
Payments to employees and fringe benefits	(28,965,582)	(29,020,156)
Net Cash Used in Operating Activities	(50,913,140)	(44,692,382)
Cash from Noncapital Financing Activities		
Federal grants received	4,857,030	13,128,675
State grants received	20,860,491	15,649,086
Local government assistance received	6,580,524	5,932,328
Property taxes	23,285,808	19,383,771
Other income	1,046,476	324,998
Net Cash Provided by Noncapital Financing Activities	56,630,329	54,418,858
Cash from Capital and Related Financing Activities		
Federal contributed capital	10,219,274	7,608,161
State contributed capital	3,703,652	2,957,694
Purchase of capital assets	(19,895,887)	(12,517,218)
Proceeds from sale of capital assets	87,822	92,218
Net Cash Used in Capital and Related Financing Activities	(5,885,139)	(1,859,145)
Cash from Investing Activity		
Interest received on investments	2,087,690	1,004,299
Net Increase in Cash and Investments	1,919,740	8,871,630
Cash and Investments, beginning of year	75,924,629	67,052,999
Cash and Investments, end of year	\$ 77,844,369	\$ 75,924,629
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (62,091,130)	\$ (63,184,727)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and loss on disposal of assets	16,884,156	16,676,021
Changes in assets and liabilities:		
(Increase) decrease in billed receivables	(3,697,523)	2,855,379
(Increase) decrease in inventories	10,433	(50,963)
(Increase) decrease in prepaid expenses and deposits	71,651	(55,980)
Increase (decrease) in accounts payable	(937,154)	275,540
Increase (decrease) in accrued payroll	246,949	124,834
Increase in unredeemed fares	89,994	163,837
Decrease in pension-related items	(1,490,517)	(1,496,322)
Net Cash Used in Operating Activities	\$ (50,913,140)	\$ (44,692,382)

See accompanying notes to financial statements.

Interurban Transit Partnership
Statements of Fiduciary Net Position
Fiduciary Funds

June 30,

	Pension Trust Funds	
	2024	2023
Assets		
Cash and short-term investments (Note 2)	\$ 658,276	\$ 727,749
Receivables:		
Interest and dividends receivable	2,848	3,071
Investments, at fair value (Note 2):		
Bond mutual funds	3,667,845	3,114,317
Equity mutual funds	10,957,689	10,210,834
Total Investments, at fair value	14,625,534	13,325,151
Total Assets	15,286,658	14,055,971
Net Position Held in Trust for Pension Benefits	\$ 15,286,658	\$ 14,055,971

See accompanying notes to financial statements.

Draft - Subject to Revision

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

Year ended June 30,

	Pension Trust Funds	
	2024	2023
Additions		
Employer and employee contributions	\$ 413,245	\$ 900,000
Investment income:		
Net appreciation	1,561,717	1,283,668
Interest	32,272	23,467
Dividends	366,665	275,560
Investment expense	(12,643)	(12,304)
Total Investment Income	1,948,011	1,570,391
Total Additions, net of investment income	2,361,256	2,470,391
Deductions		
Benefits	1,090,984	1,091,824
Administrative expense	39,585	42,792
Total Deductions	1,130,569	1,134,616
Change in Net Position	1,230,687	1,335,775
Net Position Held in Trust for Pension Benefits, beginning of year	14,055,971	12,720,196
Net Position Held in Trust for Pension Benefits, end of year	\$ 15,286,658	\$ 14,055,971

See accompanying notes to financial statements.

Interurban Transit Partnership

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

Measurement Focus and Basis of Accounting

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

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

Cash

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

Materials and Supplies Inventories

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

Investments

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

Capital Assets

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

Interurban Transit Partnership

Notes to Financial Statements

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

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

Unearned Revenues

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Pensions

For purposes of measuring the net pension (asset) 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.

Interurban Transit Partnership

Notes to Financial Statements

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position invested in capital assets is net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through legislation or external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Compensated Absences

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

Property Taxes

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

Property taxes are recognized as revenue in the period for which they are levied, with proper allowances made for estimated uncollectible amounts. ITP levied 1.395 mills and 1.41 mills for fiscal years 2024 and 2023, respectively, for operations as approved by the voters and adjusted by MCL211.34d (Headlee adjustment) in a prior year.

Advertising

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

Subscription-Based Information Technology Arrangements

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

At the commencement of a SBITA, ITP initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor

Interurban Transit Partnership

Notes to Financial Statements

incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

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

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

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

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

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

Estimates

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

Subsequent Events

Management has evaluated subsequent events through , 2025, the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

2. Cash and Investments

Deposits

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

Interurban Transit Partnership

Notes to Financial Statements

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, 2024, the bank balances were \$78,178,791, of which \$76,118,085 was uninsured and uncollateralized. At September 30, 2023, the bank balances were \$77,156,747, of which \$74,736,405 was uninsured and uncollateralized.

Accounts held by government depositors are insured as follows:

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

Investments

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

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

<i>September 30,</i>		2024	2023
Investment	Maturity	Amortized Cost	Amortized Cost
Kent County Investment Pool	Less than 1 year	\$ 6,546,424	\$ 6,291,536

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, 2024 and 2023.

Credit Risk

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

Interurban Transit Partnership

Notes to Financial Statements

At September 30, 2024, ITP's investments had the following credit ratings and exposure:

Investment Type	Rating	Credit Exposure as a Percentage of Total Investments (%)
Enterprise Fund		
Kent County Investment Pool	Not rated	100
Pension Trust Funds		
Money market funds	Moody's A-mf	4.3
Bond mutual funds and equities	Not rated	95.7

Fair Value Measurement

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

Level 1 - This level consists of quoted prices in active markets for identical securities.

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

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

The following tables set forth by level, within the fair value hierarchy, present the investment assets at fair value as of June 30, 2024 and 2023. 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, 2024

	Level 1	Level 2	Level 3	Total
Pension Trust Fund				
Cash and short-term investments	\$ 658,276	\$ -	\$ -	\$ 658,276
Equity mutual funds	10,957,689	-	-	10,957,689
Bond mutual funds	3,667,845	-	-	3,667,845
Investments, at fair value	\$ 15,283,810	\$ -	\$ -	\$ 15,283,810

Interurban Transit Partnership

Notes to Financial Statements

June 30, 2023

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

3. Capital Assets

Capital asset activity is as follows:

	Balance, October 1, 2023	Additions	Deletions/ Reclassifications	Balance, September 30, 2024
Capital Assets				
Capital assets not being depreciated:				
Construction in progress	\$ 1,958,118	\$ -	\$ (1,958,118)	\$ -
Land	12,138,892	-	-	12,138,892
Artwork	368,470	-	-	368,470
Easements - intangible	55,343	-	-	55,343
Capital assets being depreciated:				
Facilities	121,383,660	4,325,766	-	125,709,426
Revenue vehicles	86,039,523	12,603,466	(6,304,350)	92,338,639
Support equipment	20,329,630	2,956,232	(120,796)	23,165,066
Land improvements	6,402,611	64,324	-	6,466,935
Information systems and technology	27,936,487	1,753,681	(151,255)	29,538,913
Software - intangible	4,105,062	150,535	-	4,255,597
SBITA	1,077,359	-	-	1,077,359
Total Capital Assets	281,795,155	21,854,004	(8,534,519)	295,114,640
Accumulated Depreciation				
Facilities	42,285,437	4,686,086	-	46,971,523
Revenue vehicles	46,928,090	7,329,936	(6,304,350)	47,953,676
Support equipment	14,580,516	1,650,275	(120,796)	16,109,995
Land improvements	3,371,303	338,449	-	3,709,752
Information systems and technology	22,297,448	2,360,539	(151,255)	24,506,732
Software - intangible	3,701,681	259,560	-	3,961,241
SBITA	236,055	259,310	-	495,365
Total Accumulated Depreciation	133,400,530	16,884,155	(6,576,401)	143,708,284
Net Capital Assets	\$ 148,394,625	\$ 4,969,849	\$ (1,958,118)	\$ 151,406,356

Interurban Transit Partnership

Notes to Financial Statements

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

4. Pension and Retirement Plans

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

Plan Description - Administrative Plan

ITP administers the Administrative Plan, a single-employer defined benefit pension plan that provides pensions for participants as defined by the plan document. The plan is currently closed to new participants. Administrative employees were eligible to participate when they attained 21 years of age and completed one full year of service. One full year of service is defined as at least 1,000 hours of service in the 12-consecutive-month period beginning on the employee's hire date. The plan provided for vesting based on years of credited service, ranging from 20% at three years to 100% at five or more years. The pension benefit, payable monthly for life to the retired employee, equals 50% of the employee's average monthly compensation, adjusted for the employee's years of credited service. Full benefits are received if the employee retires at age 65 and is fully vested.

