



Interurban Transit Partnership

Finance Committee Members

Mayor Gary Carey

Mayor Katie Favale

Steven Gilbert

Mayor Steve Maas

FINANCE COMMITTEE MEETING

Wednesday, January 21, 2026 – 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 – November 5, 2025 | Mayor Carey | Review |
| 3. DISCUSSION | | |
| a. FY24/25 Audit (BDO) | Joshua Laramy | |
| b. November 2025 Operating Statement | Linda Medina | |
| 4. ADJOURNMENT | | |

Next meeting: April 15, 2026



Interurban Transit Partnership

Finance Committee Members

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

FINANCE COMMITTEE MEETING MINUTES

Wednesday, November 5, 2025 – 4:00 p.m.

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

ATTENDANCE:

Committee Members Present:

Mayor Carey, Mayor Favale, Steven Gilbert, Mayor Kepley

Committee Members Absent:

Mayor Maas

Rapid Attendees:

Josh Brink, Steve Clapp, Jason Culberson, Kris Heald, Deron Kippen, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Andy Prokopy, Tim Roseboom, Steve Schipper, Lindsay Thomasini, Mike Wieringa, Kevin Wisselink

Public Attendees:

Troy Schnabel (Watkins Ross), Chris Veenstra (Watkins Ross)

Mayor Kepley called the meeting to order at 4:00 p.m.

1. PUBLIC COMMENT

No public comment

2. MINUTES – August 13, 2025

Vice Chairman Mayor Kepley entertained a motion to approve the meeting minutes from August 13, 2025. Mayor Favale motioned to approve, and Mr. Gilbert supported it. The motion passed unanimously.

3. DISCUSSION

a. BDO Audit Plan – Chris Veenstra (Watkins Ross)

Mr. Veenstra (Watkins Ross) presented a high-level report and analysis of the pension plan results for both Administration and Union. He noted four (4) reports were included, two for Administration and two for Union.

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

Union Plan

- The plan was well-funded at the start (437,000 surplus) and ended the year with a surplus of \$1.2M.
- The increase was driven by investment returns and contributions, while benefit payments decreased liabilities.
- Assets grew from \$13.4M to \$14.2M, mainly due to net investment income.
- The plan is fully funded thanks to past large contributions, and the accounting recognized an income of \$985,000 due to deferred gains and strong asset returns.

Administrative Plan

- The funded status improved from a \$181,000 surplus to \$264,000.
- Liabilities increased with interest and a small experience loss, but benefit payments decreased liabilities.
- Assets grew slightly, improving funded status.
- Accounting shows a \$32,000 income due to deferred inflows, though the plan pays out about \$27,000 annually in benefits.
- Funding options include covering expenses fully or spreading over several years, with recommendations favoring a \$27,000 contribution.

Vice Chairman Mayor Kepley noted this is fantastic news.

Ms. Medina noted the different ranges to the committee. She noted \$150,000 was budgeted. The recommendation is \$27,000.

Vice Chairman Mayor Kepley entertained a motion to recommend \$27,000 to the union plan and zero to the administration plan.

Mayor Carey motioned to approve, and Mayor Favale supported it. The motion passed unanimously.

b. Revenues – Ms. Medina

Ms. Medina presented a high-level overview of the Revenues.

- The BDO Audit Plan is scheduled to begin from November 10 to November 21.
- A draft of the audit will be presented to the Finance Committee in January 2026, and then it will be reviewed by the Board at the end of January 2026.
- As of the end of September, total revenue is approximately \$50.7M, which remains consistent throughout the year.
- Revenue sources such as investments and advertising are performing well.
- State Operating Assistance has decreased, aligning with current expenses.
- The rate is 29.15%, and the organization is approximately \$2M under budget.

c. Expenses

- Year-to-date expenses are \$49.2M, which includes \$2.3M capitalized from reserves.
- Total revenue stands at \$50.7M
- With expenses at \$49.2M and revenue at \$50.7M, there is a surplus of approximately \$1.5M, meaning no reserves need to be tapped.
- On the Project Management (PM) side, for August and September, an additional \$2.9M will be used from PM funds.
- The audit process has commenced, with a draft report scheduled for the January 2026 Finance Committee meeting.
- Overall, it has been a positive and successful year.

4. ADJOURNMENT

This meeting was adjourned at 4:20 p.m.
The next meeting is scheduled for January 21, 2025

Respectfully submitted,



Kris Heald, Board Secretary



Interurban Transit Partnership

Date: January 21, 2026
To: ITP Finance Committee
From: Linda Medina, Director of Finance
Subject: Financial Statements and Single Audit Reports Years Ended September 30, 2025, and 2024

OVERVIEW

Attached for your review are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2025, and 2024 and the audit wrap up report.

BACKGROUND

The FY 24/25 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 audit report with no material weaknesses or significant deficiencies identified. This opinion confirms that the financial statements are fairly and appropriately presented and in compliance with GAAP. Below are the highlights for FY 24/25:

- Net position decreased by \$5.3 million dollars in FY 24/25. Operating revenue increased \$61,000 (1%) compared to FY 23/24 and non-operating revenue decreased \$22,000 with the reduction in capital spending.
- Actual expenses increased \$4,457,000 (8%) compared to FY 23/24. Labor and Fringes increased by \$2,108,000 (7%) due to collectively bargained wage increases and persistent operating staff vacancies while maintaining current service levels. Utilities increased by \$136,000 (11%) due to unfavorable weather conditions resulting in higher energy usage, Purchase Transportation increased due to an increase in the cost per revenue hour. Miscellaneous increased \$439,000 (100%) with the implementation of a Customer Relationship Management system (CMR) and redesign of the website, which were pushed to this fiscal year from the previous and not encumbered based on project and RFP process.

- From year to year there was a \$639,000 increase 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 (paratransit) revenue service vehicles, service vehicles, and completion of the Dispatch rehabilitation project.
- Comparing FY 2024/25 actual results to the adopted budget, both revenues and expenses were under budget. Actual expenses totaled \$48.9 million compared to a budget of \$58.2 million. Actual revenues were \$51.0 million versus a budget of \$52.2 million. The combined impact of favorable actual revenue and lower actual expenses resulted in not utilizing the budgeted \$6 million from operating reserves but increasing our reserve position by \$2.1 million.
- FY 24 capital grant includes \$4 million for allowable operating preventative maintenance expenses. In FY 24/25 actual allowable expenditures totaled \$2.9 million, resulting in the unused balance reprogrammed to another capital program line item such as a bus procurement line item.

Also included in the report is information regarding the defined benefit pension plans. In FY 24/25, contributions were made based on Watkins Ross recommendations. A high-range contribution was made to the Union plan and due to favorable return, a contribution was not necessary for the Administrative plan.

BDO will be attending the Finance Committee to present the reports and provide an overview of the audit

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

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2025 and 2024

**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, 2025

DRAFT 1/8/2026

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2025 and 2024

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, 2025

DRAFT - Subject to Revision

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Independent Auditor's Report

The 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, 2025 and 2024 (as of and for the years ended June 30, 2025 and 2024 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 respective financial position of Interurban Transit Partnership as of September 30, 2025 and 2024 (June 30, 2025 and 2024 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 Audits 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 audits evidence we have obtained is sufficient and appropriate to provide a basis for our audits 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 statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audits 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 audits in order to design audits 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 audits, significant audits 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 the 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 GAAS,

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

Supplementary Information

Our audits 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 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 Audits Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements, and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] 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, 2025 and 2024.

Financial Highlights

- The state operating assistance reimbursement rate (for eligible operating expenses) for the fiscal year (FY) ended 2025 decreased to 29.1515% from 33.8553% in FY 2024. The rate was 29.2015% in FY 2023.
- ITP levied 1.3817 mills in 2025, 1.395 mills in 2024, and 1.41 mills in 2023, 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 \$(1,436,757) and \$(618,866) as of September 30, 2025 and 2024, respectively. ITP recognized a net pension liability of \$1,146,920 as of September 30, 2023.

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 decreased by \$5.3 million for the year ended September 30, 2025, a decrease of 3% from September 30, 2024 (see Table A-1). See page 8 for discussion on the decrease in net position. ITP continues to invest in capital assets (buildings, vehicles, technology, and

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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, investment in onboard security cameras, and the completion of the renovation of the Rapid Operations Center Dispatch center. See Table A-3 for discussion on the decrease in capital assets, net.

The net pension asset increased as the asset return was favorable for the defined benefit plans. The unrestricted net position increased by \$892,459.

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 that ITP continues to invest in capital assets (buildings, vehicles, technology, and 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.

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

| <i>September 30,</i> | 2025 | | 2024 | | 2023 | |
|---------------------------------------|-------------|----------------|-------------|----------------|-------------|----------------|
| Current assets | \$ | 96,797 | \$ | 96,846 | \$ | 88,042 |
| Capital assets, net | | 142,784 | | 151,406 | | 148,395 |
| Net pension asset | | 1,437 | | 619 | | - |
| Total Assets | \$ | 241,018 | \$ | 248,871 | \$ | 236,437 |
| Deferred Outflows of Resources | \$ | 421 | \$ | 548 | \$ | 953 |
| Current Liabilities | | 7,611 | | 10,621 | | 8,806 |
| Long-Term Liabilities | | 137 | | 341 | | 1,724 |
| Deferred Inflows of Resources | | 24,076 | | 23,500 | | 22,108 |
| Net Position | | | | | | |
| Net investment in capital assets | \$ | 142,784 | \$ | 150,766 | \$ | 148,395 |
| Unrestricted | | 66,831 | | 64,191 | | 56,357 |
| Total Net Position | \$ | 209,615 | \$ | 214,957 | \$ | 204,752 |

Changes in Net Position

Net position decreased by \$5.3 million, or 1.5%, from September 30, 2024 to September 30, 2025 (see Table A-2). Operating revenue increased slightly compared to last year. Operating expenses increased by \$4.5 million, or 6.6%. See discussion and analysis on page 10. Capital contributions decreased due to fewer purchases of linehaul, specialized service revenue vehicles, and electric buses, as well as the completion of the Ellsworth renovation project. This year's capital purchases focused on acquiring additional linehaul and specialized services vehicles, completing the Rapid Operations Center dispatch area remodel, and installing cameras in revenue service, as well as specialized service vehicles.

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Management's Discussion and Analysis

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, specialized service revenue vehicles, and 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.

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

| <i>Year ended September 30,</i> | 2025 | 2024 | 2023 |
|---|-------------------|-------------------|-------------------|
| Operating Revenues | | | |
| Passenger fares | \$ 4,844 | \$ 4,783 | \$ 4,535 |
| Advertising | 393 | 377 | 385 |
| Total Operating Revenues | 5,237 | 5,160 | 4,920 |
| Operating Expenses | | | |
| Salaries and fringe benefits | 29,830 | 27,722 | 27,649 |
| Supplies and other operating expenses | 24,539 | 22,645 | 23,780 |
| Depreciation and loss on disposal of assets | 17,339 | 16,884 | 16,676 |
| Total Operating Expenses | 71,708 | 67,251 | 68,105 |
| Operating Loss | (66,471) | (62,091) | (63,185) |
| Non-Operating Revenues | | | |
| State and federal | 20,322 | 22,077 | 29,968 |
| Property taxes | 21,832 | 20,316 | 18,868 |
| Other local | 9,979 | 9,762 | 7,364 |
| Total Non-Operating Revenues | 52,133 | 52,155 | 56,200 |
| Loss, before capital contributions | (14,338) | (9,936) | (6,985) |
| Capital Contributions | 8,996 | 20,141 | 12,753 |
| Change in Net Position | (5,342) | 10,205 | 5,768 |
| Net Position, beginning of year | 214,957 | 204,752 | 198,984 |
| Net Position, end of year | \$ 209,615 | \$ 214,957 | \$ 204,752 |

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

The table below compares the fiscal year ended September 30, 2025 to September 30, 2024 for operating expenses before depreciation. Labor and fringe benefits year-to-year changes are primarily due to the lower operator staffing levels, which resulted in a higher overtime and increased wage and fringe cost. Purchase transportation costs increased both because of higher cost

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Management's Discussion and Analysis

per revenue hour and a decrease in efficiency. In FY 2026, the decision was made to bring the management of purchased transportation in-house. Miscellaneous expenses increased with the addition of costs associated with relocating the training program to another building during the Rapid Operations Center Dispatch renovation project.

| <i>Year ended September 30,</i> | 2025 | | 2024 | | Change (%) |
|---------------------------------|-------------|--------|-------------|--------|-------------------|
| Labor | \$ | 20,882 | \$ | 19,269 | 8.0 |
| Fringe benefits | | 8,948 | | 8,453 | 6.0 |
| Services | | 3,883 | | 3,923 | (1) |
| Materials and supplies consumed | | 4,482 | | 4,714 | (5.0) |
| Utilities | | 1,376 | | 1,240 | 11.0 |
| Casualty and liability costs | | 2,785 | | 2,592 | 7.0 |
| Purchased transportation | | 10,823 | | 9,666 | 12.0 |
| Miscellaneous | | 850 | | 411 | 107.0 |

The table below compares the 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 that lead to a decrease in expected utility costs, and marketing expenses declined as the promotional campaign for the Transit application 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 | (20.0) |

Capital Assets

As of September 30, 2025, ITP had invested approximately \$295,755,000 in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating equipment. Net of accumulated depreciation, capital assets on September 30, 2025 totaled approximately \$142,784,000 (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately \$8.6 million, or 6%, from September 30, 2024.

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.

Interurban Transit Partnership

Management's Discussion and Analysis

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

| <i>September 30,</i> | 2025 | | 2024 | | Change (%) |
|--|-------------|----------------|-------------|----------------|-------------------|
| Land | \$ | 12,139 | \$ | 12,139 | - |
| Artwork | | 368 | | 368 | - |
| Easements | | 55 | | 55 | - |
| Land improvements | | 2,451 | | 2,758 | (11.1) |
| Facilities | | 74,286 | | 78,738 | (5.7) |
| Revenue vehicles | | 43,343 | | 44,720 | (3.1) |
| Support equipment | | 6,064 | | 6,720 | (9.8) |
| Information systems and technology | | 3,625 | | 5,032 | (28.0) |
| Software and software development | | 153 | | 381 | (59.8) |
| Subscription-Based Information Technology Arrangements (SBITA) | | 300 | | 495 | (39.4) |
| Total Net Capital Assets | \$ | 142,784 | \$ | 151,406 | (5.7) |

| <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 |

Economic Factors and Next Year's Budget

ITP's focus in FY 2024/2025 was to continue to get back to the basics of delivering excellent bus service to the six cities. Transit is no longer a conversation limited to how many riders are on ITP's system. The conversation has turned to the value of the transit network as infrastructure, bringing support promoting the vitality of the community it serves. ITP is a strategic partner in growth and economic development, playing its part means providing access to employment, health care, and education and by offering and continuously improving and reimagining a flexible network of public transportation and mobility solutions.

For FY 2025/2026, the Board of Directors adopted a \$60 million operating budget, exclusive of depreciation, and a \$35.5 million capital budget. Ridership, passenger fares contract service revenue remains consistent. Property tax revenue is anticipated to be stable, and state operating assistance, initially budgeted at 26%, increased to 29.4342% with the adoption of the state budget. Unrestricted net reserves will be used to offset the deficit between revenue and expenses. The

Interurban Transit Partnership

Management's Discussion and Analysis

goals are to remain committed to identifying revenue strategies for potential additional funding and revenue sources, continue to participate in legislative briefings and testimonies to support the newly formed Legislative Transit Caucus, and begin the ballot initiative process to develop a strategic plan ahead of current millage expiration. Staff continue to explore strategies to ensure long-term financial sustainability.