Interurban Transit Partnership

Notes to Financial Statements

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

The plan's membership consisted of:

<i>June 30,</i>	2024	2023
Retirees and beneficiaries currently receiving benefits	12	13
Terminated employees entitled to benefits but not yet receiving them	10	11
Active plan members	1	1
Total	23	25

Plan Description - Non-Administrative Plan

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

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

The plan's membership consisted of:

<i>June 30,</i>	2024	2023
Retirees and beneficiaries currently receiving benefits	150	148
Terminated employees entitled to benefits but not yet receiving them	178	170
Active plan members	117	134
Total	445	452

Basis of Accounting

The financial statements of both plans have been prepared on the accrual basis. The employer contributions are recognized when due and a formal commitment to provide the contribution has been made. Benefits are recognized when due and payable, according to the terms of the plans. Investments are reported at fair value.

Interurban Transit Partnership

Notes to Financial Statements

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, 2024, 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	-	-
Investment rate of return	6.00	6.50

Discount Rate

The discount rate used to measure the total pension (asset) 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 (asset) liability.

Interurban Transit Partnership

Notes to Financial Statements

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate

The following tables present the pension plans' net pension (asset) liability, calculated using the current discount rate, as well as what the net pension (asset) 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 (5.00)	Current Rate (6.00)	1% Increase (7.00)
Administrative Plan			
Net Pension (Asset) Liability	\$ (41,306)	\$ (181,320)	\$ (302,961)

	1% Decrease (5.50)	Current Rate (6.50)	1% Increase (7.50)
Non-Administrative Plan			
Net Pension (Asset) Liability	\$ 930,027	\$ (437,546)	\$ (1,590,494)

Long-Term Expected Rates of Return and Asset Allocation

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

Asset Class	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	32.50	2.50	20.00	2.50
International bonds	7.50	3.50	5.00	3.50
Real estate	-	-	10.00	4.50

The remainder of this page intentionally left blank.

Interurban Transit Partnership

Notes to Financial Statements

Changes in the Net Pension (Asset) Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance, July 1, 2023	\$ 1,925,308	\$ 1,784,991	\$ 140,317
Changes in Pension (Asset) Liability			
Service cost	-	-	-
Interest	105,816	-	105,816
Experience gains	(50,109)	-	(50,109)
Contributions - employer	-	159,359	(159,359)
Assumption change	(12,559)	-	(12,559)
Net investment income	-	220,326	(220,326)
Benefit payments	(323,394)	(323,394)	-
Administrative expenses	-	(14,900)	14,900
Net Changes in Pension (Asset) Liability	(280,246)	41,391	(321,637)
Balance, June 30, 2024	\$ 1,645,062	\$ 1,826,382	\$ (181,320)

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a) - (b)
Balance, July 1, 2023	\$ 13,277,583	\$ 12,270,980	\$ 1,006,603
Changes in Pension (Asset) Liability			
Interest	838,096	-	838,096
Experience (gains) losses	(205,853)	-	(205,853)
Contributions - employer	-	253,886	(253,886)
Assumption change	(119,506)	-	(119,506)
Net investment income	-	1,727,685	(1,727,685)
Benefit payments	(767,590)	(767,590)	-
Administrative expenses	-	(24,685)	24,685
Net Changes in Pension (Asset) Liability	(254,853)	1,189,296	(1,441,149)
Balance, June 30, 2024	\$ 13,022,730	\$ 13,460,276	\$ (437,546)

Interurban Transit Partnership

Notes to Financial Statements

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2024, 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	\$ -	\$ -	\$ 156,537	\$ 193,424
Changes of assumptions	-	-	391,403	1,124,562
Investment earnings losses	-	43,993	-	544,162
Total	\$ -	\$ 43,993	\$ 547,940	\$ 1,862,148

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
2025	\$ (24,778)	\$ (894,792)	\$ (919,570)
2026	42,655	(75,251)	(32,596)
2027	(38,151)	(254,795)	(292,946)
2028	(23,719)	(98,457)	(122,176)
2029	-	9,087	9,087

Components of Pension Expense

For the year ended September 30, 2024, ITP recognized pension expense of \$(59,184) for the Administrative Plan and \$(1,018,087) 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, 2024

	Administrative Plan	Non- Administrative Plan
Interest	\$ 105,816	\$ 838,096
Experience gains	(50,109)	(322,652)
Assumption change	(12,559)	(557,948)
Projected earnings on pension plan investments	(101,731)	(780,116)
Investment earnings losses	(15,501)	(220,152)
Administrative expenses	14,900	24,685
Total Pension Expense	\$ (59,184)	\$ (1,018,087)

For the year ended September 30, 2024, actual cash payments made were \$159,359 and \$253,886 for the Administrative Plan and the Non-Administrative Plan, respectively.

Defined Contribution - Administrative Plan

ITP has a non-contributory defined contribution benefit plan for its administrative employees. The plan was established July 1, 2000. Administrative employees are eligible to participate on the first day of the month following completion of six months of service, provided that the employee has at least 500 hours of service. The plan provides 100% vesting after five years of service. The contribution is made monthly at 10% of compensation paid during the month. ITP made contributions totaling \$518,742 and \$566,631 for the years ended September 30, 2024 and 2023, respectively.

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 \$970,751 and \$1,001,564 for the years ended September 30, 2024 and 2023, respectively.

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

Interurban Transit Partnership

Notes to Financial Statements

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

6. Description of Grant Funding

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

Operations

ITP's general operations are funded as follows:

The Michigan Department of Transportation (MDOT) authorized funding for fiscal years 2024 and 2023 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$21,556,721 and \$22,553,611 in 2024 and 2023, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 33.8553% and 29.2015%, respectively, totaled \$14,596,185 and \$13,171,985 in 2024 and 2023, respectively.

Capital Acquisitions

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

Contingencies

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

Interurban Transit Partnership

Notes to Financial Statements

7. Subscription Liabilities

Changes in subscription liabilities for the years ended September 30, 2024 and 2023 are as follows:

	Balance September 30, 2023	Additions	Re- measurements	Deductions	Balance September 30, 2024	Amounts due within one year
Subscription liabilities	\$ 835,830	\$ -	\$ -	\$ (195,089)	\$ 640,741	\$ 300,342

	Balance September 30, 2022	Additions	Re- measurements	Deductions	Balance September 30, 2023	Amounts due within one year
Subscription liabilities	\$ -	\$ 1,077,359	\$ -	\$ (241,529)	\$ 835,830	\$ 259,040

SBITA Payments Maturity Schedule

The future principal and interest SBITA payments as of September 30, 2024 are as follows:

September 30,

	Principal	Interest	Total
2025	\$ 300,342	\$ 33,568	\$ 333,910
2026	232,575	13,426	246,001
2027	107,824	-	107,824
Total	\$ 640,741	\$ 46,994	\$ 687,735

Required Supplementary Information

Draft - Subject to Revision

Interurban Transit Partnership

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

Year ended June 30,	2024	2023	2022	2021	2020	2019	2018
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	105,816	121,643	132,650	147,516	166,683	222,849	298,964
Changes in benefit terms	-	-	-	-	-	-	-
Difference between expected and actual experience	(50,109)	(55,815)	(28,168)	208,572	70,045	652,124	(17,596)
Change of assumptions	(12,559)	2,531	(13,943)	(8,535)	139,623	(2,976)	92,870
Benefit payments	(323,394)	(340,891)	(207,063)	(983,585)	(185,757)	(3,355,575)	(177,586)
Net Change in Total Pension Liability	(280,246)	(272,532)	(116,524)	(636,032)	190,594	(2,483,578)	196,652
Total Pension Liability - beginning	1,925,308	2,197,840	2,314,364	2,950,396	2,759,802	5,243,380	5,046,728
Total Pension Liability - ending (a)	1,645,062	1,925,308	2,197,840	2,314,364	2,950,396	2,759,802	5,243,380
Plan Fiduciary Net Position							
Contributions - employer	159,359	250,000	152,611	408,451	419,186	400,000	207,924
Net investment income (loss)	220,326	172,097	(281,958)	451,877	79,677	126,980	250,474
Benefit payments	(323,394)	(340,891)	(207,063)	(983,585)	(185,757)	(3,355,575)	(177,586)
Administrative expenses	(14,900)	(14,425)	(14,315)	(14,385)	(13,905)	(14,445)	(12,580)
Net Change in Fiduciary Net Position	41,391	66,781	(350,725)	(137,642)	299,201	(2,843,040)	268,232
Plan Fiduciary Net Position - beginning	1,784,991	1,718,210	2,068,935	2,206,577	1,907,376	4,750,416	4,482,184
Plan Fiduciary Net Position - ending (b)	1,826,382	1,784,991	1,718,210	2,068,935	2,206,577	1,907,376	4,750,416
Net Pension (Asset) Liability - ending (a)-(b)	\$ (181,320)	\$ 140,317	\$ 479,630	\$ 245,429	\$ 743,819	\$ 852,426	\$ 492,964
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	111.0%	92.7%	78.2%	89.4%	74.8%	69.1%	90.6%
Covered-employee payroll	\$ 46,226	\$ 51,122	\$ 48,532	\$ 48,337	\$ 205,047	\$ 210,141	\$ 707,023
Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll	(392.2%)	274.5%	988.3%	507.7%	362.8%	405.6%	41.9%

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

Interurban Transit Partnership

Schedule of Changes in the Net Pension (Asset) Liability and Related Ratios - Non-Administrative Plan

Year ended June 30,	2024	2023	2022	2021	2020	2019	2018
Total Pension Liability							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,425
Interest	838,096	849,817	861,713	848,945	800,046	782,627	823,542
Changes in benefit terms	-	-	-	-	-	-	(1,612,940)
Difference between expected and actual experience	(205,853)	(298,166)	(228,921)	111,431	43,263	194,529	25,377
Change of assumptions	(119,506)	27,301	(56,342)	-	637,632	(56,593)	373,105
Benefit payments	(767,590)	(750,933)	(768,030)	(759,830)	(697,478)	(607,696)	(597,778)
Net Change in Total Pension Liability	(254,853)	(171,981)	(191,580)	200,546	783,463	312,867	(564,269)
Total Pension Liability - beginning	13,277,583	13,449,564	13,641,144	13,440,598	12,657,135	12,344,268	12,908,537
Total Pension Liability - ending (a)	13,022,730	13,277,583	13,449,564	13,641,144	13,440,598	12,657,135	12,344,268
Plan Fiduciary Net Position							
Contributions - employer	253,886	650,000	536,160	766,843	387,328	250,000	529,010
Net investment income (loss)	1,727,685	1,398,294	(1,888,853)	2,998,961	501,605	715,694	648,430
Benefit payments	(767,590)	(750,933)	(768,030)	(759,830)	(697,478)	(607,696)	(597,778)
Administrative expenses	(24,685)	(28,367)	(24,815)	(27,722)	(25,729)	(28,605)	(32,948)
Net Change in Fiduciary Net Position	1,189,296	1,268,994	(2,145,538)	2,978,252	165,726	329,393	546,714
Plan Fiduciary Net Position - beginning	12,270,980	11,001,986	13,147,524	10,169,272	10,003,546	9,674,153	9,127,439
Plan Fiduciary Net Position - ending (b)	13,460,276	12,270,980	11,001,986	13,147,524	10,169,272	10,003,546	9,674,153
Net Pension (Asset) Liability - ending (a)-(b)	\$ (437,546)	\$ 1,006,603	\$ 2,447,578	\$ 493,620	\$ 3,271,326	\$ 2,653,589	\$ 2,670,115
Plan Fiduciary Net Position as a Percentage of Total Pension (Asset) Liability	103.4%	92.4%	81.8%	96.4%	75.7%	79.0%	78.4%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension (Asset) Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

Interurban Transit Partnership
Schedule of Contributions - Administrative Plan

<i>Year ended June 30,</i>	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 159,359	\$ 508,748	\$ 144,807	\$ 408,541	\$ 419,186	\$ 192,821	\$ 52,414	\$ 74,018	\$ 216,577
Actual contribution	159,359	250,000	152,611	408,451	419,186	400,000	207,924	250,000	1,234,492
Contribution (Excess)	\$ -	\$ 258,748	\$ (7,804)	\$ 90	\$ -	\$ (207,179)	\$ (155,510)	\$ (175,982)	\$ (1,017,915)
Covered payroll	\$ 46,226	\$ 51,122	\$ 48,532	\$ 48,337	\$ 205,047	\$ 210,141	\$ 707,023	\$ 625,402	\$ 660,626
Actual contribution as % of covered payroll	344.74%	489.0%	314.5%	845.0%	204.4%	190.3%	29.4%	40.0%	186.9%

Draft - Subject to Revision

Interurban Transit Partnership

Schedule of Contributions - Administrative Plan

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2023
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 IRS 2024 adjusted scale MP-2021
Turnover rates	None
Salary scale	None
Ancillary benefits values	None
Administrative experience	Prior year, rounded to nearest \$100
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross
Changes since prior valuation	Mortality improvement scale updated to MP-2021
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>	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 158,527	\$ 262,597	\$ 321,702	\$ 455,490	\$ 387,328	\$ 376,920	\$ 735,101	\$ 775,392	\$ 746,846
Actual contribution	253,886	650,000	536,160	766,843	387,328	250,000	529,010	987,300	644,412
Contribution (Excess)	\$ (95,359)	\$ (387,403)	\$ (214,458)	\$ (311,353)	\$ -	\$ 126,920	\$ 206,091	\$ (211,908)	\$ 102,434
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Actual contribution as % of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Draft - Subject to Revision

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2023
Actuarial cost method	Entry Age Normal (level dollar amount)
Asset valuation method	75% of expected assets plus 25% of market value of assets, including contributions accrued for hours worked through the valuation date, but not less than 80%, nor more than 120% of market value
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 IRS 2024 adjusted scale MP-2021
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	None
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

Draft - Subject to Revision

Interurban Transit Partnership
Combining Statement of Fiduciary Net Position
Pension Trust Funds

June 30, 2024

	Administrative Plan	Non- Administrative Plan	Total
Assets			
Cash and short-term investments	\$ 142,469	\$ 515,807	\$ 658,276
Receivables:			
Interest and dividends receivable	614	2,234	2,848
Investments, at fair value:			
Bond mutual funds	533,882	3,133,963	3,667,845
Equity mutual funds	1,149,417	9,808,272	10,957,689
Total Investments, at fair value	1,683,299	12,942,235	14,625,534
Total Assets	1,826,382	13,460,276	15,286,658
Net Position Held in Trust for Pension Benefits	\$ 1,826,382	\$ 13,460,276	\$ 15,286,658