DRAFT - Subject to Revision

Basic Financial Statements

DRAFT - Subject to Revision

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

| September 30, | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current Assets | | |
| Cash and investments (Note 2) | \$ 86,363,647 | \$ 77,844,369 |
| Property taxes receivable, net | 868,003 | 867,676 |
| Due from federal government | 5,225,826 | 9,694,898 |
| Due from state of Michigan | 1,519,279 | 958,839 |
| Billed receivables | 1,382,662 | 5,460,562 |
| Materials and supplies inventories | 904,234 | 736,621 |
| Prepaid expenses and deposits | 533,328 | 1,283,055 |
| Total Current Assets | 96,796,979 | 96,846,020 |
| Capital Assets (Note 3) | | |
| Facilities | 126,306,603 | 125,709,426 |
| Revenue vehicles | 93,540,497 | 92,338,639 |
| Support equipment | 23,426,343 | 23,165,066 |
| Land and improvements | 18,609,238 | 18,605,827 |
| Information systems, technology, and software | 32,360,292 | 33,794,510 |
| Other non-depreciable assets | 423,813 | 423,813 |
| Subscription-Based Information Technology Arrangements (SBITA) | 1,087,716 | 1,077,359 |
| | 295,754,502 | 295,114,640 |
| Less: accumulated depreciation and amortization | (152,970,216) | (143,708,284) |
| Net Capital Assets | 142,784,286 | 151,406,356 |
| Net Pension Asset | 1,436,757 | 618,866 |
| Total Assets | \$ 241,018,022 | \$ 248,871,242 |
| Deferred Outflows of Resources | | |
| Related to pensions (Note 4) | \$ 421,064 | \$ 547,940 |

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

| September 30, | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,967,141 | \$ 2,649,451 |
| Accrued payroll | 2,393,134 | 2,276,155 |
| Unredeemed fares | 926,733 | 880,921 |
| Unearned revenues | 80,151 | 240,444 |
| Due to state of Michigan | 1,902,633 | 4,274,491 |
| Current portion of subscription liabilities (Note 7) | 341,795 | 300,342 |
| Total Current Liabilities | 7,611,587 | 10,621,804 |
| Subscription Liabilities, net of current portion (Note 7) | 136,641 | 340,399 |
| Total Liabilities | \$ 7,748,228 | \$ 10,962,203 |
| Deferred Inflows of Resources | | |
| Property taxes received or receivable before the levy date | \$ 22,595,541 | \$ 21,594,103 |
| Related to pensions (Note 4) | 1,480,100 | 1,906,141 |
| Total Deferred Inflows of Resources | \$ 24,075,641 | \$ 23,500,244 |
| Net Position | | |
| Net investment in capital assets | \$ 142,305,850 | \$ 150,765,615 |
| Unrestricted | 67,309,367 | 64,191,120 |
| Total Net Position | \$ 209,615,217 | \$ 214,956,735 |

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> | 2025 | 2024 |
|---|-----------------------|-----------------------|
| Operating Revenues | | |
| Passenger fares | \$ 4,843,730 | \$ 4,783,317 |
| Advertising | 393,437 | 376,547 |
| Total Operating Revenues | 5,237,167 | 5,159,864 |
| Operating Expenses | | |
| Salaries and fringe benefits | 29,830,459 | 27,722,014 |
| Supplies and other operating expenses | 24,539,383 | 22,644,824 |
| Depreciation | 17,338,683 | 16,884,156 |
| Total Operating Expenses | 71,708,525 | 67,250,994 |
| Operating Loss | (66,471,358) | (62,091,130) |
| Non-Operating Revenues | | |
| State | 16,020,913 | 17,219,454 |
| Federal | 4,301,209 | 4,857,030 |
| Property taxes | 21,832,305 | 20,315,753 |
| Other local | 9,979,379 | 9,762,208 |
| Total Non-Operating Revenues | 52,133,806 | 52,154,445 |
| Loss, before capital contributions | (14,337,552) | (9,936,685) |
| Capital Contributions | 8,996,034 | 20,141,358 |
| Change in Net Position | (5,341,518) | 10,204,673 |
| Net Position, beginning of year | 214,956,735 | 204,752,062 |
| Net Position, end of year | \$ 209,615,217 | \$ 214,956,735 |

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Cash Flows Enterprise Fund

| <i>Year ended September 30,</i> | 2025 | 2024 |
|---|------------------------|------------------------|
| Cash from Operating Activities | | |
| Receipts from customers | \$ 9,360,878 | \$ 1,552,337 |
| Payments to suppliers | (24,639,576) | (23,499,895) |
| Payments to employees and fringe benefits | (30,830,538) | (28,965,582) |
| Net Cash Used in Operating Activities | (46,109,236) | (50,913,140) |
| Cash from Noncapital Financing Activities | | |
| Federal grants received | 4,301,209 | 4,857,030 |
| State grants received | 17,783,947 | 20,860,491 |
| Local government assistance received | 7,552,609 | 6,580,524 |
| Property taxes | 22,833,416 | 23,285,808 |
| Other income | 576,131 | 1,046,476 |
| Net Cash Provided by Noncapital Financing Activities | 53,047,312 | 56,630,329 |
| Cash from Capital and Related Financing Activities | | |
| Federal contributed capital | 6,842,849 | 10,219,274 |
| State contributed capital | 1,705,044 | 3,703,652 |
| Purchase of capital assets | (8,716,613) | (19,895,886) |
| Proceeds from sale of capital assets | 31,908 | 87,821 |
| Net Cash Used in Capital and Related Financing Activities | (136,812) | (5,885,139) |
| Cash from Investing Activity | | |
| Interest received on investments | 1,718,014 | 2,087,690 |
| Net Increase in Cash and Investments | 8,519,278 | 1,919,740 |
| Cash and Investments, beginning of year | 77,844,369 | 75,924,629 |
| Cash and Investments, end of year | \$ 86,363,647 | \$ 77,844,369 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (66,471,358) | \$ (62,091,130) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 17,338,683 | 16,884,156 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in billed receivables | 4,077,900 | (3,697,523) |
| (Increase) decrease in inventories | (167,613) | 10,434 |
| Decrease in prepaid expenses and deposits | 749,727 | 71,651 |
| Decrease in accounts payable | (682,310) | (937,154) |
| Increase in accrued payroll | 116,979 | 246,949 |
| Increase in unredeemed fares | 45,812 | 89,994 |
| Change in pension-related items | (1,117,056) | (1,490,517) |
| Net Cash Used in Operating Activities | \$ (46,109,236) | \$ (50,913,140) |

See accompanying notes to financial statements.

Interurban Transit Partnership
Statements of Fiduciary Net Position
Fiduciary Funds

June 30,

| | Pension Trust Funds | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| Assets | | |
| Cash and short-term investments (Note 2) | \$ 271,901 | \$ 658,276 |
| Receivables: | | |
| Interest and dividends receivable | 961 | 2,848 |
| Investments, at fair value (Note 2): | | |
| Bond mutual funds | 3,917,310 | 3,667,845 |
| Equity mutual funds | 11,988,945 | 10,957,689 |
| Total Investments, at fair value | 15,906,255 | 14,625,534 |
| Total Assets | 16,179,117 | 15,286,658 |
| Net Position Held in Trust for Pension Benefits | \$ 16,179,117 | \$ 15,286,658 |

See accompanying notes to financial statements.

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

Year ended June 30,

| | Pension Trust Funds | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| Additions | | |
| Employer and employee contributions | \$ 85,271 | \$ 413,245 |
| Investment income (expense): | | |
| Net appreciation | 1,311,688 | 1,561,717 |
| Interest | 19,389 | 32,272 |
| Dividends | 464,470 | 366,665 |
| Investment expense | (14,873) | (12,643) |
| Total Investment Income | 1,780,674 | 1,948,011 |
| Total Additions | 1,865,945 | 2,361,256 |
| Deductions | | |
| Benefits | 929,056 | 1,090,984 |
| Administrative expense | 44,430 | 39,585 |
| Total Deductions | 973,486 | 1,130,569 |
| Change in Net Position | 892,459 | 1,230,687 |
| Net Position Held in Trust for Pension Benefits, beginning of year | 15,286,658 | 14,055,971 |
| Net Position Held in Trust for Pension Benefits, end of year | \$ 16,179,117 | \$ 15,286,658 |

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 they apply.

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 and subscription liabilities. 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.

ITP adopted GASB Statement 101, *Compensated Absences*, during 2025. As a result, no material changes were made to the financial statements.

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 1.3817 mills and 1.395 mills for the fiscal years 2025 and 2024, 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 an 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

Interurban Transit Partnership

Notes to Financial Statements

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

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

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

Interurban Transit Partnership

Notes to Financial Statements

2. Cash and Investments

Deposits

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

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, ITP's deposits might not be recovered. ITP minimizes custodial credit risk by pre-qualifying financial institutions. At September 30, 2025, the bank balances were \$90,877,707, of which \$88,828,594. was uninsured and uncollateralized. At September 30, 2024, the bank balances were \$78,178,791, of which \$76,118,085 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> | | 2025 | 2024 |
|-----------------------------|------------------|-----------------------|-----------------------|
| <i>Investment</i> | <i>Maturity</i> | Amortized Cost | Amortized Cost |
| Kent County Investment Pool | Less than 1 year | \$ 6,808,096 | \$ 6,546,424 |

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, 2025 and 2024.

Interurban Transit Partnership

Notes to Financial Statements

Credit Risk

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

At September 30, 2025, 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 | 1.68 |
| Bond mutual funds and equities | Not rated | 98.32 |

Fair Value Measurement

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

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

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

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

The following tables set forth by level, within the fair value hierarchy, the investment assets at fair value as of June 30, 2025 and 2024. 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.

Interurban Transit Partnership

Notes to Financial Statements

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

June 30, 2025

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|---------------------|-------------|-------------|---------------------|
| Pension Trust Fund | | | | |
| Cash and short-term investments | \$ 271,901 | \$ - | \$ - | \$ 271,901 |
| Bond mutual funds | 3,917,310 | - | - | 3,917,310 |
| Equity mutual funds | 11,988,945 | - | - | 11,988,945 |
| Investments, at fair value | \$16,178,156 | \$ - | \$ - | \$16,178,156 |

June 30, 2024

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

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Interurban Transit Partnership

Notes to Financial Statements

3. Capital Assets

Capital asset activity is as follows:

| | Balance, October 1, 2024 | Additions | Deletions | Balance, September 30, 2025 |
|---------------------------------------|-----------------------------|-----------------------|--------------------|-----------------------------------|
| Capital Assets | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,138,892 | \$ - | \$ - | \$ 12,138,892 |
| Artwork | 368,470 | - | - | 368,470 |
| Easements - intangible | 55,343 | - | - | 55,343 |
| Capital assets being depreciated: | | | | |
| Facilities | 125,709,426 | 605,506 | (8,329) | 126,306,603 |
| Revenue vehicles | 92,338,639 | 6,513,102 | (5,311,244) | 93,540,497 |
| Support equipment | 23,165,066 | 934,178 | (672,901) | 23,426,343 |
| Land improvements | 6,466,935 | 3,411 | - | 6,470,346 |
| Information systems and technology | 29,538,913 | 590,694 | (536,324) | 29,593,283 |
| Software - intangible | 4,255,597 | 59,365 | (1,547,953) | 2,767,009 |
| SBITA | 1,077,359 | 10,357 | - | 1,087,716 |
| Total Capital Assets | 295,114,640 | 8,716,613 | (8,076,751) | 295,754,502 |
| Accumulated Depreciation | | | | |
| Facilities | 46,971,523 | 5,057,578 | (8,329) | 52,020,772 |
| Revenue vehicles | 47,953,676 | 7,863,741 | (5,311,244) | 50,506,173 |
| Support equipment | 16,109,995 | 1,618,071 | (672,901) | 17,055,165 |
| Land improvements | 3,709,752 | 309,221 | - | 4,018,973 |
| Information systems and technology | 24,506,732 | 1,997,525 | (536,324) | 25,967,933 |
| Software - intangible | 3,961,241 | 200,493 | (1,547,953) | 2,613,781 |
| SBITA | 495,365 | 292,054 | - | 787,419 |
| Total Accumulated Depreciation | 143,708,284 | 17,338,683 | (8,076,751) | 152,970,216 |
| Net Capital Assets | \$ 151,406,356 | \$ (8,622,070) | \$ - | \$ 142,784,286 |

Interurban Transit Partnership

Notes to Financial Statements

| | 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 | 2,360,540 | (151,256) | 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 | 16,884,156 | (6,576,402) | 143,708,284 |
| Net Capital Assets | \$ 148,394,625 | \$ 4,969,848 | \$ (1,958,117) | \$ 151,406,356 |

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 consists of the following:

| <i>June 30,</i> | 2025 | 2024 |
|--|-------------|-------------|
| Retirees and beneficiaries currently receiving benefits | 12 | 12 |
| Terminated employees entitled to benefits but not yet receiving them | 10 | 10 |
| Active plan members | 1 | 1 |
| Total | 23 | 23 |

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 consists of the following:

| <i>June 30,</i> | 2025 | 2024 |
|--|-------------|-------------|
| Retirees and beneficiaries currently receiving benefits | 160 | 150 |
| Terminated employees entitled to benefits but not yet receiving them | 180 | 178 |
| Active plan members | 99 | 117 |
| Total | 439 | 445 |

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, 2025, 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 was 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 table presents 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 | Current Rate | 1% Increase |
|--------------------------------------|---------------------|-----------------------|-----------------------|
| Administrative Plan | (5.00) | (6.00) | (7.00) |
| Net Pension (Asset) Liability | \$ (131,150) | \$ (263,982) | \$ (379,943) |
| Non-Administrative Plan | (5.50) | (6.50) | (7.50) |
| Net Pension (Asset) Liability | \$ 162,542 | \$ (1,172,775) | \$ (2,302,323) |

Long-Term Expected Rates of Return and Asset Allocation

The long-term expected rates of return on retirement plan investments were 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 | 50.0 | 7.50 | 50.0 | 7.50 |
| International equity | 10.0 | 8.50 | 15.0 | 8.50 |
| Domestic bonds | 32.5 | 2.50 | 20.0 | 2.50 |
| International bonds | 7.5 | 3.50 | 5.0 | 3.50 |
| Real estate | - | - | 10.0 | 4.50 |

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, 2024 | \$ 1,645,062 | \$ 1,826,382 | \$ (181,320) |
| Changes in Pension (Asset) Liability | | | |
| Interest | 95,157 | - | 95,157 |
| Experience gains | 21,086 | - | 21,086 |
| Assumption change | (13,599) | - | (13,599) |
| Net investment income | - | 199,431 | (199,431) |
| Benefit payments | (118,226) | (118,226) | - |
| Administrative expenses | - | (14,125) | 14,125 |
| Net Changes in Pension (Asset) Liability | (15,582) | 67,080 | (82,662) |
| Balance, June 30, 2025 | \$ 1,629,480 | \$ 1,893,462 | \$ (263,982) |

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, 2024 | \$ 13,022,730 | \$ 13,460,276 | \$ (437,546) |
| Changes in Pension (Asset) Liability | | | |
| Interest | 820,125 | - | 820,125 |
| Experience gains | 80,855 | - | 80,855 |
| Contributions - employer | - | 85,271 | (85,271) |
| Net investment income | - | 1,581,243 | (1,581,243) |
| Benefit payments | (810,830) | (810,830) | - |
| Administrative expenses | - | (30,305) | 30,305 |
| Net Changes in Pension (Asset) Liability | 90,150 | 825,379 | (735,229) |
| Balance, June 30, 2025 | \$ 13,112,880 | \$ 14,285,655 | \$ (1,172,775) |

Interurban Transit Partnership

Notes to Financial Statements

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2025, 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 | \$ - | \$ - | \$ 140,647 | \$ 40,861 |
| Changes of assumptions | - | - | 280,417 | 463,787 |
| Investment earnings losses | - | 94,270 | - | 881,182 |
| Total | \$ - | \$ 94,270 | \$ 421,064 | \$ 1,385,830 |

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.

Interurban Transit Partnership

Notes to Financial Statements

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 |
|------|------------------------|--------------------------------|--------------|
| 2026 | \$ 23,891 | \$ (196,336) | \$ (172,445) |
| 2027 | (56,915) | (400,973) | (457,888) |
| 2028 | (42,483) | (244,635) | (287,118) |
| 2029 | (18,763) | (122,822) | (141,585) |

Components of Pension Expense

For the years ended September 30, 2025 and 2024, ITP recognized pension expense of \$(32,385) and \$(59,184) for the Administrative Plan and \$(985,129) and \$(1,018,087) for the Non-Administrative Plan, respectively.

Below are the components of the total pension expense:

Year ended September 30, 2025

| | Administrative Plan | Non- Administrative Plan |
|--|------------------------|--------------------------------|
| Interest | \$ 95,157 | \$ 820,125 |
| Experience gains | 21,086 | (55,817) |
| Assumption change | (13,599) | (535,518) |
| Projected earnings on pension plan investments | (105,612) | (850,352) |
| Investment earnings | (43,542) | (393,872) |
| Administrative expenses | 14,125 | 30,305 |
| Total Pension Expense | \$ (32,385) | \$ (985,129) |

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 | (15,501) | (220,152) |
| Administrative expenses | 14,900 | 24,685 |
| Total Pension Expense | \$ (59,184) | \$ (1,018,087) |

Interurban Transit Partnership

Notes to Financial Statements

For the year ended September 30, 2025, actual cash payments made were \$0 and \$85,271 for the Administrative Plan and the Non-Administrative Plan, respectively.

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 on 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 \$498,699 and \$518,742 for the years ended September 30, 2025 and 2024, 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 \$1,056,867 and \$970,751 for the years ended September 30, 2025 and 2024, 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 their selected retention level, plus their share of pool losses and administrative expenses, less their share of investment income. The agreement for formation of the Michigan Transit Pool (the Pool) provides that the Pool will be self-sustaining through member premiums and will provide property and liability coverage to its members for the first \$2,000,000 per occurrence. The Pool has purchased excess insurance for an additional \$3,000,000 per occurrence. In addition, ITP carried excess insurance for an additional \$5,000,000 per occurrence. The Pool publishes its own financial report, which can be obtained from the Pool. ITP's participation in the Pool ended as of December 1, 2009, except with regard to known and unknown covered events occurring prior to December 1, 2009. ITP currently purchases commercial insurance for property and liability with coverage of \$5,000,000 per occurrence with a \$50,000 deductible and has excess coverage for an additional \$5,000,000. ITP carries catastrophic insurance to cover direct damage to property.

Interurban Transit Partnership

Notes to Financial Statements

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 the fiscal years 2025 and 2024 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$24,171,344 and \$21,556,721 in 2025 and 2024, respectively. Actual operating assistance accrued based on MDOT’s stated funding rate of 29.1515% and 33.8553%, respectively, totaled \$14,003,621 and \$14,596,185 in 2025 and 2024, respectively.

Capital Acquisitions

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

Contingencies

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

7. Subscription Liabilities

Changes in subscription liabilities for the years ended September 30, 2025 and 2024 are as follows:

| | Balance October 1, 2024 | Additions | Re- measurements | Deductions | Balance September 30, 2025 | Amounts due within one year |
|--------------------------|-------------------------------|-----------|---------------------|--------------|----------------------------------|-----------------------------------|
| Subscription liabilities | \$ 640,741 | \$ - | \$ - | \$ (162,305) | \$ 478,436 | \$ 341,795 |
| | Balance October 1, 2023 | Additions | Re- measurements | Deductions | Balance September 30, 2024 | Amounts due within one year |
| Subscription liabilities | \$ 835,830 | \$ - | \$ - | \$ (195,089) | \$ 640,741 | \$ 300,342 |

Interurban Transit Partnership

Notes to Financial Statements

SBITA Payments Maturity Schedule

The future principal and interest SBITA payments as of September 30, 2025 are as follows:

September 30,

| | Principal | | Interest | | Total |
|--------------|-----------|---------|----------|--------|------------|
| 2026 | \$ | 341,795 | \$ | 19,828 | \$ 361,623 |
| 2027 | | 109,283 | | 3,190 | 112,473 |
| 2028 | | 27,358 | | 1,642 | 29,000 |
| Total | \$ | 478,436 | \$ | 24,660 | \$ 503,096 |

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, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 95,157 | 105,816 | 121,643 | 132,650 | 147,516 | 166,683 | 222,849 | 298,964 |
| Changes in benefit terms | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | 21,086 | (50,109) | (55,815) | (28,168) | 208,572 | 70,045 | 652,124 | (17,596) |
| Change of assumptions | (13,599) | (12,559) | 2,531 | (13,943) | (8,535) | 139,623 | (2,976) | 92,870 |
| Benefit payments | (118,226) | (323,394) | (340,891) | (207,063) | (983,585) | (185,757) | (3,355,575) | (177,586) |
| Net Change in Total Pension Liability | (15,582) | (280,246) | (272,532) | (116,524) | (636,032) | 190,594 | (2,483,578) | 196,652 |
| Total Pension Liability - beginning | 1,645,062 | 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) | 1,629,480 | 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) | 199,431 | 220,326 | 172,097 | (281,958) | 451,877 | 79,677 | 126,980 | 250,474 |
| Benefit payments | (118,226) | (323,394) | (340,891) | (207,063) | (983,585) | (185,757) | (3,355,575) | (177,586) |
| Administrative expenses | (14,125) | (14,900) | (14,425) | (14,315) | (14,385) | (13,905) | (14,445) | (12,580) |
| Net Change in Fiduciary Net Position | 67,080 | 41,391 | 66,781 | (350,725) | (137,642) | 299,201 | (2,843,040) | 268,232 |
| Plan Fiduciary Net Position - beginning | 1,826,382 | 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) | 1,893,462 | 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) | \$ (263,982) | \$ (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 | 116.2% | 111.0% | 92.7% | 78.2% | 89.4% | 74.8% | 69.1% | 90.6% |
| Covered-employee payroll | \$ 55,917 | \$ 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 | (472.10%) | (344.74%) | 489.03% | 314.45% | 845.01% | 204.43% | 190.35% | 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

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 424,425 |
| Interest | 820,125 | 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 | 80,855 | (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 | (810,830) | (767,590) | (750,933) | (768,030) | (759,830) | (697,478) | (607,696) | (597,778) |
| Net Change in Total Pension Liability | 90,150 | (254,853) | (171,981) | (191,580) | 200,546 | 783,463 | 312,867 | (564,269) |
| Total Pension Liability - beginning | 13,022,730 | 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) | 13,112,880 | 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 | 85,271 | 253,886 | 650,000 | 536,160 | 766,843 | 387,328 | 250,000 | 529,010 |
| Net investment income (loss) | 1,581,243 | 1,727,685 | 1,398,294 | (1,888,853) | 2,998,961 | 501,605 | 715,695 | 648,430 |
| Benefit payments | (810,830) | (767,590) | (750,933) | (768,030) | (759,830) | (697,478) | (607,696) | (597,778) |
| Administrative expenses | (30,305) | (24,685) | (28,367) | (24,815) | (27,722) | (25,729) | (28,606) | (32,948) |
| Net Change in Fiduciary Net Position | 825,379 | 1,189,296 | 1,268,994 | (2,145,538) | 2,978,252 | 165,726 | 329,393 | 546,714 |
| Plan Fiduciary Net Position - beginning | 13,460,276 | 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) | 14,285,655 | 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) | \$(1,172,775) | \$ (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 | 108.09% | 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 | 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 | 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> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|----------------|-------------------|-------------------|---------------|---------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ - | \$ 159,359 | \$ 508,748 | \$ 144,807 | \$ 408,541 | \$ 419,186 | \$ 192,821 | \$ 52,414 | \$ 74,018 |
| Actual contribution | - | 159,359 | 250,000 | 152,611 | 408,451 | 419,186 | 400,000 | 207,924 | 250,000 |
| Contribution (Excess) | \$ - | \$ - | \$ 258,748 | \$ (7,804) | \$ 90 | \$ - | \$ (207,179) | \$ (155,510) | \$ (175,982) |
| Covered payroll | \$ 55,917 | \$ 46,226 | \$ 51,122 | \$ 48,532 | \$ 48,337 | \$ 205,047 | \$ 210,141 | \$ 707,023 | \$ 625,402 |
| Actual contribution as % of covered payroll | 0.00% | 344.74% | 489.0% | 314.5% | 845.0% | 204.4% | 190.3% | 29.4% | 40.0% |

Interurban Transit Partnership

Schedule of Contributions - Administrative Plan

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Valuation date | July 1, 2024 |
| 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 | 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.

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------------|--------------------|---------------------|---------------------|---------------------|-------------|-------------------|-------------------|---------------------|
| Actuarially determined contribution | \$ 61,055 | \$ 158,527 | \$ 262,597 | \$ 321,702 | \$ 455,490 | \$ 387,328 | \$ 376,920 | \$ 735,101 | \$ 775,392 |
| Actual contribution | 85,271 | 253,886 | 650,000 | 536,160 | 766,843 | 387,328 | 250,000 | 529,010 | 987,300 |
| Contribution (Excess) | \$ (24,216) | \$ (95,359) | \$ (387,403) | \$ (214,458) | \$ (311,353) | \$ - | \$ 126,920 | \$ 206,091 | \$ (211,908) |
| 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 |

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

Methods and assumptions used to determine contribution rates:

| | |
|---|--|
| Valuation date | July 1, 2024 |
| 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, 2025

| | Administrative Plan | Non- Administrative Plan | Total |
|--|------------------------|--------------------------------|----------------------|
| Assets | | | |
| Cash and short-term investments | \$ 12,915 | \$ 258,986 | \$ 271,901 |
| Receivables: | | | |
| Interest and dividends receivable | 46 | 915 | 961 |
| Investments, at fair value: | | | |
| Bond mutual funds | 569,886 | 3,347,424 | 3,917,310 |
| Equity mutual funds | 1,310,615 | 10,678,330 | 11,988,945 |
| Total Investments, at fair value | 1,880,501 | 14,025,754 | 15,906,255 |
| Total Assets | 1,893,462 | 14,285,655 | 16,179,117 |
| Net Position Held in Trust for Pension Benefits | \$ 1,893,462 | \$ 14,285,655 | \$ 16,179,117 |

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

Year ended June 30, 2025

| | Administrative Plan | Non- Administrative Plan | Total |
|---|------------------------|--------------------------------|------------------|
| Additions | | | |
| Employer and employee contributions | \$ - | \$ 85,271 | \$ 85,271 |
| Investment income (expense): | | | |
| Net appreciation | 142,881 | 1,168,807 | 1,311,688 |
| Interest | 4,184 | 15,205 | 19,389 |
| Dividends | 54,267 | 410,203 | 464,470 |
| Investment expense | (1,901) | (12,972) | (14,873) |
| Total Investment Income | 199,431 | 1,581,243 | 1,780,674 |
| Total Additions | 199,431 | 1,666,514 | 1,865,945 |
| Deductions | | | |
| Benefits | 118,226 | 810,830 | 929,056 |
| Administrative expense | 14,125 | 30,305 | 44,430 |
| Total Deductions | 132,351 | 841,135 | 973,486 |
| Change in Net Position | 67,080 | 825,379 | 892,459 |
| Net Position Held in Trust for Pension | | | |
| Benefits, beginning of year | 1,826,382 | 13,460,276 | 15,286,658 |
| Net Position Held in Trust for Pension | | | |
| Benefits, end of year | \$ 1,893,462 | \$ 14,285,655 | \$ 16,179,117 |

Interurban Transit Partnership
Schedule of Non-Operating Revenues - Local

Year ended September 30, 2025

Local Revenue

| | |
|--------------------------------|---------------|
| Property taxes | \$ 21,832,305 |
| Grand Valley State University | 3,843,146 |
| Network180 | 381,572 |
| DASH - city of Grand Rapids | 2,599,716 |
| Ferris State University | 114,562 |
| Grand Rapids Community College | 272,042 |
| Amtrak | 117,603 |
| Alpine Township | 108,852 |
| Special Olympics of Michigan | 64,611 |
| Gaines Township | 50,505 |

| | |
|----------------------------|-------------------|
| Total Local Revenue | 29,384,914 |
|----------------------------|-------------------|

Other Income

| | |
|--------------------------------|-----------|
| Gain on sale of capital assets | 31,908 |
| Retail lease | 24,978 |
| CNG fuel sales | 70,592 |
| RIN Credits | 235,012 |
| Alternative Fuel Credit | 196,979 |
| Interest income | 1,818,731 |
| Miscellaneous | 14,848 |
| Vending machine | 4,470 |
| Fare evasion fines | 732 |
| Billboard lease | 28,520 |

| | |
|---------------------------|------------------|
| Total Other Income | 2,426,770 |
|---------------------------|------------------|

| | |
|---|----------------------|
| Total Non-Operating Revenues - Local | \$ 31,811,684 |
|---|----------------------|

Interurban Transit Partnership

Schedule of Non-Operating Revenues - State and Federal

Year ended September 30, 2025

State of Michigan Grants

| | |
|---|---------------|
| General operating assistance | \$ 14,003,621 |
| Capital assistance | 382,269 |
| Preventive maintenance (operating) | 586,660 |
| Planning and miscellaneous project assistance | 43,680 |
| Specialized services | 1,004,683 |

Total State of Michigan Grants

16,020,913

Federal Government Grants

| | |
|---|-----------|
| Capital assistance | 1,779,854 |
| Preventive maintenance (operating) | 2,346,638 |
| Planning and miscellaneous project assistance | 174,717 |