Draft - Subject to Revision

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

Year ended June 30, 2024

	Administrative Plan	Non- Administrative Plan	Total
Additions			
Employer and employee contributions	\$ 159,359	\$ 253,886	\$ 413,245
Investment income:			
Net appreciation	167,977	1,393,740	1,561,717
Interest	8,571	23,701	32,272
Dividends	45,178	321,487	366,665
Investment expense	(1,400)	(11,243)	(12,643)
Total Investment Income	220,326	1,727,685	1,948,011
Total Additions	379,685	1,981,571	2,361,256
Deductions			
Benefits	323,394	767,590	1,090,984
Administrative expense	14,900	24,685	39,585
Total Deductions	338,294	792,275	1,130,569
Change in Net Position	41,391	1,189,296	1,230,687
Transfers	62,500	(62,500)	-
Net Position Held in Trust for Pension			
Benefits, beginning of year	1,722,491	12,333,480	14,055,971
Net Position Held in Trust for Pension			
Benefits, end of year	\$ 1,826,382	\$ 13,460,276	\$ 15,286,658

Interurban Transit Partnership
Schedule of Non-Operating Revenues - Local

Year ended September 30, 2024

Local Revenue	
Property taxes	\$ 20,315,753
Grand Valley State University	3,423,844
Network180	361,793
DASH - city of Grand Rapids	2,270,135
Ferris State University	109,015
Grand Rapids Community College	125,685
Amtrak	92,644
Alpine Township	97,251
Special Olympics of Michigan	53,733
Gaines Township	46,233
Other local services	189
Total Local Revenue	26,896,275
Other Income	
Gain on sale of capital assets	87,822
Retail lease	25,197
CNG fuel sales	43,781
RIN Credits	135,905
Alternative Fuel Credit	733,093
Interest income	2,087,690
Miscellaneous	30,963
Vending machine	5,808
Fare evasion fines	664
Billboard lease	30,763
Total Other Income	3,181,686
Total Non-Operating Revenues - Local	\$ 30,077,961

Interurban Transit Partnership

Schedule of Non-Operating Revenues - State and Federal

Year ended September 30, 2024

State of Michigan Grants	
General operating assistance	\$ 14,652,905
Capital assistance	364,959
Preventive maintenance (operating)	745,935
Planning and miscellaneous project assistance	370,181
Specialized services	1,085,474
Total State of Michigan Grants	17,219,454
Federal Government Grants	
Capital assistance	1,532,567
Preventive maintenance (operating)	2,983,737
Planning and miscellaneous project assistance	340,726
Total Federal Government Grants	4,857,030
Total Non-Operating Revenues - State and Federal	\$ 22,076,484

Draft - Subject to Revision

Interurban Transit Partnership
Schedule of Operating Expenses by Function

Year ended September 30, 2024

	General Operations				Grants	Total System
	Operations	Maintenance	Administration	Total		
Labor						
Operators' salaries and wages	\$ 11,755,935	\$ -	\$ -	\$ 11,755,935	\$ -	\$ 11,755,935
Other salaries and wages	2,091,958	3,214,083	1,982,917	7,288,958	5,742	7,294,700
Dispatchers' salaries and wages	218,610	-	-	218,610	-	218,610
Total Labor	14,066,503	3,214,083	1,982,917	19,263,503	5,742	19,269,245
Fringe Benefits						
Pension - defined benefit (actual paid)	279,116	70,402	63,727	413,245	-	413,245
Pension - defined benefit (GASB adjustment)	(1,153,745)	(249,377)	(87,394)	(1,490,516)	-	(1,490,516)
Pension - defined contribution	1,029,005	253,046	207,443	1,489,494	-	1,489,494
Other fringe benefits	5,706,912	1,375,176	956,723	8,038,811	1,735	8,040,546
Total Fringe Benefits	5,861,288	1,449,247	1,140,499	8,451,034	1,735	8,452,769
Services						
Audit fees	-	-	93,476	93,476	-	93,476
Other services	262,817	1,545,189	1,287,873	3,095,879	733,978	3,829,857
Total Services	262,817	1,545,189	1,381,349	3,189,355	733,978	3,923,333
Materials and Supplies Consumed						
Fuel and lubricants	2,276,303	-	-	2,276,303	-	2,276,303
Tires and tubes	-	43,294	-	43,294	274,847	318,141
Other materials and supplies	25,255	1,678,133	159,661	1,863,049	256,015	2,119,064
Total Materials and Supplies Consumed	2,301,558	1,721,427	159,661	4,182,646	530,862	4,713,508
Utilities						
Other	-	-	1,240,476	1,240,476	-	1,240,476
Casualty and Liability Costs						
Premiums for public liability and property damage insurance	2,286,716	-	-	2,286,716	-	2,286,716
Other insurance	-	-	305,377	305,377	-	305,377
Total Casualty and Liability Costs	\$ 2,286,716	\$ -	\$ 305,377	\$ 2,592,093	\$ -	\$ 2,592,093

Interurban Transit Partnership
Schedule of Operating Expenses by Function

Year ended September 30, 2024

	General Operations				Grants	Total System
	Operations	Maintenance	Administration	Total		
Purchased Transportation	\$ 7,337,871	\$ -	\$ -	\$ 7,337,871	\$ 2,328,077	\$ 9,665,948
Miscellaneous						
Travel and training	10,148	6,614	23,188	39,950	10,972	50,922
Meetings	645	531	4,050	5,226	-	5,226
Advertising and promotion	-	-	28,574	28,574	54,562	83,136
Dues	5,676	-	107,174	112,850	27,980	140,830
Other miscellaneous	1,919	41,910	87,204	131,033	-	131,033
Total Miscellaneous	18,388	49,055	250,190	317,633	93,514	411,147
Subscription Based Information Technology Asset	-	-	98,319	98,319	-	98,319
Depreciation and Loss on Disposal of Assets	-	-	16,884,156	16,884,156	-	16,884,156
Preventive Maintenance	-	(3,729,671)	-	(3,729,671)	3,729,671	-
Total Expenses	\$ 32,135,141	\$ 4,249,330	\$ 23,442,944	\$ 59,827,415	\$ 7,423,579	\$ 67,250,994

Interurban Transit Partnership

Schedule of Expenses by Grant

Year ended September 30, 2024

	Total	001 General Operations	560 MI-2019-023 17-0070-P13 Section 5307 FY19	570 MI-2020-047 17-0070-P16 Section 5307 FY20	580 MI-2021-022 17-0070-P18 Section 5307 FY20	590 MI-2022-029 22-0073-P3 Section 5307 FY22	600 MI-2023-020 22-0073-P7 Section 5307 FY 19-21	620 MI-2023-005 COMMUNITY	773 MI-2022-042 22-0073-P6 Section 5307 F Y22-23	870/871 MI-2017-015 Section 5339 FY17	772 MI-2019-024 17-0070-P12 Section 5307 FY 19-21	799 22-0073-P10 FY24 Specialized Services	983 22-0073-P9 MI- 2024-0033 TOD Grant
Expenses													
Labor	\$ 19,269,245	\$ 19,263,503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,742	\$ -	\$ -
Fringe benefits	8,452,769	8,451,034	-	-	-	-	-	-	-	-	1,735	-	-
Services	3,923,333	3,189,354	147,891	11,742	733	171,344	91,169	8,475	1,760	2,365	13,500	-	285,000
Materials and supplies consumed	4,713,508	4,182,646	129,123	212,910	188,829	-	-	-	-	-	-	-	-
Utilities	1,240,476	1,240,476	-	-	-	-	-	-	-	-	-	-	-
Casualty and liability costs	2,592,093	2,592,093	-	-	-	-	-	-	-	-	-	-	-
Purchased transportation	9,665,948	7,337,871	-	-	-	-	1,200,000	-	-	-	42,603	1,085,474	-
Miscellaneous	411,147	317,633	11,520	-	26,757	11,720	-	-	-	-	43,517	-	-
Depreciation and loss on disposal of assets	16,884,156	16,884,156	-	-	-	-	-	-	-	-	-	-	-
Subscription Based Information Technology Assets (SBITA)	98,319	98,319	-	-	-	-	-	-	-	-	-	-	-
Preventive maintenance	-	(3,729,671)	-	229,671	-	-	3,500,000	-	-	-	-	-	-
Total Expenses	\$ 67,250,994	\$ 59,827,414	\$ 288,534	\$ 454,323	\$ 216,319	\$ 183,064	\$ 4,791,169	\$ 8,475	\$ 1,760	\$ 2,365	\$ 107,097	\$ 1,085,474	\$ 285,000

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, 2024

	Operations	Maintenance	Administration	Total
Labor				
Operators' salaries and wages	\$ 11,755,935	\$ -	\$ -	\$ 11,755,935
Other salaries and wages	2,091,958	3,214,083	1,982,917	7,288,958
Dispatchers' salaries and wages	218,610	-	-	218,610
Total Labor	14,066,503	3,214,083	1,982,917	19,263,503
Fringe Benefits				
Pension - defined benefit	279,116	70,402	63,727	413,245
Pension - defined benefit (GASB)	(1,153,745)	(249,377)	(87,394)	(1,490,516)
Pension - defined contributions	1,029,005	253,046	207,443	1,489,494
Other fringe benefits	5,706,912	1,375,176	956,723	8,038,811
Total Fringe Benefits	5,861,288	1,449,247	1,140,499	8,451,034
Services				
Audit fees	-	-	93,476	93,476
Other services	262,817	1,545,188	1,287,873	3,095,878
Total Services	262,817	1,545,188	1,381,349	3,189,354
Materials and Supplies Consumed				
Fuel and lubricants	2,276,303	-	-	2,276,303
Tires and tubes	-	43,294	-	43,294
Other materials and supplies	25,255	1,678,133	159,661	1,863,049
Total Materials and Supplies Consumed	2,301,558	1,721,427	159,661	4,182,646
Utilities				
Other	-	-	1,240,476	1,240,476
Total Utilities	-	-	1,240,476	1,240,476
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	2,286,716	-	-	2,286,716
Other insurance	-	-	305,377	305,377
Total Casualty and Liability Costs	2,286,716	-	305,377	2,592,093
Purchased Transportation	7,337,871	-	-	7,337,871
Miscellaneous				
Travel and training	10,148	6,614	23,188	39,950
Meetings	645	531	4,050	5,226
Advertising/promotion media	-	-	28,574	28,574
Dues	5,676	-	107,174	112,850
Other miscellaneous	1,919	41,910	87,204	131,033
Total Miscellaneous	18,388	49,055	250,190	317,633
Preventative Maintenance	-	(3,729,671)	-	(3,729,671)
Subscription Based Information Technology				
Asset	-	-	98,319	98,319
Depreciation and Loss on Disposal of Assets	-	-	16,884,156	16,884,156
Total Expenses	\$ 32,135,141	\$ 4,249,329	\$ 23,442,944	\$ 59,827,414

Interurban Transit Partnership

Schedule of Regular Service Revenues - Urban

Year ended September 30, 2024

Operating Revenues	
Passenger fares	\$ 4,783,317
Advertising	376,547
Total Operating Revenues	5,159,864
Non-Operating Revenues	
State and federal assistance	22,076,484
Local Revenue	
Property taxes	20,315,753
Grand Valley State University	3,423,844
Network180	361,793
DASH - city of Grand Rapids	2,270,135
Ferris State University	109,015
Grand Rapids Community College	125,685
Amtrak	92,644
Alpine Township	97,251
Disabilities Advocate for Kent County (DAKC)	53,733
Gaines Township	46,233
Other local services	189
Total Local Revenue	26,896,275
Other Income	
Gain on sale of property	87,822
Retail lease	25,197
CNG fuel sales	43,781
RIN Credits	135,905
Alternative Fuel Credit	733,093
Interest Income	2,087,690
Miscellaneous	30,963
Vending machine	5,808
Fare evasion fees	664
Billboard lease	30,763
Total Other Income	3,181,686
Total Revenues	\$ 57,314,309

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

Year ended September 30, 2024

	Weekday	Saturday	Sunday	Total
Total vehicle hours - linehaul	1,195	655	332	356,372
Revenue hours - linehaul	1,157	633	320	344,997
Total vehicle hours - bus rapid transit	94	49	38	28,533
Revenue hours - bus rapid transit	92	48	36	27,850
Total vehicle hours - demand response	526	211	184	155,478
Revenue hours - demand response	388	168	140	115,451
Total vehicle miles - linehaul	16,135	8,642	4,689	4,812,362
Revenue miles - linehaul	15,504	8,309	4,401	4,618,913
Total vehicle miles - bus rapid transit	1,144	613	482	349,285
Revenue miles - bus rapid transit	1,110	585	447	337,110
Total vehicle miles - demand response	7,719	2,700	2,461	2,246,973
Revenue miles - demand response	5,525	2,087	1,891	1,623,231

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

Interurban Transit Partnership
Schedule of Operating Assistance Calculation

Year ended September 30, 2024

	State Operating Assistance Urban
General Operating Expenses	\$ 67,250,994
Add: Eligible Expenses	
Reverse GASB entry to pension to reflect actual paid pension expenses	1,490,516
Less: Ineligible Expenses	
Depreciation expense and loss on disposal of assets	16,884,156
Capital funds used for operating expenses	3,693,908
Amtrak	111,076
Non-transportation revenue:	
Lease and billboard	55,960
CNG fuel sales	43,781
Alternative fuel credit	733,093
Fare evasion	664
Refunds and credits	135,905
Auxiliary transportation revenue	1,433
APTA and MPTA dues	8,605
Preventive maintenance	3,729,671
Subscription Based Information Technology Arrangements (SBITA)	98,319
Lobbying	131,500
Eligible Operating Expenses	\$ 43,113,439
Maximum State Operating Assistance (50%)	\$ 21,556,720
State Operating Assistance Accrual (33.8553%)	\$ 14,596,185

Interurban Transit Partnership

Notes to Schedule of Operating Assistance Calculation

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 2024 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 2024; 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 \$3,693,908 were paid for with capital funds. This amount was subtracted out as an ineligible expense. No other operating expenses were paid for with capital funds. Ineligible expenses are identified according to the definition in the revenue and expense manual.

Depreciation - The depreciation expense is identified as an ineligible expense and subtracted from expenses. Therefore, the depreciation assurance regarding approval of useful life is not required. This number also includes the SBITA amortization expense for subscriptions.

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

Retirement Benefits - ITP offers two types of pension compensation plans: defined benefit and defined contribution for administrative and non-administrative staff. The defined contribution expenses paid this year for the administrative staff is \$518,742 and non-administrative staff is \$970,751. The entire sum of \$1,489,493 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 \$159,359 and the non-administrative plan is \$253,886. The entire sum of \$413,245 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 an (decrease) of \$1,490,516 to the pension expense, which is a reduction of \$218,543 to the administration plan and a reduction of \$1,271,974 to the union plan. Therefore, the \$1,490,517 is an eligible expense and was added to the total operating expense for the calculation of state operating assistance.