Total Federal Government Grants

4,301,209

Total Non-Operating Revenues - State and Federal

\$ 20,322,122

Interurban Transit Partnership

Schedule of Expenses by Grant

Year ended September 30, 2025

| | 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 | 410 MI-2024-008 22-0073-P12 Section 5307 FY 24 | 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 | 420 MI-2025-019 2022-073-P15 FY 25 Section 5307 |
|---|---------------------|------------------------------|---|---|---|--|--|--|--|--|---|---|---|
| Expenses | | | | | | | | | | | | | |
| Labor | \$ 20,882,309 | \$ 20,865,798 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,212 | \$ - | \$ 10,299 | \$ - | \$ - |
| Fringe benefits | 8,948,150 | 8,943,221 | - | - | - | - | - | - | 3,330 | - | 1,599 | - | - |
| Services | 3,883,456 | 3,487,675 | 27,110 | 24,057 | 13,400 | 247,567 | - | 10,605 | 9,006 | (2,200) | 66,236 | - | - |
| Materials and supplies consumed | 4,482,769 | 3,942,050 | 11,344 | 237,070 | 236,297 | - | 1,187 | - | - | - | 4,065 | - | 50,756 |
| Utilities | 1,376,349 | 1,376,349 | - | - | - | - | - | - | - | - | - | - | - |
| Casualty and liability costs | 2,785,270 | 2,785,270 | - | - | - | - | - | - | - | - | - | - | - |
| Purchased transportation | 10,869,647 | 8,618,334 | - | - | - | - | - | 1,188,819 | 1,321 | - | 56,489 | 1,004,684 | - |
| Miscellaneous | 849,839 | 673,989 | 30,821 | 996 | 2,904 | - | - | - | 24,181 | - | 116,948 | - | - |
| Depreciation | 17,338,683 | 17,338,683 | - | - | - | - | - | - | - | - | - | - | - |
| Subscription-Based Information Technology Assets (SBITA) | 292,053 | 292,053 | - | - | - | - | - | - | - | - | - | - | - |
| Preventive maintenance | - | (2,933,298) | - | - | - | - | - | 2,933,298 | - | - | - | - | - |
| Total Expenses | \$71,708,525 | \$ 65,390,124 | \$ 69,275 | \$ 262,123 | \$ 252,601 | \$ 247,567 | \$ 1,187 | \$ 4,132,722 | \$ 44,050 | \$ (2,200) | \$ 255,636 | \$ 1,004,684 | \$ 50,756 |

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, 2025

| | Operations | Maintenance | Administration | Total |
|---|----------------------|---------------------|----------------------|----------------------|
| Labor | | | | |
| Operators' salaries and wages | \$ 13,042,166 | \$ - | \$ - | \$ 13,042,166 |
| Other salaries and wages | 2,152,075 | 3,435,906 | 1,995,413 | 7,583,394 |
| Dispatchers' salaries and wages | 256,749 | - | - | 256,749 |
| Total Labor | 15,450,990 | 3,435,906 | 1,995,413 | 20,882,309 |
| Fringe Benefits | | | | |
| Pension - defined benefit | 69,536 | 15,735 | - | 85,271 |
| Pension - defined benefit (GASB) | (898,938) | (205,725) | (12,393) | (1,117,056) |
| Pension - defined contributions | 1,083,983 | 280,745 | 190,838 | 1,555,566 |
| Other fringe benefits | 5,850,540 | 1,540,197 | 1,033,632 | 8,424,369 |
| Total Fringe Benefits | 6,105,121 | 1,630,952 | 1,212,077 | 8,948,150 |
| Services | | | | |
| Audit fees | - | - | 68,391 | 68,391 |
| Other services | 304,714 | 2,453,151 | 1,057,200 | 3,815,065 |
| Total Services | 304,714 | 2,453,151 | 1,125,591 | 3,883,456 |
| Materials and Supplies Consumed | | | | |
| Fuel and lubricants | 2,004,304 | - | - | 2,004,304 |
| Tires and tubes | - | 328,170 | - | 328,170 |
| Other materials and supplies | 22,145 | 1,771,695 | 356,455 | 2,150,295 |
| Total Materials and Supplies Consumed | 2,026,449 | 2,099,865 | 356,455 | 4,482,769 |
| Utilities | | | | |
| Other | - | - | 1,376,349 | 1,376,349 |
| Total Utilities | - | - | 1,376,349 | 1,376,349 |
| Casualty and Liability Costs | | | | |
| Premiums for public liability and property damage insurance | 2,449,613 | - | - | 2,449,613 |
| Other insurance | - | - | 335,657 | 335,657 |
| Total Casualty and Liability Costs | 2,449,613 | - | 335,657 | 2,785,270 |
| Purchased Transportation | 10,869,647 | - | - | 10,869,647 |
| Miscellaneous | | | | |
| Travel and training | 16,527 | 6,203 | 34,705 | 57,435 |
| Meetings | 756 | 511 | 2,859 | 4,126 |
| Advertising/promotion media | - | - | 465,041 | 465,041 |
| Dues | 4,455 | - | 131,753 | 136,208 |
| Leases | - | - | 117,624 | 117,624 |
| Other miscellaneous | 1,998 | 41,938 | 25,469 | 69,405 |
| Total Miscellaneous | 23,736 | 48,652 | 777,451 | 849,839 |
| Preventative Maintenance | - | (2,933,298) | 2,933,298 | - |
| Subscription-Based Information Technology | | | | |
| Asset | - | - | 292,053 | 292,053 |
| Depreciation | - | - | 17,338,683 | 17,338,683 |
| Total Expenses | \$ 37,230,270 | \$ 6,735,228 | \$ 27,743,027 | \$ 71,708,525 |

Interurban Transit Partnership

Schedule of Regular Service Revenues - Urban

Year ended September 30, 2025

| | |
|---------------------------------|----------------------|
| Operating Revenues | |
| Passenger fares | \$ 4,843,730 |
| Advertising | 393,437 |
| Total Operating Revenues | 5,237,167 |
| Non-Operating Revenues | |
| State and federal assistance | 20,322,122 |
| Local Revenue | |
| Property taxes | 21,832,305 |
| Grand Valley State University | 3,843,146 |
| Network180 | 381,572 |
| DASH - city of Grand Rapids | 2,599,716 |
| Ferris State University | 114,562 |
| Grand Rapids Community College | 272,042 |
| Amtrak | 117,603 |
| Alpine Township | 108,852 |
| Special Olympics of Michigan | 64,611 |
| Gaines Township | 50,505 |
| Total Local Revenue | 29,384,914 |
| Other Income | |
| Gain on sale of property | 31,908 |
| Retail lease | 24,978 |
| CNG fuel sales | 70,592 |
| RIN Credits | 235,012 |
| Alternative Fuel Credit | 196,979 |
| Interest income | 1,818,731 |
| Miscellaneous | 14,848 |
| Vending machine | 4,470 |
| Fare evasion fees | 732 |
| Billboard lease | 28,520 |
| Total Other Income | 2,426,770 |
| Total Revenues | \$ 57,370,973 |

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

Year ended September 30, 2025

| | Weekday | Saturday | Sunday | Total |
|---|---------|----------|--------|-----------|
| Total vehicle hours - linehaul | 1,285 | 658 | 326 | 376,974 |
| Revenue hours - linehaul | 1,243 | 641 | 316 | 364,544 |
| Total vehicle hours - bus rapid transit | 100 | 49 | 38 | 29,976 |
| Revenue hours - bus rapid transit | 98 | 48 | 37 | 29,234 |
| Total vehicle hours - demand response | 497 | 228 | 202 | 149,075 |
| Revenue hours - demand response | 380 | 180 | 160 | 114,681 |
| Total vehicle miles - linehaul | 18,058 | 9,331 | 4,699 | 5,334,314 |
| Revenue miles - linehaul | 17,309 | 8,949 | 4,536 | 5,114,640 |
| Total vehicle miles - bus rapid transit | 1,225 | 646 | 504 | 372,046 |
| Revenue miles - bus rapid transit | 1,188 | 613 | 469 | 359,291 |
| Total vehicle miles - demand response | 7,519 | 2,839 | 2,770 | 2,209,133 |
| Revenue miles - demand response | 5,485 | 2,212 | 2,198 | 1,628,065 |

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, 2025

| | State Operating Assistance Urban |
|---|-------------------------------------|
| General Operating Expenses | \$ 71,708,525 |
| Add: Eligible Expenses | |
| Reverse GASB entry to pension to reflect actual paid pension expenses | 1,117,056 |
| Less: Ineligible Expenses | |
| Depreciation expense and loss on disposal of assets | 17,406,631 |
| Specialized Services pass through | 896,708 |
| Capital funds used for operating expenses | 2,380,519 |
| Amtrak | 113,401 |
| Non-transportation revenue: | |
| Lease and billboard | 53,498 |
| CNG fuel sales | 70,592 |
| Alternative Fuel Credit | 196,979 |
| Fare evasion | 732 |
| Refunds and credits | 235,012 |
| Auxiliary transportation revenue | 4,470 |
| APTA and MPTA dues | 8,579 |
| Employee engagement | 37,715 |
| Preventive maintenance | 2,933,298 |
| Subscription-Based Information Technology Arrangements (SBITA) | 292,053 |
| Lobbying | 158,000 |
| Eligible Operating Expenses | \$ 48,037,394 |
| Maximum State Operating Assistance (50%) | \$ 24,018,697 |
| State Operating Assistance Accrual (29.1515%) | \$ 14,003,621 |

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 the fiscal year 2025 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 the fiscal year 2025; 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 \$2,380,519 were paid for with capital funds and \$2,933,298 of operating funds were identified as preventative maintenance eligible. These amounts were 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 are \$498,699 and non-administrative staff are \$1,056,867. The entire sum of \$1,555,566 was expensed on the books and paid with out-of-pocket funds.

The defined benefit plan expenses paid this year for the administrative plan are \$0 and the non-administrative plan are \$85,271. The entire sum of \$85,271 was expensed on the books and paid with out-of-pocket funds. The defined benefit plan is calculated pursuant to the GASB 68, *Implementation Guide*. The GASB adjustment is a decrease of \$1,117,056 to the pension expense, which is a reduction of \$32,285 to the administration plan and a reduction of \$1,084,771 to the union plan. Therefore, the \$1,117,056 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, 2025

| 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 |
|--|---------------------------|----------------------|----------------------------|--------------------------|-----------------------------|--------------|-------|---------------|---------------------------------|------------------------|-----------------------|
| | | | | | Federal | State | Local | Total | | | |
| FY 2021 \$5307 - Local Formula | 20.507 | MI-2021-022 | 2017-0070-P18 | \$ 2,513,395 | \$ 413,296 | \$ 103,324 | \$ - | \$ 516,620 | \$ 2,312,373 | \$ 97,698 | \$ 3,261 |
| 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 | 860,349 | 215,087 | - | 1,075,436 | 2,212,284 | 73,690 | 25,436 |
| 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 | 60,944 | 15,236 | - | 76,180 | 2,508,579 | 14,143 | 8,771 |
| 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 | 244,338 | 11,298 | - | 255,636 | 611,203 | - | 11,298 |
| FY 2019 Michigan Mobility Challenge | | N/A | 2017-0070 P10 | 373,782 | - | 373,782 | - | 373,782 | - | - | - |
| FY 2016 & FY 2017 \$5309 Capital Investment | 20.500 | MI-2017-015 | 2012-0104 P20 | 14,047,417 | 2,661 | (1,450) | - | 1,211 | 13,054,723 | 994,144 | - |
| FY 2022 \$5307 - Local Formula | 20.507 | MI-2022-0029 | 2022-0073 P3 | 3,065,663 | 652,643 | 163,161 | - | 815,804 | 1,820,962 | 1,081,540 | 15,075 |
| FY 2022 5339 - Local Bus and Bus Facilities | 20.507 | MI-2022-0029 | 2022-0073 P3 | 252,438 | - | - | - | - | 29,839 | 222,599 | - |
| FY 2022 5337 - State of Good Repair | 20.525 | MI-2022-029 | 2022-0073-P3 | 296,716 | - | - | - | - | 143,178 | 153,538 | - |
| FY 2020 & 2021 Specialized Services | | N/A | 2017-0070 P11 | - | - | - | - | - | - | - | - |
| FY 2022 5337 - State of Good Repair | 20.525 | MI-2022-0029 | 2022-0073 P3 | - | - | - | - | - | - | - | - |
| FY 2023 5307 - Local Formula | 20.507 | MI-2023-0020 | 2022-0073 P7 | 3,283,630 | 233,127 | 58,282 | - | 291,409 | 1,858,563 | 1,366,785 | 58,282 |
| FY 2023 5337 - State of Good Repair | 20.525 | MI-2023-0020 | 2022-0073-P7 | 297,475 | - | - | - | - | - | 297,475 | - |
| FY 2023 5339 - Local Bus and Bus Facilities | 20.526 | MI-2023-0020 | 2022-0073-P7 | 259,574 | - | - | - | - | 259,574 | - | - |
| FY 2022 and FY 2023 5307 - Local Formula & CMAQ | 20.507 | MI-2022-0042 | 2002-0073 P4 | 871,847 | 1,258,132 | 303,826 | - | 1,561,958 | 300,165 | 267,856 | 303,826 |
| FY 2024 5307 - Local Formula | 20.507 | MI-2024-008 | 2022-0073-P12 | 3,342,498 | 3,987,475 | 996,869 | - | 4,984,344 | - | 2,345,629 | 586,660 |
| FY 2024 5339 - Local Bus and Bus Facilities | 20.526 | MI-2024-008 | 2022-0073-P12 | 269,086 | - | - | - | - | - | 269,086 | - |
| FY 2024 5337 -Local State of Good Repair | 20.525 | MI-2024-008 | 2022-0073-P12 | 395,299 | - | - | - | - | - | 395,299 | - |
| FY 2025 5307 - Local Formula | 20.507 | MI-2025-019 | 2022-0073-P15 | 3,268,624 | 40,605 | 10,151 | - | 50,756 | - | 3,258,473 | - |
| FY 2025 5339 _ Local Bus and Bus Facilities | 20.626 | MI-2025-019 | 2022-073-P15 | 264,122 | - | - | - | - | - | 264,122 | - |
| FY 2025 5337 - Local State of Good Repair | 20.525 | MI-2025-019 | 2022-0073-P15 | 396,439 | - | - | - | - | - | 396,439 | - |
| FY 2025 Specialized Services | N/A | N/A | NEED | 1,004,684 | - | 1,004,684 | - | 1,004,684 | - | - | 1,004,684 |
| FY 2023 Buses and Bus Facilities | | MI-2023-028 | 2022-0073-P8 | 1,549,295 | 3,367,476 | 841,869 | - | 4,209,345 | 93,787 | 613,639 | - |
| Total | | | | \$ 42,410,046 | \$ 11,121,046 | \$ 4,096,119 | \$ - | \$ 15,217,165 | \$ 26,201,773 | \$ 12,112,155 | \$ 2,017,293 |

Interurban Transit Partnership
Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

| 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 | \$ - | \$ 60,944 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2020-047 | - | 860,349 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2021-022 | - | 413,296 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2019-024 | - | 244,338 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2022-029 | - | 652,643 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2023-020 | - | 233,127 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2022-042 | - | 1,258,132 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2024-008 | - | 3,987,475 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2025-019 | - | 40,605 |
| Federal Transit Capital Investment Grants | 20.500 | Direct | MI-2017-015 | - | 2,661 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | Direct | MI-2023-028 | - | 3,367,476 |
| Total Federal Transit Cluster | | | | - | 11,121,046 |
| Community Project Funding Congressionally Directed Spending | 20.534 | Direct | MI-2023-005 | - | 23,012 |
| Total Federal Awards | | | | \$ - | \$ 11,144,058 |

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, 2025. 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*

The 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, 2025 and 2024 (as of and for the years ended June 30, 2025 and 2024 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 , 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control. Accordingly, we do not express an opinion on the effectiveness of ITP's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of ITP'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

The 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, 2025. 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, 2025.

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 unmodified opinions 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, 2025

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, and 20.526

Federal Transit Cluster

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

\$1,000,000

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.