Interurban Transit Partnership

Schedule of Expenditures of State Awards

Year ended September 30, 2024

Title	Assistance Listing 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 2021 \$5307 - Local Formula	20.507	MI-2021-022	2017-0070-P18	\$ 2,513,395	\$ 3,707,297	\$ 296,824	\$ -	\$ 4,004,121	\$ 1,282,225	\$ 304,346	\$ 43,264	
FY 2021 \$5339 - Local Bus and Bus Facilities	20.526	MI-2021-022	2017-0070-P18	263,400	-	-	-	-	-	263,400	-	
FY 2020 \$5307 - Local Formula	20.507	MI-2020-047	2017-0070 P16	2,501,061	2,138,992	234,748	-	2,373,740	1,677,636	288,677	90,864	
FY 2020 \$5339 - Local Bus and Bus Facilities	20.526	MI-2020-047	2017-0070 P16	284,093	-	-	-	-	-	284,093	-	
FY 2019 \$20005(b) Map-21 Transit Oriented Development	20.500	MI-2019-010	2017-0070 P14	174,000	-	-	-	-	-	174,000	-	
FY 2019 \$5307 - Local Formula	20.507	MI-2019-023	2017-0070 P13	2,537,958	603,633	150,908	-	754,541	2,357,671	29,379	57,706	
FY 2019 \$5339 - Local Bus and Bus Facilities	20.526	MI-2019-023	2017-0070 P13	275,050	-	-	-	-	275,050	-	-	
FY 2019 - FY 2021 \$5307 - Local Formula and CMAQ	20.507	MI-2019-024	2017-0070 P12	622,500	178,576	28,521	-	207,097	582,682	1,129	8,521	
FY 2019 Michigan Mobility Challenge		N/A	2017-0070 P10	373,782	-	-	-	-	373,782	-	-	
FY 2018 \$5307 - Local Formula	20.507	MI-2018-011	2017-0070 P7	2,353,918	-	-	-	-	2,314,072	39,846	-	
FY 2018 \$5339 - Local Bus and Bus Facilities	20.526	MI-2018-011	2017-0070 P7	299,201	-	-	-	-	299,201	-	-	
FY 2017 \$5307 - Local Formula	20.507	MI-2017-023	2017-0070 P3	2,431,404	-	-	-	-	2,431,404	-	-	
FY 2017 \$5339 - Local Bus and Bus Facilities	20.526	MI-2017-023	2017-0070 P3	226,537	-	-	-	-	226,537	-	-	
FY 2016 & FY 2017 \$5309 Capital Investment	20.500	MI-2017-015	2012-0104 P20	14,047,417	69,149	19,504	-	88,653	13,035,219	992,695	520	
FY 2016 \$5307 - Local Formula and CMAQ	20.507	MI-2016-009	2012-0104 P18	2,269,162	-	-	-	-	-	-	-	
FY 2016 \$5339 - Local Bus and Bus Facilities	20.526	MI-2016-009	2012-0104 P18	231,376	-	-	-	-	231,376	-	-	
FY 2016 5307 - 2016 Local Formula and CMAQ	20.507	MI-2016-013	2012-0104 P17	875,683	-	-	-	-	875,683	-	-	
FY 2022 \$5307 - Local Formula	20.507	MI-2022-0029	2022-0073 P3	3,065,663	3,075,808	768,952	-	3,844,760	1,052,010	1,244,701	36,613	
FY 2022 5339 - Local Bus and Bus Facilities	20.507	MI-2022-0029	2022-0073 P3	252,438	16,577	4,144	-	20,721	25,695	222,599	-	
FY 2020 & 2021 Specialized Services		N/A	2017-0070 P11	1,084,738	-	-	-	-	1,084,738	-	-	
FY 2022 5337 - State of Good Repair	20.525	MI-2022-0029	2022-0073 P3	296,716	563,701	140,925	-	704,626	2,253	153,538	-	
FY 2023 5307 - Local Formula	20.507	MI-2023-0020	2022-0073 P7	3,283,630	7,355,311	1,838,828	-	9,194,139	19,735	1,425,067	958,234	
FY 2023 5337 - State of Good Repair	20.525	MI-2023-0020	2022-0073-P7	259,574	1,038,295	259,574	-	1,297,869	-	-	-	
FY 2023 5339 - Local Bus and Bus Facilities	20.526	MI-2023-0020	2022-0073-P7	297,475	-	-	-	-	-	297,475	-	
FY 2022 and FY 2023 5307 - Local Formula & CMAQ	20.507	MI-2022-0042	2002-0073 P4	345,165	532,047	133,012	-	665,059	167,153	45,000	352	
FY 2023 Specialized Services		N/A	2022-0073 P6	1,329,976	-	-	-	-	1,329,976	-	-	
FY 2022 Specialized Services		N/A	2022-0073-P1	542,369	-	-	-	-	542,369	-	-	
FY 2022 Fuel Transformation Program Volkswagen Mitigation Trust - State of MI grant			22-601-022	500,000	-	500,000	-	500,000	500,000	-	500,000	
FY 2024 Specialized Services			2022-0073-P10	1,085,474	-	1,085,474	-	1,085,474	-	-	-	
FY 2024 Consultant			2022-0073-P9	285,000	-	285,000	-	285,000	-	-	-	
FY 2023 Buses and Bus Facilities		MI-2023-028	2022-0073-P8	1,549,295	375,148	93,787	-	468,935	-	1,455,508	-	
Total				\$ 46,457,450	\$ 19,654,534	\$ 5,840,201	\$ -	\$ 25,494,735	\$ 30,686,467	\$ 7,221,453	\$ 1,696,074	

Interurban Transit Partnership
Schedule of Expenditures of Federal Awards

Year ended September 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Passed Through	Pass-Through Federal Grantor Number	Passed Through to Subrecipients	Total Federal Expenditures
Federal Transit Cluster:					
Federal Transit Formula Grants	20.507	Direct	MI-2019-023	\$ -	\$ 603,633
Federal Transit Formula Grants	20.507	Direct	MI-2020-047	-	2,138,991
Federal Transit Formula Grants	20.507	Direct	MI-2021-022	-	3,707,297
Federal Transit Formula Grants	20.507	Direct	MI-2019-024	-	178,576
Federal Transit Formula Grants	20.507	Direct	MI-2022-029	-	3,075,808
Federal Transit Formula Grants	20.507	Direct	MI-2023-028	-	375,148
Federal Transit Formula Grants	20.507	Direct	MI-2023-020	-	8,393,606
Federal Transit Formula Grants	20.507	Direct	MI-2022-042	-	532,047
Federal Transit Capital Investment Grants	20.500	Direct	MI-2017-015	-	297,150
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	Direct	MI-2022-029	-	16,577
Total Federal Transit Cluster				-	19,318,833
State of Good Repair Grants Program	20.525	Direct	MI-2022-029	-	563,701
Community Project Funding Congressionally Directed Spending	20.534	Direct	MI-2023-005	-	1,375,796
Total Federal Awards				\$ -	\$21,258,330

Interurban Transit Partnership

Notes to Schedule of Expenditures of Federal Awards

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, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ITP, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ITP.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

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

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Interurban Transit Partnership (ITP), as of and for the years ended September 30, 2024 and 2023 (as of and for the years ended June 30, 2024 and 2023 for the Fiduciary Funds), and the related notes to the financial statements, which collectively comprise ITP's basic financial statements, and have issued our report thereon dated [REDACTED], 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

_____, 2025

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

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Interurban Transit Partnership’s (ITP) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of ITP’s major federal programs for the year ended September 30, 2024. ITP’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, ITP complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

_____, 2025

Interurban Transit Partnership

Schedule of Findings and Questioned Costs Year Ended September 30, 2024

Section I - 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:

Assistance Listing Number(s)

Name of Federal Program or Cluster

20.500, 20.507, 20.525, and 20.526
20.534

Federal Transit Cluster
Community Project Funding Congressionally
Directed Spending

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

\$750,000

Auditee qualified as low-risk auditee?

yes no

Section II. 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 III. 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.

A photograph of three business professionals in a modern office setting. A woman with curly hair is on the left, a man with grey hair is in the center, and a man with dark hair is on the right. They are seated on a white sofa and are engaged in a conversation. A black briefcase is on the floor next to the man on the right. The background shows large windows with greenery outside. A large white diagonal graphic element is overlaid on the left side of the image.

REPORT TO MEMBERS OF THE BOARD OF DIRECTORS
AND FINANCE COMMITTEE

INTERURBAN TRANSIT PARTNERSHIP

2024 AUDIT RESULTS

YEAR ENDED SEPTEMBER 30, 2024

BDO[®]

Welcome

January 22, 2025

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

We look forward to discussing with you the current year audit results for Interurban Transit Partnership (ITP). On October 11, 2024, 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, 2024.

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 to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of ITP is responsible.