Interurban Transit Partnership

Date: January 21, 2026
To: ITP Finance Committee
From: Linda Medina, Director of Finance
Subject: Financial Statements and Single Audit Reports Years Ended September 30, 2025, and 2024

OVERVIEW

Attached for your review are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2025, and 2024 and the audit wrap up report.

BACKGROUND

The FY 24/25 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 audit report with no material weaknesses or significant deficiencies identified. This opinion confirms that the financial statements are fairly and appropriately presented and in compliance with GAAP. Below are the highlights for FY 24/25:

- Net position decreased by \$5.3 million dollars in FY 24/25. Operating revenue increased \$61,000 (1%) compared to FY 23/24 and non-operating revenue decreased \$22,000 with the reduction in capital spending.
- Actual expenses increased \$4,457,000 (8%) compared to FY 23/24. Labor and Fringes increased by \$2,108,000 (7%) due to collectively bargained wage increases and persistent operating staff vacancies while maintaining current service levels. Utilities increased by \$136,000 (11%) due to unfavorable weather conditions resulting in higher energy usage, Purchase Transportation increased due to an increase in the cost per revenue hour. Miscellaneous increased \$439,000 (100%) with the implementation of a Customer Relationship Management system (CMR) and redesign of the website, which were pushed to this fiscal year from the previous and not encumbered based on project and RFP process.

- From year to year there was a \$639,000 increase 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 (paratransit) revenue service vehicles, service vehicles, and completion of the Dispatch rehabilitation project.
- Comparing FY 24/25 to the adopted budget, expenses were \$9.3 million (16%) under budget, while revenues were \$1.1 million (2%) under budget. The combined impact of lower revenue and expenses resulted in not utilizing the budgeted \$6 million from operating reserves but increasing our reserve position by \$2.1 million.
- FY 24 capital grant includes \$4 million for allowable operating preventative maintenance expenses. In FY 24/25 actual allowable expenditures totaled \$2.9 million, resulting in the unused balance reprogrammed to another capital program line item such as a bus procurement line item.

Also included in the report is information regarding the defined benefit pension plans. In FY 24/25, contributions were made based on Watkins Ross recommendations. A high-range contribution was made to the Union plan and due to favorable return, a contribution was not necessary for the Administrative plan.

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

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2025 and 2024

**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, 2025

DRAFT 1/8/2026

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2025 and 2024

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, 2025

DRAFT - Subject to Revision

Interurban Transit Partnership

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Independent Auditor's Report

The 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, 2025 and 2024 (as of and for the years ended June 30, 2025 and 2024 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 respective financial position of Interurban Transit Partnership as of September 30, 2025 and 2024 (June 30, 2025 and 2024 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 Audits 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 audits evidence we have obtained is sufficient and appropriate to provide a basis for our audits 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 statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audits 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 audits in order to design audits 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 audits, significant audits 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 the 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 GAAS,

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

Supplementary Information

Our audits 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 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 Audits Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements, and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] 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, 2025 and 2024.

Financial Highlights

- The state operating assistance reimbursement rate (for eligible operating expenses) for the fiscal year (FY) ended 2025 decreased to 29.1515% from 33.8553% in FY 2024. The rate was 29.2015% in FY 2023.
- ITP levied 1.3817 mills in 2025, 1.395 mills in 2024, and 1.41 mills in 2023, 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 \$(1,436,757) and \$(618,866) as of September 30, 2025 and 2024, respectively. ITP recognized a net pension liability of \$1,146,920 as of September 30, 2023.

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 decreased by \$5.3 million for the year ended September 30, 2025, a decrease of 3% from September 30, 2024 (see Table A-1). See page 8 for discussion on the decrease in net position. 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, investment in onboard security cameras, and the completion of the renovation of the Rapid Operations Center Dispatch center. See Table A-3 for discussion on the decrease in capital assets, net.

The net pension asset increased as the asset return was favorable for the defined benefit plans. The unrestricted net position increased by \$892,459.

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 that ITP continues to invest in capital assets (buildings, vehicles, technology, and 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.

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

| <i>September 30,</i> | 2025 | | 2024 | | 2023 | |
|---------------------------------------|-------------|----------------|-------------|----------------|-------------|----------------|
| Current assets | \$ | 96,797 | \$ | 96,846 | \$ | 88,042 |
| Capital assets, net | | 142,784 | | 151,406 | | 148,395 |
| Net pension asset | | 1,437 | | 619 | | - |
| Total Assets | \$ | 241,018 | \$ | 248,871 | \$ | 236,437 |
| Deferred Outflows of Resources | \$ | 421 | \$ | 548 | \$ | 953 |
| Current Liabilities | | 7,611 | | 10,621 | | 8,806 |
| Long-Term Liabilities | | 137 | | 341 | | 1,724 |
| Deferred Inflows of Resources | | 24,076 | | 23,500 | | 22,108 |
| Net Position | | | | | | |
| Net investment in capital assets | \$ | 142,784 | \$ | 150,766 | \$ | 148,395 |
| Unrestricted | | 66,831 | | 64,191 | | 56,357 |
| Total Net Position | \$ | 209,615 | \$ | 214,957 | \$ | 204,752 |

Changes in Net Position

Net position decreased by \$5.3 million, or 1.5%, from September 30, 2024 to September 30, 2025 (see Table A-2). Operating revenue increased slightly compared to last year. Operating expenses increased by \$4.5 million, or 6.6%. See discussion and analysis on page 10. Capital contributions decreased due to fewer purchases of linehaul, specialized service revenue vehicles, and electric buses, as well as the completion of the Ellsworth renovation project. This year's capital purchases focused on acquiring additional linehaul and specialized services vehicles, completing the Rapid Operations Center dispatch area remodel, and installing cameras in revenue service, as well as specialized service vehicles.

Interurban Transit Partnership

Management's Discussion and Analysis

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, specialized service revenue vehicles, and 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.

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

| <i>Year ended September 30,</i> | 2025 | 2024 | 2023 |
|---|-------------------|-------------------|-------------------|
| Operating Revenues | | | |
| Passenger fares | \$ 4,844 | \$ 4,783 | \$ 4,535 |
| Advertising | 393 | 377 | 385 |
| Total Operating Revenues | 5,237 | 5,160 | 4,920 |
| Operating Expenses | | | |
| Salaries and fringe benefits | 29,830 | 27,722 | 27,649 |
| Supplies and other operating expenses | 24,539 | 22,645 | 23,780 |
| Depreciation and loss on disposal of assets | 17,339 | 16,884 | 16,676 |
| Total Operating Expenses | 71,708 | 67,251 | 68,105 |
| Operating Loss | (66,471) | (62,091) | (63,185) |
| Non-Operating Revenues | | | |
| State and federal | 20,322 | 22,077 | 29,968 |
| Property taxes | 21,832 | 20,316 | 18,868 |
| Other local | 9,979 | 9,762 | 7,364 |
| Total Non-Operating Revenues | 52,133 | 52,155 | 56,200 |
| Loss, before capital contributions | (14,338) | (9,936) | (6,985) |
| Capital Contributions | 8,996 | 20,141 | 12,753 |
| Change in Net Position | (5,342) | 10,205 | 5,768 |
| Net Position, beginning of year | 214,957 | 204,752 | 198,984 |
| Net Position, end of year | \$ 209,615 | \$ 214,957 | \$ 204,752 |

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

The table below compares the fiscal year ended September 30, 2025 to September 30, 2024 for operating expenses before depreciation. Labor and fringe benefits year-to-year changes are primarily due to the lower operator staffing levels, which resulted in a higher overtime and increased wage and fringe cost. Purchase transportation costs increased both because of higher cost

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per revenue hour and a decrease in efficiency. In FY 2026, the decision was made to bring the management of purchased transportation in-house. Miscellaneous expenses increased with the addition of costs associated with relocating the training program to another building during the Rapid Operations Center Dispatch renovation project.

| <i>Year ended September 30,</i> | 2025 | 2024 | Change (%) |
|---------------------------------|-------------|-------------|-------------------|
| Labor | \$ 20,882 | \$ 19,269 | 8.0 |
| Fringe benefits | 8,948 | 8,453 | 6.0 |
| Services | 3,883 | 3,923 | (1) |
| Materials and supplies consumed | 4,482 | 4,714 | (5.0) |
| Utilities | 1,376 | 1,240 | 11.0 |
| Casualty and liability costs | 2,785 | 2,592 | 7.0 |
| Purchased transportation | 10,823 | 9,666 | 12.0 |
| Miscellaneous | 850 | 411 | 107.0 |

The table below compares the 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 that lead to a decrease in expected utility costs, and marketing expenses declined as the promotional campaign for the Transit application 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 | (20.0) |

Capital Assets

As of September 30, 2025, ITP had invested approximately \$295,755,000 in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating equipment. Net of accumulated depreciation, capital assets on September 30, 2025 totaled approximately \$142,784,000 (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately \$8.6 million, or 6%, from September 30, 2024.

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.

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

| <i>September 30,</i> | 2025 | 2024 | Change (%) |
|--|-------------------|-------------------|--------------|
| Land | \$ 12,139 | \$ 12,139 | - |
| Artwork | 368 | 368 | - |
| Easements | 55 | 55 | - |
| Land improvements | 2,451 | 2,758 | (11.1) |
| Facilities | 74,286 | 78,738 | (5.7) |
| Revenue vehicles | 43,343 | 44,720 | (3.1) |
| Support equipment | 6,064 | 6,720 | (9.8) |
| Information systems and technology | 3,625 | 5,032 | (28.0) |
| Software and software development | 153 | 381 | (59.8) |
| Subscription-Based Information Technology Arrangements (SBITA) | 300 | 495 | (39.4) |
| Total Net Capital Assets | \$ 142,784 | \$ 151,406 | (5.7) |

| <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 |

Economic Factors and Next Year's Budget

ITP's focus in FY 2024/2025 was to continue to get back to the basics of delivering excellent bus service to the six cities. Transit is no longer a conversation limited to how many riders are on ITP's system. The conversation has turned to the value of the transit network as infrastructure, bringing support promoting the vitality of the community it serves. ITP is a strategic partner in growth and economic development, playing its part means providing access to employment, health care, and education and by offering and continuously improving and reimagining a flexible network of public transportation and mobility solutions.

For FY 2025/2026, the Board of Directors adopted a \$60 million operating budget, exclusive of depreciation, and a \$35.5 million capital budget. Ridership, passenger fares contract service revenue remains consistent. Property tax revenue is anticipated to be stable, and state operating assistance, initially budgeted at 26%, increased to 29.4342% with the adoption of the state budget. Unrestricted net reserves will be used to offset the deficit between revenue and expenses. The

Interurban Transit Partnership

Management's Discussion and Analysis

goals are to remain committed to identifying revenue strategies for potential additional funding and revenue sources, continue to participate in legislative briefings and testimonies to support the newly formed Legislative Transit Caucus, and begin the ballot initiative process to develop a strategic plan ahead of current millage expiration. Staff continue to explore strategies to ensure long-term financial sustainability.

DRAFT - Subject to Revision

Basic Financial Statements

DRAFT - Subject to Revision

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

| September 30, | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current Assets | | |
| Cash and investments (Note 2) | \$ 86,363,647 | \$ 77,844,369 |
| Property taxes receivable, net | 868,003 | 867,676 |
| Due from federal government | 5,225,826 | 9,694,898 |
| Due from state of Michigan | 1,519,279 | 958,839 |
| Billed receivables | 1,382,662 | 5,460,562 |
| Materials and supplies inventories | 904,234 | 736,621 |
| Prepaid expenses and deposits | 533,328 | 1,283,055 |
| Total Current Assets | 96,796,979 | 96,846,020 |
| Capital Assets (Note 3) | | |
| Facilities | 126,306,603 | 125,709,426 |
| Revenue vehicles | 93,540,497 | 92,338,639 |
| Support equipment | 23,426,343 | 23,165,066 |
| Land and improvements | 18,609,238 | 18,605,827 |
| Information systems, technology, and software | 32,360,292 | 33,794,510 |
| Other non-depreciable assets | 423,813 | 423,813 |
| Subscription-Based Information Technology Arrangements (SBITA) | 1,087,716 | 1,077,359 |
| | 295,754,502 | 295,114,640 |
| Less: accumulated depreciation and amortization | (152,970,216) | (143,708,284) |
| Net Capital Assets | 142,784,286 | 151,406,356 |
| Net Pension Asset | 1,436,757 | 618,866 |
| Total Assets | \$ 241,018,022 | \$ 248,871,242 |
| Deferred Outflows of Resources | | |
| Related to pensions (Note 4) | \$ 421,064 | \$ 547,940 |

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

| September 30, | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,967,141 | \$ 2,649,451 |
| Accrued payroll | 2,393,134 | 2,276,155 |
| Unredeemed fares | 926,733 | 880,921 |
| Unearned revenues | 80,151 | 240,444 |
| Due to state of Michigan | 1,902,633 | 4,274,491 |
| Current portion of subscription liabilities (Note 7) | 341,795 | 300,342 |
| Total Current Liabilities | 7,611,587 | 10,621,804 |
| Subscription Liabilities, net of current portion (Note 7) | 136,641 | 340,399 |
| Total Liabilities | \$ 7,748,228 | \$ 10,962,203 |
| Deferred Inflows of Resources | | |
| Property taxes received or receivable before the levy date | \$ 22,595,541 | \$ 21,594,103 |
| Related to pensions (Note 4) | 1,480,100 | 1,906,141 |
| Total Deferred Inflows of Resources | \$ 24,075,641 | \$ 23,500,244 |
| Net Position | | |
| Net investment in capital assets | \$ 142,305,850 | \$ 150,765,615 |
| Unrestricted | 67,309,367 | 64,191,120 |
| Total Net Position | \$ 209,615,217 | \$ 214,956,735 |

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> | 2025 | 2024 |
|---|-----------------------|-----------------------|
| Operating Revenues | | |
| Passenger fares | \$ 4,843,730 | \$ 4,783,317 |
| Advertising | 393,437 | 376,547 |
| Total Operating Revenues | 5,237,167 | 5,159,864 |
| Operating Expenses | | |
| Salaries and fringe benefits | 29,830,459 | 27,722,014 |
| Supplies and other operating expenses | 24,539,383 | 22,644,824 |
| Depreciation | 17,338,683 | 16,884,156 |
| Total Operating Expenses | 71,708,525 | 67,250,994 |
| Operating Loss | (66,471,358) | (62,091,130) |
| Non-Operating Revenues | | |
| State | 16,020,913 | 17,219,454 |
| Federal | 4,301,209 | 4,857,030 |
| Property taxes | 21,832,305 | 20,315,753 |
| Other local | 9,979,379 | 9,762,208 |
| Total Non-Operating Revenues | 52,133,806 | 52,154,445 |
| Loss, before capital contributions | (14,337,552) | (9,936,685) |
| Capital Contributions | 8,996,034 | 20,141,358 |
| Change in Net Position | (5,341,518) | 10,204,673 |
| Net Position, beginning of year | 214,956,735 | 204,752,062 |
| Net Position, end of year | \$ 209,615,217 | \$ 214,956,735 |

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Cash Flows Enterprise Fund

| <i>Year ended September 30,</i> | 2025 | 2024 |
|---|------------------------|------------------------|
| Cash from Operating Activities | | |
| Receipts from customers | \$ 9,360,878 | \$ 1,552,337 |
| Payments to suppliers | (24,639,576) | (23,499,895) |
| Payments to employees and fringe benefits | (30,830,538) | (28,965,582) |
| Net Cash Used in Operating Activities | (46,109,236) | (50,913,140) |
| Cash from Noncapital Financing Activities | | |
| Federal grants received | 4,301,209 | 4,857,030 |
| State grants received | 17,783,947 | 20,860,491 |
| Local government assistance received | 7,552,609 | 6,580,524 |
| Property taxes | 22,833,416 | 23,285,808 |
| Other income | 576,131 | 1,046,476 |
| Net Cash Provided by Noncapital Financing Activities | 53,047,312 | 56,630,329 |
| Cash from Capital and Related Financing Activities | | |
| Federal contributed capital | 6,842,849 | 10,219,274 |
| State contributed capital | 1,705,044 | 3,703,652 |
| Purchase of capital assets | (8,716,613) | (19,895,886) |
| Proceeds from sale of capital assets | 31,908 | 87,821 |
| Net Cash Used in Capital and Related Financing Activities | (136,812) | (5,885,139) |
| Cash from Investing Activity | | |
| Interest received on investments | 1,718,014 | 2,087,690 |
| Net Increase in Cash and Investments | 8,519,278 | 1,919,740 |
| Cash and Investments, beginning of year | 77,844,369 | 75,924,629 |
| Cash and Investments, end of year | \$ 86,363,647 | \$ 77,844,369 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (66,471,358) | \$ (62,091,130) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 17,338,683 | 16,884,156 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in billed receivables | 4,077,900 | (3,697,523) |
| (Increase) decrease in inventories | (167,613) | 10,434 |
| Decrease in prepaid expenses and deposits | 749,727 | 71,651 |
| Decrease in accounts payable | (682,310) | (937,154) |
| Increase in accrued payroll | 116,979 | 246,949 |
| Increase in unredeemed fares | 45,812 | 89,994 |
| Change in pension-related items | (1,117,056) | (1,490,517) |
| Net Cash Used in Operating Activities | \$ (46,109,236) | \$ (50,913,140) |

See accompanying notes to financial statements.

Interurban Transit Partnership
Statements of Fiduciary Net Position
Fiduciary Funds

June 30,

| | Pension Trust Funds | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| Assets | | |
| Cash and short-term investments (Note 2) | \$ 271,901 | \$ 658,276 |
| Receivables: | | |
| Interest and dividends receivable | 961 | 2,848 |
| Investments, at fair value (Note 2): | | |
| Bond mutual funds | 3,917,310 | 3,667,845 |
| Equity mutual funds | 11,988,945 | 10,957,689 |
| Total Investments, at fair value | 15,906,255 | 14,625,534 |
| Total Assets | 16,179,117 | 15,286,658 |
| Net Position Held in Trust for Pension Benefits | \$ 16,179,117 | \$ 15,286,658 |

See accompanying notes to financial statements.

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

Year ended June 30,

| | Pension Trust Funds | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| Additions | | |
| Employer and employee contributions | \$ 85,271 | \$ 413,245 |
| Investment income (expense): | | |
| Net appreciation | 1,311,688 | 1,561,717 |
| Interest | 19,389 | 32,272 |
| Dividends | 464,470 | 366,665 |
| Investment expense | (14,873) | (12,643) |
| Total Investment Income | 1,780,674 | 1,948,011 |
| Total Additions | 1,865,945 | 2,361,256 |
| Deductions | | |
| Benefits | 929,056 | 1,090,984 |
| Administrative expense | 44,430 | 39,585 |
| Total Deductions | 973,486 | 1,130,569 |
| Change in Net Position | 892,459 | 1,230,687 |
| Net Position Held in Trust for Pension Benefits, beginning of year | 15,286,658 | 14,055,971 |
| Net Position Held in Trust for Pension Benefits, end of year | \$ 16,179,117 | \$ 15,286,658 |

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 they apply.

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 and subscription liabilities. 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.

ITP adopted GASB Statement 101, *Compensated Absences*, during 2025. As a result, no material changes were made to the financial statements.

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 1.3817 mills and 1.395 mills for the fiscal years 2025 and 2024, 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 an 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

Interurban Transit Partnership

Notes to Financial Statements

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

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

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

Interurban Transit Partnership

Notes to Financial Statements

2. Cash and Investments

Deposits

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

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, ITP's deposits might not be recovered. ITP minimizes custodial credit risk by pre-qualifying financial institutions. At September 30, 2025, the bank balances were \$90,877,707, of which \$88,828,594. was uninsured and uncollateralized. At September 30, 2024, the bank balances were \$78,178,791, of which \$76,118,085 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> | | 2025 | 2024 |
|-----------------------------|------------------|-----------------------|-----------------------|
| <i>Investment</i> | <i>Maturity</i> | Amortized Cost | Amortized Cost |
| Kent County Investment Pool | Less than 1 year | \$ 6,808,096 | \$ 6,546,424 |

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, 2025 and 2024.

Interurban Transit Partnership

Notes to Financial Statements

Credit Risk

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

At September 30, 2025, 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 | 1.68 |
| Bond mutual funds and equities | Not rated | 98.32 |

Fair Value Measurement

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

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

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

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

The following tables set forth by level, within the fair value hierarchy, the investment assets at fair value as of June 30, 2025 and 2024. 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.

Interurban Transit Partnership

Notes to Financial Statements

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

June 30, 2025

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|---------------------|-------------|-------------|---------------------|
| Pension Trust Fund | | | | |
| Cash and short-term investments | \$ 271,901 | \$ - | \$ - | \$ 271,901 |
| Bond mutual funds | 3,917,310 | - | - | 3,917,310 |
| Equity mutual funds | 11,988,945 | - | - | 11,988,945 |
| Investments, at fair value | \$16,178,156 | \$ - | \$ - | \$16,178,156 |

June 30, 2024

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

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Interurban Transit Partnership

Notes to Financial Statements

3. Capital Assets

Capital asset activity is as follows:

| | Balance, October 1, 2024 | Additions | Deletions | Balance, September 30, 2025 |
|---------------------------------------|-----------------------------|-----------------------|--------------------|-----------------------------------|
| Capital Assets | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,138,892 | \$ - | \$ - | \$ 12,138,892 |
| Artwork | 368,470 | - | - | 368,470 |
| Easements - intangible | 55,343 | - | - | 55,343 |
| Capital assets being depreciated: | | | | |
| Facilities | 125,709,426 | 605,506 | (8,329) | 126,306,603 |
| Revenue vehicles | 92,338,639 | 6,513,102 | (5,311,244) | 93,540,497 |
| Support equipment | 23,165,066 | 934,178 | (672,901) | 23,426,343 |
| Land improvements | 6,466,935 | 3,411 | - | 6,470,346 |
| Information systems and technology | 29,538,913 | 590,694 | (536,324) | 29,593,283 |
| Software - intangible | 4,255,597 | 59,365 | (1,547,953) | 2,767,009 |
| SBITA | 1,077,359 | 10,357 | - | 1,087,716 |
| Total Capital Assets | 295,114,640 | 8,716,613 | (8,076,751) | 295,754,502 |
| Accumulated Depreciation | | | | |
| Facilities | 46,971,523 | 5,057,578 | (8,329) | 52,020,772 |
| Revenue vehicles | 47,953,676 | 7,863,741 | (5,311,244) | 50,506,173 |
| Support equipment | 16,109,995 | 1,618,071 | (672,901) | 17,055,165 |
| Land improvements | 3,709,752 | 309,221 | - | 4,018,973 |
| Information systems and technology | 24,506,732 | 1,997,525 | (536,324) | 25,967,933 |
| Software - intangible | 3,961,241 | 200,493 | (1,547,953) | 2,613,781 |
| SBITA | 495,365 | 292,054 | - | 787,419 |
| Total Accumulated Depreciation | 143,708,284 | 17,338,683 | (8,076,751) | 152,970,216 |
| Net Capital Assets | \$ 151,406,356 | \$ (8,622,070) | \$ - | \$ 142,784,286 |

Interurban Transit Partnership

Notes to Financial Statements

| | 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 | 2,360,540 | (151,256) | 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 | 16,884,156 | (6,576,402) | 143,708,284 |
| Net Capital Assets | \$ 148,394,625 | \$ 4,969,848 | \$ (1,958,117) | \$ 151,406,356 |

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 consists of the following:

| <i>June 30,</i> | 2025 | 2024 |
|--|-------------|-------------|
| Retirees and beneficiaries currently receiving benefits | 12 | 12 |
| Terminated employees entitled to benefits but not yet receiving them | 10 | 10 |
| Active plan members | 1 | 1 |
| Total | 23 | 23 |

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 consists of the following:

| <i>June 30,</i> | 2025 | 2024 |
|--|-------------|-------------|
| Retirees and beneficiaries currently receiving benefits | 160 | 150 |
| Terminated employees entitled to benefits but not yet receiving them | 180 | 178 |
| Active plan members | 99 | 117 |
| Total | 439 | 445 |

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, 2025, 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 was 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 table presents 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 | Current Rate | 1% Increase |
|--------------------------------------|---------------------|-----------------------|-----------------------|
| Administrative Plan | (5.00) | (6.00) | (7.00) |
| Net Pension (Asset) Liability | \$ (131,150) | \$ (263,982) | \$ (379,943) |
| Non-Administrative Plan | (5.50) | (6.50) | (7.50) |
| Net Pension (Asset) Liability | \$ 162,542 | \$ (1,172,775) | \$ (2,302,323) |

Long-Term Expected Rates of Return and Asset Allocation

The long-term expected rates of return on retirement plan investments were 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 | 50.0 | 7.50 | 50.0 | 7.50 |
| International equity | 10.0 | 8.50 | 15.0 | 8.50 |
| Domestic bonds | 32.5 | 2.50 | 20.0 | 2.50 |
| International bonds | 7.5 | 3.50 | 5.0 | 3.50 |
| Real estate | - | - | 10.0 | 4.50 |

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, 2024 | \$ 1,645,062 | \$ 1,826,382 | \$ (181,320) |
| Changes in Pension (Asset) Liability | | | |
| Interest | 95,157 | - | 95,157 |
| Experience gains | 21,086 | - | 21,086 |
| Assumption change | (13,599) | - | (13,599) |
| Net investment income | - | 199,431 | (199,431) |
| Benefit payments | (118,226) | (118,226) | - |
| Administrative expenses | - | (14,125) | 14,125 |
| Net Changes in Pension (Asset) Liability | (15,582) | 67,080 | (82,662) |
| Balance, June 30, 2025 | \$ 1,629,480 | \$ 1,893,462 | \$ (263,982) |

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, 2024 | \$ 13,022,730 | \$ 13,460,276 | \$ (437,546) |
| Changes in Pension (Asset) Liability | | | |
| Interest | 820,125 | - | 820,125 |
| Experience gains | 80,855 | - | 80,855 |
| Contributions - employer | - | 85,271 | (85,271) |
| Net investment income | - | 1,581,243 | (1,581,243) |
| Benefit payments | (810,830) | (810,830) | - |
| Administrative expenses | - | (30,305) | 30,305 |
| Net Changes in Pension (Asset) Liability | 90,150 | 825,379 | (735,229) |
| Balance, June 30, 2025 | \$ 13,112,880 | \$ 14,285,655 | \$ (1,172,775) |

Interurban Transit Partnership

Notes to Financial Statements

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2025, 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 | \$ - | \$ - | \$ 140,647 | \$ 40,861 |
| Changes of assumptions | - | - | 280,417 | 463,787 |
| Investment earnings losses | - | 94,270 | - | 881,182 |
| Total | \$ - | \$ 94,270 | \$ 421,064 | \$ 1,385,830 |

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.

Interurban Transit Partnership

Notes to Financial Statements

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 |
|------|------------------------|--------------------------------|--------------|
| 2026 | \$ 23,891 | \$ (196,336) | \$ (172,445) |
| 2027 | (56,915) | (400,973) | (457,888) |
| 2028 | (42,483) | (244,635) | (287,118) |
| 2029 | (18,763) | (122,822) | (141,585) |

Components of Pension Expense

For the years ended September 30, 2025 and 2024, ITP recognized pension expense of \$(32,385) and \$(59,184) for the Administrative Plan and \$(985,129) and \$(1,018,087) for the Non-Administrative Plan, respectively.

Below are the components of the total pension expense:

Year ended September 30, 2025

| | Administrative Plan | Non- Administrative Plan |
|--|------------------------|--------------------------------|
| Interest | \$ 95,157 | \$ 820,125 |
| Experience gains | 21,086 | (55,817) |
| Assumption change | (13,599) | (535,518) |
| Projected earnings on pension plan investments | (105,612) | (850,352) |
| Investment earnings | (43,542) | (393,872) |
| Administrative expenses | 14,125 | 30,305 |
| Total Pension Expense | \$ (32,385) | \$ (985,129) |

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 | (15,501) | (220,152) |
| Administrative expenses | 14,900 | 24,685 |
| Total Pension Expense | \$ (59,184) | \$ (1,018,087) |

Interurban Transit Partnership

Notes to Financial Statements

For the year ended September 30, 2025, actual cash payments made were \$0 and \$85,271 for the Administrative Plan and the Non-Administrative Plan, respectively.

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 on 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 \$498,699 and \$518,742 for the years ended September 30, 2025 and 2024, 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 \$1,056,867 and \$970,751 for the years ended September 30, 2025 and 2024, 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 their selected retention level, plus their share of pool losses and administrative expenses, less their share of investment income. The agreement for formation of the Michigan Transit Pool (the Pool) provides that the Pool will be self-sustaining through member premiums and will provide property and liability coverage to its members for the first \$2,000,000 per occurrence. The Pool has purchased excess insurance for an additional \$3,000,000 per occurrence. In addition, ITP carried excess insurance for an additional \$5,000,000 per occurrence. The Pool publishes its own financial report, which can be obtained from the Pool. ITP's participation in the Pool ended as of December 1, 2009, except with regard to known and unknown covered events occurring prior to December 1, 2009. ITP currently purchases commercial insurance for property and liability with coverage of \$5,000,000 per occurrence with a \$50,000 deductible and has excess coverage for an additional \$5,000,000. ITP carries catastrophic insurance to cover direct damage to property.

Interurban Transit Partnership

Notes to Financial Statements

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 the fiscal years 2025 and 2024 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$24,171,344 and \$21,556,721 in 2025 and 2024, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 29.1515% and 33.8553%, respectively, totaled \$14,003,621 and \$14,596,185 in 2025 and 2024, respectively.