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, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK ITP limited by guarantee, and forms part of the international BDO network of independent member firms. BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Your Client Service Executive Team



JOHN LAFRAMBOISE
Audit Director
jlaframboise@bdo.com



JOSHUA LARAMY
Audit Senior Manager
jlaramy@bdo.com

Contents

<u>EXECUTIVE SUMMARY</u>	4
<u>AUDIT RESULTS</u>	7
<u>INTERNAL CONTROL OVER FINANCIAL REPORTING</u>	12
<u>DETAIL OF SIGNIFICANT ACCOUNTING PRACTICE, POLICIES, ESTIMATES AND DISCLOSURES</u>	14
<u>ADDITIONAL REQUIRED COMMUNICATIONS</u>	16
<u>OTHER TOPICS</u>	20

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

Executive Summary



Executive Summary

Results of Our Audit

- Overview and Status
- Quality of ITP's Financial Reporting
- Significant Risk Overview & Discussion
- Corrected and Uncorrected Misstatements
- Internal Control Over Financial Reporting

Required Communications

Open Discussion and Questions



Required Communications Dashboard

Professional standards require that we communicate the following matters to those charged with governance. We have indicated in the table below where these communications are included within this report or in previous communications, as well as which matters warrant discussion during this meeting.

Topic	Matters to Discuss	Ref.	Topic	Matters to Discuss	Ref.
Independence	NO	Page 17	Difficult or Contentious Matters for Which We Consulted Outside the Engagement Team	NO	Page 18
Overall Strategy, Timing of the Audit, & Significant Risks	NO	Audit Plan	Consultation with Other Accountants	NO	Page 17
Significant Changes to the Overall Audit Strategy, Significant Risks, or Planned Use of Others	NO	Page 8	Going Concern	NO	
Use of Internal Audit	NO	Audit Plan	Uncorrected and Corrected Misstatements	NO	Page 11
Use of Other Auditors and Persons Not Employed by BDO USA, P.C.	NO	Audit Plan	Departure from the Auditor's Standard Report	NO	
Information from Those Charged with Governance	NO		Disagreements with Management	NO	Page 18
Significant Accounting Practices, Policies, Estimates & Disclosures	NO	Page 15	Difficulties Encountered in Performing the Audit	NO	Page 18
Significant Unusual Transactions	NO	Page 17	Other Matters	NO	Page 17
Quality of Financial Reporting	NO	Page 9	Related Parties	NO	Page 17
New Accounting Pronouncements Not Yet Effective	NO		Internal Control Matters	NO	Page 13
Alternative Accounting Treatment	NO		Subsequent Events	NO	
Nature and Extent of Specialized Skills or Knowledge Needed Related to Significant Risk	NO				

Audit Results



Overview & Status of Our Audit

We have substantially completed our audit of the financial statements as of and for the year ended September 30, 2024. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

- ▶ 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 Plan communications.
- ▶ We expect to issue an unmodified opinion on the financial statements and release our report in January 2025.
- ▶ We expect to issue an unmodified opinion on ITP's Single Audit report, including the Schedule of Expenditures of Federal Awards (SEFA).
- ▶ In planning and performing our audit of the SEFA, we considered ITP's internal control over compliance with requirements that could have a direct and material effect on its major federal program(s) to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with GAS and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.
- ▶ Our responsibility for other information in documents containing ITP's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by ITP and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.



Quality of ITP's Financial Reporting

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

- ▶ Qualitative aspects of significant accounting policies and practices
- ▶ Our assessment of critical accounting estimates, accounting policies and practices
- ▶ Significant unusual transactions
- ▶ Financial statement presentation
- ▶ New accounting pronouncements
- ▶ Alternative accounting treatments



Areas of Significant Risk

Our areas of significant risk, which are risks with both a higher likelihood of occurrence and a higher magnitude of effect that require special audit considerations, are as follows.

**Management
override of controls**

Corrected and Uncorrected Misstatements

CORRECTED AND UNCORRECTED MISSTATEMENTS

- ▶ There were no corrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management.
- ▶ There were no uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we presented to management.

Internal Control Over Financial Reporting



Internal Control Over Compliance Findings

In performing our compliance audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), we obtained an understanding of ITP’s internal control over compliance to design audit procedures 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, we did not express an opinion on the effectiveness of ITP’s internal control over compliance.

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 and in a timely manner, to those charged with governance all material weaknesses and significant deficiencies that have been identified in ITP’s internal control over compliance. The definitions of a material weakness, significant deficiency, and control deficiency in internal control over compliance are as follows:

Category	Definition
Material Weakness	A deficiency or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.
Significant Deficiency	A deficiency or a combination of deficiencies in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Control Deficiency	A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis.
Instances of Noncompliance with Laws and Regulations	In accordance with GAS, matters that involve instances of noncompliance with laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

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

Detail of Significant Accounting Practices, Policies, Estimates and Disclosures



Significant Accounting Practices (including Policies, Estimates and Disclosures)

ACCOUNTING PRACTICES, POLICIES, ESTIMATES, AND DISCLOSURES

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 the applicable financial reporting framework 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 2024.

Critical accounting 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 critical accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed Note 1 of the financial statements.

▶ Management did not make any significant changes to the processes or significant assumptions used to develop the critical accounting estimates in 2024.

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.
Alternative accounting treatment	No alternative accounting treatments permissible under the applicable financial reporting framework for policies and practices related to material items were identified and discussed with management.
Significant unusual transactions	During the year ended September 30, 2024, we were not aware of any significant unusual transactions.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of requirements of an applicable financial reporting framework.
Significant findings and issues arising during the audit in connection with ITP's related parties	We have evaluated whether the identified related party relationships and transactions have been appropriately identified, accounted for, and disclosed and whether the effects of the related party relationships and transactions, based on the audit evidence obtained, prevent the financial statements from achieving fair presentation.
Significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management	There were no significant findings or issues arising during the audit that were discussed, or were the subject of correspondence, with management.
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.

Other Required Communications (cont.)

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

Requirement	Discussion Point
Representations requested from management	Please refer to the management representation letter that will be provided upon receipt.
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.

Independence

Our engagement letter to you dated August 13, 2024, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of ITP with respect to independence as agreed to by ITP. Please refer to that letter for further information.



Other Topics



BDO's System of Quality Management

An effective quality management system in an audit firm is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a system of quality management designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those professional standards, and legal and regulatory requirements. The firm's system of quality management supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the system of quality management and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our system of quality management by providing guidance and input on audit quality initiatives.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of July 31, 2023, that, except for certain deficiencies related to the execution of its issuer audits, that system provides the reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements. BDO has either implemented or is designing remedial actions to address those deficiencies prior to our next evaluation.



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

[CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >](#)

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK ITP limited by guarantee, and forms part of the international BDO network of independent member firms. www.bdo.com.

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

© 2024 BDO USA, P.C. All rights reserved.



Financial Planning & Analysis The Rapid

Finance Committee

January 22nd, 2025



Table of Contents

November 2024 Operating Statement

Updated 5 Year Projection Comparison

November 2024 Operating Statement - Revenues

	YTD as of November 30, 2024		Variance		Last Year	% Variance	Current Year
	Budget	Actual	\$	%	FY 23/24 YTD Actual	to FY 23/24 YTD Actual	FY 24/25 Annual Budget
Revenues and Operating Assistance							
Passenger Fares	\$ 794,839	\$ 779,844	\$ (14,995)	-1.9%	\$ 803,116	-3%	\$ 4,857,788
Sale of Transportation Services							
CMH Contribution	81,495	58,580	(22,915)	-28.1%	61,000	-4%	452,010
Dash Contract	401,909	439,586	37,677	9.4%	275,437	60%	2,522,264
Grand Valley State University	698,387	771,190	72,803	10.4%	737,457	5%	3,743,876
Van Pool Transportation	-	-	-	0.0%	-	0%	-
Township Services	39,856	37,891	(1,965)	-4.9%	34,086	11%	204,912
Other	39,421	46,271	6,850	17.4%	30,624	51%	282,557
Subtotal Sale of Transportation Services	1,261,068	1,353,518	92,450	7.3%	1,138,605	19%	7,205,619
State Operating	3,154,527	2,900,149	(254,378)	-8.1%	2,914,118	0%	16,946,705
Property Taxes	3,541,806	3,599,050	57,244	1.6%	3,444,482	4%	21,250,831
Advertising & Miscellaneous	202,620	412,985	210,365	103.8%	427,117	-3%	1,921,685
Subtotal Revenues and Operating Assistance	8,954,860	9,045,546	90,686	1.0%	8,727,438	4%	52,182,628
Grant Operating Revenue	-	-	-	-	-	-	-
Unrestricted Net Reserves	-	-	-	-	-	-	6,061,050
Total Revenues and Operating Assistance	\$ 8,954,860	\$ 9,045,546	\$ 90,686	1.0%	\$ 8,727,438	4%	\$ 58,243,678

November 2024 Operating Statement - Expenses

	YTD as of November 30, 2024		Variance		Last Year	% Variance	Current Year
	Budget	Actual	\$	%	FY 23/24 YTD Actual	to FY 23/24 YTD Actual	FY 24/25 Annual Budget
Expenses							
Salaries and Wages							
Administrative	\$ 1,184,122	\$ 935,538	\$ (248,584)	-21.0%	\$ 898,439	4%	\$ 7,826,769
Operators	2,642,106	2,283,815	(358,291)	-13.6%	2,106,565	8%	17,173,678
Maintenance	453,844	415,200	(38,644)	-8.5%	353,938	17%	2,949,964
Subtotal Salaries and Wages	4,280,072	3,634,553	(645,519)	-15.1%	3,358,942	8%	27,950,411
Benefits	2,122,984	1,833,347	(289,637)	-13.6%	1,506,537	22%	10,629,553
Contractual Services	678,483	674,309	(4,174)	-0.6%	594,476	13%	4,129,900
Materials and Supplies				0.0%			-
Fuel and Lubricants	385,836	289,031	(96,805)	-25.1%	302,532	-4%	3,029,048
Other	294,882	275,991	(18,891)	-6.4%	287,123	-4%	2,145,030
Subtotal Materials and Supplies	680,718	565,022	(115,696)	-17.0%	589,655	-4%	5,174,078
Utilities, Insurance, and Miscellaneous	1,436,118	1,417,042	(19,076)	-1.3%	1,267,249	12%	5,609,698
Purchased Transportation	1,457,192	1,399,573	(57,619)	-4.0%	1,223,662	14%	8,750,038
Expenses Before Capitalized Operating	10,655,567	9,523,846	(1,131,721)	-10.6%	8,540,521	12%	62,243,678
Capitalized Operating Expenses	-	-	-	0.0%	-		(4,000,000)
Total Operating Expenses	\$ 10,655,567	\$ 9,523,846	\$ (1,131,721)	-10.6%	\$ 8,540,521	12%	\$ 58,243,678

November 2024 Operating Summary

- Revenue is 1.0% favorable to budget
 - CMH trips are 22% under forecast
 - DASH & GVSU had higher service in October & November than previous year
 - Other- GRCC has 2 contracts with the Rapid this year, increasing revenue
 - Advertising & Miscellaneous- interest income is outperforming expectations

- Expenses are 10.6% favorable to budget
 - Wages & fringes are down due to vacancies
 - Fuel is low due to prices
 - Diesel: Budgeted \$4.2541/gal, averaging \$2.34/gal, 45.0% under
 - CNG: Budgeted \$0.89/gal, averaging \$0.51/gal, 43.3% under
 - Propane: Budgeted \$1.1574/gal, averaging \$1.05/gal, 9.0% under

Updated 5 Year Projection - Revenue

The Rapid
Operating Budget Projection
FY 24/25 APPROVED - FY 28/29 PROJECTED

	FY 21/22 ACTUALS	FY 22/23 ACTUALS	FY 23/24 ACTUALS	FY 24/25 APPROVED	FY 25/26 PROJECTED	FY 26/27 PROJECTED	FY 27/28 PROJECTED	FY 28/29 PROJECTED
Revenues and Operating Assistance								
Passenger Fares	\$ 4,216,120	\$ 4,534,783	\$ 4,783,317	\$ 4,857,788	\$ 4,999,339	\$ 5,097,466	\$ 5,197,536	\$ 5,299,590
Sale of Transportation Services	6,736,063	5,932,328	6,580,523	7,205,619	7,498,383	7,804,887	8,125,800	8,460,889
State Operating Assistance	15,105,760	14,310,222	14,652,905	16,946,705	17,813,811	18,653,302	19,535,104	20,458,814
Property Taxes	18,012,199	18,867,978	20,371,321	21,250,832	21,888,357	22,545,007	23,221,358	23,917,998
Advertising & Miscellaneous	\$770,856	\$1,816,996	\$3,502,665	\$1,921,685	\$1,974,933	\$2,032,117	\$2,093,616	\$2,159,848
Subtotal Revenues and Operating Assistance	\$ 44,840,999	\$ 45,462,307	\$ 49,890,731	\$ 52,182,628	\$ 54,174,823	\$ 56,132,779	\$ 58,173,414	\$ 60,297,139
Grant Operating Revenues (COVID Relief)	20,442,306	8,321,660						
Reserves Used			-	- 6,061,050	- 7,252,113	- 8,197,077	- 9,197,140	- 10,258,621
Total Revenues and Operating Assistance	\$ 65,283,305	\$ 53,783,967	\$ 49,890,731	\$ 58,243,678	\$ 61,426,936	\$ 64,329,856	\$ 67,370,554	\$ 70,555,760

Updated 5 Year Projection - Expenses

The Rapid
Operating Budget Projection
FY 24/25 APPROVED - FY 28/29 PROJECTED

	FY 21/22 ACTUALS	FY 22/23 ACTUALS	FY 23/24 ACTUALS	FY 24/25 APPROVED	FY 25/26 PROJECTED	FY 26/27 PROJECTED	FY 27/28 PROJECTED	FY 28/29 PROJECTED
Expenses								
Salaries and Wages	\$ 18,187,373	\$ 18,988,882	\$ 19,263,505	\$ 27,950,411	\$ 29,347,932	\$ 30,815,328	\$ 32,356,095	\$ 33,973,899
Benefits	9,508,010	10,156,108	9,921,328	10,629,553	11,609,325	12,134,679	12,686,949	13,267,543
Contractual Service	3,441,342	3,475,406	3,189,355	4,129,900	4,231,395	4,442,965	4,665,113	4,898,369
Materials and Supplies	4,441,604	4,465,857	4,182,645	5,174,078	5,360,912	5,521,843	5,688,822	5,862,112
Utilities, Insurance, and Miscellaneous	4,101,635	4,420,125	4,170,424	5,609,698	5,864,832	6,132,126	6,412,171	6,705,591
Purchased Transportation	5,558,119	7,269,466	7,337,871	8,750,038	9,012,539	9,282,915	9,561,403	9,848,245
Expenses Before Capitalized Operating	\$ 45,238,083	\$ 48,775,844	\$ 48,065,129	\$ 62,243,678	\$ 65,426,936	\$ 68,329,856	\$ 71,370,553	\$ 74,555,760
Capitalized Operating Expenses	-	(3,186,414)	(3,729,671)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Total Operating Expenses	\$ 45,238,083	\$ 45,589,430	\$ 44,335,458	\$ 58,243,678	\$ 61,426,936	\$ 64,329,856	\$ 67,370,554	\$ 70,555,760
Reserves Used	397,084	127,123		6,061,050	7,252,113	8,197,077	9,197,140	10,258,621
Reserves Gained			5,555,273					
Reserve Balance	\$ 47,977,559	\$ 56,172,096	\$ 61,727,370	\$ -	\$ 55,666,320	\$ -	\$ 48,414,207	\$ -
							Deficit	\$ -

Updated 5 Year Projection Summary

- Budgeted \$50.5 million in revenue; received \$49.9 million
- Budgeted \$56.0 million in expenses, actual expended \$44.3 million
- Instead of using \$5.4 million, \$5.6 million was added to reserves
- Reserve balance now projected from FY 28/29 to at least FY 29/30

Questions?