Capital Acquisitions

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

Contingencies

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

7. Subscription Liabilities

Changes in subscription liabilities for the years ended September 30, 2025 and 2024 are as follows:

| | Balance October 1, 2024 | Additions | Re- measurements | Deductions | Balance September 30, 2025 | Amounts due within one year |
|-----------------------------|-------------------------------|-----------|---------------------|--------------|----------------------------------|-----------------------------------|
| Subscription liabilities | \$ 640,741 | \$ - | \$ - | \$ (162,305) | \$ 478,436 | \$ 341,795 |

| | Balance October 1, 2023 | Additions | Re- measurements | Deductions | Balance September 30, 2024 | Amounts due within one year |
|-----------------------------|-------------------------------|-----------|---------------------|--------------|----------------------------------|-----------------------------------|
| Subscription liabilities | \$ 835,830 | \$ - | \$ - | \$ (195,089) | \$ 640,741 | \$ 300,342 |

Interurban Transit Partnership

Notes to Financial Statements

SBITA Payments Maturity Schedule

The future principal and interest SBITA payments as of September 30, 2025 are as follows:

September 30,

| | Principal | | Interest | | Total |
|--------------|-----------|---------|----------|--------|------------|
| 2026 | \$ | 341,795 | \$ | 19,828 | \$ 361,623 |
| 2027 | | 109,283 | | 3,190 | 112,473 |
| 2028 | | 27,358 | | 1,642 | 29,000 |
| Total | \$ | 478,436 | \$ | 24,660 | \$ 503,096 |

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, | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 95,157 | 105,816 | 121,643 | 132,650 | 147,516 | 166,683 | 222,849 | 298,964 |
| Changes in benefit terms | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | 21,086 | (50,109) | (55,815) | (28,168) | 208,572 | 70,045 | 652,124 | (17,596) |
| Change of assumptions | (13,599) | (12,559) | 2,531 | (13,943) | (8,535) | 139,623 | (2,976) | 92,870 |
| Benefit payments | (118,226) | (323,394) | (340,891) | (207,063) | (983,585) | (185,757) | (3,355,575) | (177,586) |
| Net Change in Total Pension Liability | (15,582) | (280,246) | (272,532) | (116,524) | (636,032) | 190,594 | (2,483,578) | 196,652 |
| Total Pension Liability - beginning | 1,645,062 | 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) | 1,629,480 | 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) | 199,431 | 220,326 | 172,097 | (281,958) | 451,877 | 79,677 | 126,980 | 250,474 |
| Benefit payments | (118,226) | (323,394) | (340,891) | (207,063) | (983,585) | (185,757) | (3,355,575) | (177,586) |
| Administrative expenses | (14,125) | (14,900) | (14,425) | (14,315) | (14,385) | (13,905) | (14,445) | (12,580) |
| Net Change in Fiduciary Net Position | 67,080 | 41,391 | 66,781 | (350,725) | (137,642) | 299,201 | (2,843,040) | 268,232 |
| Plan Fiduciary Net Position - beginning | 1,826,382 | 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) | 1,893,462 | 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) | \$ (263,982) | \$ (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 | 116.2% | 111.0% | 92.7% | 78.2% | 89.4% | 74.8% | 69.1% | 90.6% |
| Covered-employee payroll | \$ 55,917 | \$ 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 | (472.10%) | (344.74%) | 489.03% | 314.45% | 845.01% | 204.43% | 190.35% | 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

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 424,425 |
| Interest | 820,125 | 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 | 80,855 | (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 | (810,830) | (767,590) | (750,933) | (768,030) | (759,830) | (697,478) | (607,696) | (597,778) |
| Net Change in Total Pension Liability | 90,150 | (254,853) | (171,981) | (191,580) | 200,546 | 783,463 | 312,867 | (564,269) |
| Total Pension Liability - beginning | 13,022,730 | 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) | 13,112,880 | 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 | 85,271 | 253,886 | 650,000 | 536,160 | 766,843 | 387,328 | 250,000 | 529,010 |
| Net investment income (loss) | 1,581,243 | 1,727,685 | 1,398,294 | (1,888,853) | 2,998,961 | 501,605 | 715,695 | 648,430 |
| Benefit payments | (810,830) | (767,590) | (750,933) | (768,030) | (759,830) | (697,478) | (607,696) | (597,778) |
| Administrative expenses | (30,305) | (24,685) | (28,367) | (24,815) | (27,722) | (25,729) | (28,606) | (32,948) |
| Net Change in Fiduciary Net Position | 825,379 | 1,189,296 | 1,268,994 | (2,145,538) | 2,978,252 | 165,726 | 329,393 | 546,714 |
| Plan Fiduciary Net Position - beginning | 13,460,276 | 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) | 14,285,655 | 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) | \$(1,172,775) | \$ (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 | 108.09% | 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 | 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 | 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> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|----------------|-------------------|-------------------|---------------|---------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ - | \$ 159,359 | \$ 508,748 | \$ 144,807 | \$ 408,541 | \$ 419,186 | \$ 192,821 | \$ 52,414 | \$ 74,018 |
| Actual contribution | - | 159,359 | 250,000 | 152,611 | 408,451 | 419,186 | 400,000 | 207,924 | 250,000 |
| Contribution (Excess) | \$ - | \$ - | \$ 258,748 | \$ (7,804) | \$ 90 | \$ - | \$ (207,179) | \$ (155,510) | \$ (175,982) |
| Covered payroll | \$ 55,917 | \$ 46,226 | \$ 51,122 | \$ 48,532 | \$ 48,337 | \$ 205,047 | \$ 210,141 | \$ 707,023 | \$ 625,402 |
| Actual contribution as % of covered payroll | 0.00% | 344.74% | 489.0% | 314.5% | 845.0% | 204.4% | 190.3% | 29.4% | 40.0% |

Interurban Transit Partnership

Schedule of Contributions - Administrative Plan

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Valuation date | July 1, 2024 |
| 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 | 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.

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------------|--------------------|---------------------|---------------------|---------------------|-------------|-------------------|-------------------|---------------------|
| Actuarially determined contribution | \$ 61,055 | \$ 158,527 | \$ 262,597 | \$ 321,702 | \$ 455,490 | \$ 387,328 | \$ 376,920 | \$ 735,101 | \$ 775,392 |
| Actual contribution | 85,271 | 253,886 | 650,000 | 536,160 | 766,843 | 387,328 | 250,000 | 529,010 | 987,300 |
| Contribution (Excess) | \$ (24,216) | \$ (95,359) | \$ (387,403) | \$ (214,458) | \$ (311,353) | \$ - | \$ 126,920 | \$ 206,091 | \$ (211,908) |
| 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 |

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

Methods and assumptions used to determine contribution rates:

| | |
|---|--|
| Valuation date | July 1, 2024 |
| 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, 2025

| | Administrative Plan | Non- Administrative Plan | Total |
|--|------------------------|--------------------------------|----------------------|
| Assets | | | |
| Cash and short-term investments | \$ 12,915 | \$ 258,986 | \$ 271,901 |
| Receivables: | | | |
| Interest and dividends receivable | 46 | 915 | 961 |
| Investments, at fair value: | | | |
| Bond mutual funds | 569,886 | 3,347,424 | 3,917,310 |
| Equity mutual funds | 1,310,615 | 10,678,330 | 11,988,945 |
| Total Investments, at fair value | 1,880,501 | 14,025,754 | 15,906,255 |
| Total Assets | 1,893,462 | 14,285,655 | 16,179,117 |
| Net Position Held in Trust for Pension Benefits | \$ 1,893,462 | \$ 14,285,655 | \$ 16,179,117 |

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

Year ended June 30, 2025

| | Administrative Plan | Non- Administrative Plan | Total |
|---|------------------------|--------------------------------|------------------|
| Additions | | | |
| Employer and employee contributions | \$ - | \$ 85,271 | \$ 85,271 |
| Investment income (expense): | | | |
| Net appreciation | 142,881 | 1,168,807 | 1,311,688 |
| Interest | 4,184 | 15,205 | 19,389 |
| Dividends | 54,267 | 410,203 | 464,470 |
| Investment expense | (1,901) | (12,972) | (14,873) |
| Total Investment Income | 199,431 | 1,581,243 | 1,780,674 |
| Total Additions | 199,431 | 1,666,514 | 1,865,945 |
| Deductions | | | |
| Benefits | 118,226 | 810,830 | 929,056 |
| Administrative expense | 14,125 | 30,305 | 44,430 |
| Total Deductions | 132,351 | 841,135 | 973,486 |
| Change in Net Position | 67,080 | 825,379 | 892,459 |
| Net Position Held in Trust for Pension Benefits, beginning of year | | | |
| | 1,826,382 | 13,460,276 | 15,286,658 |
| Net Position Held in Trust for Pension Benefits, end of year | | | |
| | \$ 1,893,462 | \$ 14,285,655 | \$ 16,179,117 |

Interurban Transit Partnership
Schedule of Non-Operating Revenues - Local

Year ended September 30, 2025

Local Revenue

| | |
|--------------------------------|---------------|
| Property taxes | \$ 21,832,305 |
| Grand Valley State University | 3,843,146 |
| Network180 | 381,572 |
| DASH - city of Grand Rapids | 2,599,716 |
| Ferris State University | 114,562 |
| Grand Rapids Community College | 272,042 |
| Amtrak | 117,603 |
| Alpine Township | 108,852 |
| Special Olympics of Michigan | 64,611 |
| Gaines Township | 50,505 |

| | |
|----------------------------|-------------------|
| Total Local Revenue | 29,384,914 |
|----------------------------|-------------------|

Other Income

| | |
|--------------------------------|-----------|
| Gain on sale of capital assets | 31,908 |
| Retail lease | 24,978 |
| CNG fuel sales | 70,592 |
| RIN Credits | 235,012 |
| Alternative Fuel Credit | 196,979 |
| Interest income | 1,818,731 |
| Miscellaneous | 14,848 |
| Vending machine | 4,470 |
| Fare evasion fines | 732 |
| Billboard lease | 28,520 |

| | |
|---------------------------|------------------|
| Total Other Income | 2,426,770 |
|---------------------------|------------------|

| | |
|---|----------------------|
| Total Non-Operating Revenues - Local | \$ 31,811,684 |
|---|----------------------|

Interurban Transit Partnership

Schedule of Non-Operating Revenues - State and Federal

Year ended September 30, 2025

State of Michigan Grants

| | |
|---|---------------|
| General operating assistance | \$ 14,003,621 |
| Capital assistance | 382,269 |
| Preventive maintenance (operating) | 586,660 |
| Planning and miscellaneous project assistance | 43,680 |
| Specialized services | 1,004,683 |

Total State of Michigan Grants

16,020,913

Federal Government Grants

| | |
|---|-----------|
| Capital assistance | 1,779,854 |
| Preventive maintenance (operating) | 2,346,638 |
| Planning and miscellaneous project assistance | 174,717 |

Total Federal Government Grants

4,301,209

Total Non-Operating Revenues - State and Federal

\$ 20,322,122

Interurban Transit Partnership

Schedule of Expenses by Grant

Year ended September 30, 2025

| | | 560 | 570 | 580 | 590 | 600 | 410 | 773 | | 772 | 799 | 420 | |
|---------------------------------|---------------------|----------------------|------------------|-------------------|-------------------|-------------------|-----------------|---------------------|------------------|-------------------|-------------------|---------------------|------------------|
| | 001 | MI-2019-023 | MI-2020-047 | MI-2021-022 | MI-2022-029 | MI-2023-020 | MI-2024-008 | MI-2022-042 | 870/871 | MI-2019-024 | 22-0073-P10 | MI-2025-019 | |
| | General | 17-0070-P13 | 17-0070-P16 | 17-0070-P18 | 22-0073-P3 | 22-0073-P7 | 22-0073-P12 | 22-0073-P6 | MI-2017-015 | 17-0070-P12 | FY24 | 2022-073-P15 | |
| | Total | FY19 | FY20 | FY20 | FY22 | FY 19-21 | FY 24 | F Y22-23 | FY17 | FY 19-21 | Specialized | FY 25 | |
| | | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5339 | Section 5307 | Services | Section 5307 | |
| Expenses | | | | | | | | | | | | | |
| Labor | \$ 20,882,309 | \$ 20,865,798 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,212 | \$ - | \$ 10,299 | \$ - | \$ - | |
| Fringe benefits | 8,948,150 | 8,943,221 | - | - | - | - | - | 3,330 | - | 1,599 | - | - | |
| Services | 3,883,456 | 3,487,675 | 27,110 | 24,057 | 13,400 | 247,567 | - | 10,605 | 9,006 | (2,200) | 66,236 | - | |
| Materials and supplies consumed | 4,482,769 | 3,942,050 | 11,344 | 237,070 | 236,297 | - | 1,187 | - | - | - | 4,065 | 50,756 | |
| Utilities | 1,376,349 | 1,376,349 | - | - | - | - | - | - | - | - | - | - | |
| Casualty and liability costs | 2,785,270 | 2,785,270 | - | - | - | - | - | - | - | - | - | - | |
| Purchased transportation | 10,869,647 | 8,618,334 | - | - | - | - | - | 1,188,819 | 1,321 | - | 56,489 | 1,004,684 | |
| Miscellaneous | 849,839 | 673,989 | 30,821 | 996 | 2,904 | - | - | - | 24,181 | - | 116,948 | - | |
| Depreciation | 17,338,683 | 17,338,683 | - | - | - | - | - | - | - | - | - | - | |
| Subscription-Based Information | | | | | | | | | | | | | |
| Technology Assets (SBITA) | 292,053 | 292,053 | - | - | - | - | - | - | - | - | - | - | |
| Preventive maintenance | - | (2,933,298) | - | - | - | - | - | 2,933,298 | - | - | - | - | |
| Total Expenses | \$71,708,525 | \$ 65,390,124 | \$ 69,275 | \$ 262,123 | \$ 252,601 | \$ 247,567 | \$ 1,187 | \$ 4,132,722 | \$ 44,050 | \$ (2,200) | \$ 255,636 | \$ 1,004,684 | \$ 50,756 |

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, 2025

| | Operations | Maintenance | Administration | Total |
|---|----------------------|---------------------|----------------------|----------------------|
| Labor | | | | |
| Operators' salaries and wages | \$ 13,042,166 | \$ - | \$ - | \$ 13,042,166 |
| Other salaries and wages | 2,152,075 | 3,435,906 | 1,995,413 | 7,583,394 |
| Dispatchers' salaries and wages | 256,749 | - | - | 256,749 |
| Total Labor | 15,450,990 | 3,435,906 | 1,995,413 | 20,882,309 |
| Fringe Benefits | | | | |
| Pension - defined benefit | 69,536 | 15,735 | - | 85,271 |
| Pension - defined benefit (GASB) | (898,938) | (205,725) | (12,393) | (1,117,056) |
| Pension - defined contributions | 1,083,983 | 280,745 | 190,838 | 1,555,566 |
| Other fringe benefits | 5,850,540 | 1,540,197 | 1,033,632 | 8,424,369 |
| Total Fringe Benefits | 6,105,121 | 1,630,952 | 1,212,077 | 8,948,150 |
| Services | | | | |
| Audit fees | - | - | 68,391 | 68,391 |
| Other services | 304,714 | 2,453,151 | 1,057,200 | 3,815,065 |
| Total Services | 304,714 | 2,453,151 | 1,125,591 | 3,883,456 |
| Materials and Supplies Consumed | | | | |
| Fuel and lubricants | 2,004,304 | - | - | 2,004,304 |
| Tires and tubes | - | 328,170 | - | 328,170 |
| Other materials and supplies | 22,145 | 1,771,695 | 356,455 | 2,150,295 |
| Total Materials and Supplies Consumed | 2,026,449 | 2,099,865 | 356,455 | 4,482,769 |
| Utilities | | | | |
| Other | - | - | 1,376,349 | 1,376,349 |
| Total Utilities | - | - | 1,376,349 | 1,376,349 |
| Casualty and Liability Costs | | | | |
| Premiums for public liability and property damage insurance | 2,449,613 | - | - | 2,449,613 |
| Other insurance | - | - | 335,657 | 335,657 |
| Total Casualty and Liability Costs | 2,449,613 | - | 335,657 | 2,785,270 |
| Purchased Transportation | 10,869,647 | - | - | 10,869,647 |
| Miscellaneous | | | | |
| Travel and training | 16,527 | 6,203 | 34,705 | 57,435 |
| Meetings | 756 | 511 | 2,859 | 4,126 |
| Advertising/promotion media | - | - | 465,041 | 465,041 |
| Dues | 4,455 | - | 131,753 | 136,208 |
| Leases | - | - | 117,624 | 117,624 |
| Other miscellaneous | 1,998 | 41,938 | 25,469 | 69,405 |
| Total Miscellaneous | 23,736 | 48,652 | 777,451 | 849,839 |
| Preventative Maintenance | - | (2,933,298) | 2,933,298 | - |
| Subscription-Based Information Technology | | | | |
| Asset | - | - | 292,053 | 292,053 |
| Depreciation | - | - | 17,338,683 | 17,338,683 |
| Total Expenses | \$ 37,230,270 | \$ 6,735,228 | \$ 27,743,027 | \$ 71,708,525 |

Interurban Transit Partnership

Schedule of Regular Service Revenues - Urban

Year ended September 30, 2025

| | |
|---------------------------------|----------------------|
| Operating Revenues | |
| Passenger fares | \$ 4,843,730 |
| Advertising | 393,437 |
| Total Operating Revenues | 5,237,167 |
| Non-Operating Revenues | |
| State and federal assistance | 20,322,122 |
| Local Revenue | |
| Property taxes | 21,832,305 |
| Grand Valley State University | 3,843,146 |
| Network180 | 381,572 |
| DASH - city of Grand Rapids | 2,599,716 |
| Ferris State University | 114,562 |
| Grand Rapids Community College | 272,042 |
| Amtrak | 117,603 |
| Alpine Township | 108,852 |
| Special Olympics of Michigan | 64,611 |
| Gaines Township | 50,505 |
| Total Local Revenue | 29,384,914 |
| Other Income | |
| Gain on sale of property | 31,908 |
| Retail lease | 24,978 |
| CNG fuel sales | 70,592 |
| RIN Credits | 235,012 |
| Alternative Fuel Credit | 196,979 |
| Interest income | 1,818,731 |
| Miscellaneous | 14,848 |
| Vending machine | 4,470 |
| Fare evasion fees | 732 |
| Billboard lease | 28,520 |
| Total Other Income | 2,426,770 |
| Total Revenues | \$ 57,370,973 |

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

Year ended September 30, 2025

| | Weekday | Saturday | Sunday | Total |
|---|---------|----------|--------|-----------|
| Total vehicle hours - linehaul | 1,285 | 658 | 326 | 376,974 |
| Revenue hours - linehaul | 1,243 | 641 | 316 | 364,544 |
| Total vehicle hours - bus rapid transit | 100 | 49 | 38 | 29,976 |
| Revenue hours - bus rapid transit | 98 | 48 | 37 | 29,234 |
| Total vehicle hours - demand response | 497 | 228 | 202 | 149,075 |
| Revenue hours - demand response | 380 | 180 | 160 | 114,681 |
| Total vehicle miles - linehaul | 18,058 | 9,331 | 4,699 | 5,334,314 |
| Revenue miles - linehaul | 17,309 | 8,949 | 4,536 | 5,114,640 |
| Total vehicle miles - bus rapid transit | 1,225 | 646 | 504 | 372,046 |
| Revenue miles - bus rapid transit | 1,188 | 613 | 469 | 359,291 |
| Total vehicle miles - demand response | 7,519 | 2,839 | 2,770 | 2,209,133 |
| Revenue miles - demand response | 5,485 | 2,212 | 2,198 | 1,628,065 |

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, 2025

| | State Operating Assistance Urban |
|---|-------------------------------------|
| General Operating Expenses | \$ 71,708,525 |
| Add: Eligible Expenses | |
| Reverse GASB entry to pension to reflect actual paid pension expenses | 1,117,056 |
| Less: Ineligible Expenses | |
| Depreciation expense and loss on disposal of assets | 17,406,631 |
| Specialized Services pass through | 896,708 |
| Capital funds used for operating expenses | 2,380,519 |
| Amtrak | 113,401 |
| Non-transportation revenue: | |
| Lease and billboard | 53,498 |
| CNG fuel sales | 70,592 |
| Alternative Fuel Credit | 196,979 |
| Fare evasion | 732 |
| Refunds and credits | 235,012 |
| Auxiliary transportation revenue | 4,470 |
| APTA and MPTA dues | 8,579 |
| Employee engagement | 37,715 |
| Preventive maintenance | 2,933,298 |
| Subscription-Based Information Technology Arrangements (SBITA) | 292,053 |
| Lobbying | 158,000 |
| Eligible Operating Expenses | \$ 48,037,394 |
| Maximum State Operating Assistance (50%) | \$ 24,018,697 |
| State Operating Assistance Accrual (29.1515%) | \$ 14,003,621 |

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 the fiscal year 2025 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 the fiscal year 2025; 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 \$2,380,519 were paid for with capital funds and \$2,933,298 of operating funds were identified as preventative maintenance eligible. These amounts were 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 are \$498,699 and non-administrative staff are \$1,056,867. The entire sum of \$1,555,566 was expensed on the books and paid with out-of-pocket funds.

The defined benefit plan expenses paid this year for the administrative plan are \$0 and the non-administrative plan are \$85,271. The entire sum of \$85,271 was expensed on the books and paid with out-of-pocket funds. The defined benefit plan is calculated pursuant to the GASB 68, *Implementation Guide*. The GASB adjustment is a decrease of \$1,117,056 to the pension expense, which is a reduction of \$32,285 to the administration plan and a reduction of \$1,084,771 to the union plan. Therefore, the \$1,117,056 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, 2025

| 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 |
|--|---------------------------|----------------------|----------------------------|--------------------------|-----------------------------|--------------|-------|---------------|---------------------------------|------------------------|-----------------------|
| | | | | | Federal | State | Local | Total | | | |
| FY 2021 \$5307 - Local Formula | 20.507 | MI-2021-022 | 2017-0070-P18 | \$ 2,513,395 | \$ 413,296 | \$ 103,324 | \$ - | \$ 516,620 | \$ 2,312,373 | \$ 97,698 | \$ 3,261 |
| 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 | 860,349 | 215,087 | - | 1,075,436 | 2,212,284 | 73,690 | 25,436 |
| 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 | 60,944 | 15,236 | - | 76,180 | 2,508,579 | 14,143 | 8,771 |
| 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 | 244,338 | 11,298 | - | 255,636 | 611,203 | - | 11,298 |
| FY 2019 Michigan Mobility Challenge | | N/A | 2017-0070 P10 | 373,782 | - | 373,782 | - | 373,782 | - | - | - |
| FY 2016 & FY 2017 \$5309 Capital Investment | 20.500 | MI-2017-015 | 2012-0104 P20 | 14,047,417 | 2,661 | (1,450) | - | 1,211 | 13,054,723 | 994,144 | - |
| FY 2022 \$5307 - Local Formula | 20.507 | MI-2022-0029 | 2022-0073 P3 | 3,065,663 | 652,643 | 163,161 | - | 815,804 | 1,820,962 | 1,081,540 | 15,075 |
| FY 2022 5339 - Local Bus and Bus Facilities | 20.507 | MI-2022-0029 | 2022-0073 P3 | 252,438 | - | - | - | - | 29,839 | 222,599 | - |
| FY 2022 5337 - State of Good Repair | 20.525 | MI-2022-029 | 2022-0073-P3 | 296,716 | - | - | - | - | 143,178 | 153,538 | - |
| FY 2020 & 2021 Specialized Services | | N/A | 2017-0070 P11 | - | - | - | - | - | - | - | - |
| FY 2022 5337 - State of Good Repair | 20.525 | MI-2022-0029 | 2022-0073 P3 | - | - | - | - | - | - | - | - |
| FY 2023 5307 - Local Formula | 20.507 | MI-2023-0020 | 2022-0073 P7 | 3,283,630 | 233,127 | 58,282 | - | 291,409 | 1,858,563 | 1,366,785 | 58,282 |
| FY 2023 5337 - State of Good Repair | 20.525 | MI-2023-0020 | 2022-0073-P7 | 297,475 | - | - | - | - | - | 297,475 | - |
| FY 2023 5339 - Local Bus and Bus Facilities | 20.526 | MI-2023-0020 | 2022-0073-P7 | 259,574 | - | - | - | - | 259,574 | - | - |
| FY 2022 and FY 2023 5307 - Local Formula & CMAQ | 20.507 | MI-2022-0042 | 2002-0073 P4 | 871,847 | 1,258,132 | 303,826 | - | 1,561,958 | 300,165 | 267,856 | 303,826 |
| FY 2024 5307 - Local Formula | 20.507 | MI-2024-008 | 2022-0073-P12 | 3,342,498 | 3,987,475 | 996,869 | - | 4,984,344 | - | 2,345,629 | 586,660 |
| FY 2024 5339 - Local Bus and Bus Facilities | 20.526 | MI-2024-008 | 2022-0073-P12 | 269,086 | - | - | - | - | - | 269,086 | - |
| FY 2024 5337 -Local State of Good Repair | 20.525 | MI-2024-008 | 2022-0073-P12 | 395,299 | - | - | - | - | - | 395,299 | - |
| FY 2025 5307 - Local Formula | 20.507 | MI-2025-019 | 2022-0073-P15 | 3,268,624 | 40,605 | 10,151 | - | 50,756 | - | 3,258,473 | - |
| FY 2025 5339 _ Local Bus and Bus Facilities | 20.626 | MI-2025-019 | 2022-073-P15 | 264,122 | - | - | - | - | - | 264,122 | - |
| FY 2025 5337 - Local State of Good Repair | 20.525 | MI-2025-019 | 2022-0073-P15 | 396,439 | - | - | - | - | - | 396,439 | - |
| FY 2025 Specialized Services | N/A | N/A | NEED | 1,004,684 | - | 1,004,684 | - | 1,004,684 | - | - | 1,004,684 |
| FY 2023 Buses and Bus Facilities | | MI-2023-028 | 2022-0073-P8 | 1,549,295 | 3,367,476 | 841,869 | - | 4,209,345 | 93,787 | 613,639 | - |
| Total | | | | \$ 42,410,046 | \$ 11,121,046 | \$ 4,096,119 | \$ - | \$ 15,217,165 | \$ 26,201,773 | \$ 12,112,155 | \$ 2,017,293 |

Interurban Transit Partnership
Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

| 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 | \$ - | \$ 60,944 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2020-047 | - | 860,349 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2021-022 | - | 413,296 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2019-024 | - | 244,338 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2022-029 | - | 652,643 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2023-020 | - | 233,127 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2022-042 | - | 1,258,132 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2024-008 | - | 3,987,475 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2025-019 | - | 40,605 |
| Federal Transit Capital Investment Grants | 20.500 | Direct | MI-2017-015 | - | 2,661 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | Direct | MI-2023-028 | - | 3,367,476 |
| Total Federal Transit Cluster | | | | - | 11,121,046 |
| Community Project Funding Congressionally Directed Spending | 20.534 | Direct | MI-2023-005 | - | 23,012 |
| Total Federal Awards | | | | \$ - | \$ 11,144,058 |

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, 2025. 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*

The 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, 2025 and 2024 (as of and for the years ended June 30, 2025 and 2024 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 , 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control. Accordingly, we do not express an opinion on the effectiveness of ITP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of ITP'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

The 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, 2025. 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, 2025.

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 unmodified opinions 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, 2025

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, and 20.526

Federal Transit Cluster

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

\$1,000,000

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.



Interurban Transit Partnership

Date: January 21, 2026
To: ITP Finance Committee
From: Linda Medina, Director of Finance
Subject: Financial Statements and Single Audit Reports Years Ended September 30, 2025, and 2024

OVERVIEW

Attached for your review are the Financial Statements and Single Audit Reports for fiscal years ended September 30, 2025, and 2024 and the audit wrap up report.

BACKGROUND

The FY 24/25 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 audit report with no material weaknesses or significant deficiencies identified. This opinion confirms that the financial statements are fairly and appropriately presented and in compliance with GAAP. Below are the highlights for FY 24/25:

- Net position decreased by \$5.3 million dollars in FY 24/25. Operating revenue increased \$61,000 (1%) compared to FY 23/24 and non-operating revenue decreased \$22,000 with the reduction in capital spending.
- Actual expenses increased \$4,457,000 (8%) compared to FY 23/24. Labor and Fringes increased by \$2,108,000 (7%) due to collectively bargained wage increases and persistent operating staff vacancies while maintaining current service levels. Utilities increased by \$136,000 (11%) due to unfavorable weather conditions resulting in higher energy usage, Purchase Transportation increased due to an increase in the cost per revenue hour. Miscellaneous increased \$439,000 (100%) with the implementation of a Customer Relationship Management system (CMR) and redesign of the website, which were pushed to this fiscal year from the previous and not encumbered based on project and RFP process.

- From year to year there was a \$639,000 increase 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 (paratransit) revenue service vehicles, service vehicles, and completion of the Dispatch rehabilitation project.
- Comparing FY 24/25 to the adopted budget, expenses were \$9.3 million (16%) under budget, while revenues were favorable at \$1.1 million (2%). The combined impact of lower revenue and expenses resulted in not utilizing the budgeted \$6 million from operating reserves but increasing our reserve position by \$2.1 million.
- FY 24 capital grant includes \$4 million for allowable operating preventative maintenance expenses. In FY 24/25 actual allowable expenditures totaled \$2.9 million, resulting in the unused balance reprogrammed to another capital program line item such as a bus procurement line item.

Also included in the report is information regarding the defined benefit pension plans. In FY 24/25, contributions were made based on Watkins Ross recommendations. A high-range contribution was made to the Union plan and due to favorable return, a contribution was not necessary for the Administrative plan.

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

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2025 and 2024

**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, 2025

DRAFT 1/8/2026

Interurban Transit Partnership

Financial Statements
Years Ended September 30, 2025 and 2024

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, 2025

DRAFT - Subject to Revision

Interurban Transit Partnership

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Independent Auditor's Report

The 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, 2025 and 2024 (as of and for the years ended June 30, 2025 and 2024 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 respective financial position of Interurban Transit Partnership as of September 30, 2025 and 2024 (June 30, 2025 and 2024 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 Audits 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 audits evidence we have obtained is sufficient and appropriate to provide a basis for our audits 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 statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audits 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 audits in order to design audits 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 audits, significant audits 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 the 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 GAAS,

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

Supplementary Information

Our audits 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 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 Audits Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements, and various schedules as listed in the table of contents, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [date of report] 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, 2025 and 2024.

Financial Highlights

- The state operating assistance reimbursement rate (for eligible operating expenses) for the fiscal year (FY) ended 2025 decreased to 29.1515% from 33.8553% in FY 2024. The rate was 29.2015% in FY 2023.
- ITP levied 1.3817 mills in 2025, 1.395 mills in 2024, and 1.41 mills in 2023, 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 \$(1,436,757) and \$(618,866) as of September 30, 2025 and 2024, respectively. ITP recognized a net pension liability of \$1,146,920 as of September 30, 2023.

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 decreased by \$5.3 million for the year ended September 30, 2025, a decrease of 3% from September 30, 2024 (see Table A-1). See page 8 for discussion on the decrease in net position. ITP continues to invest in capital assets (buildings, vehicles, technology, and

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infrastructure) to achieve community and regional outcomes. This fiscal year's significant capital purchases include the purchase of revenue vehicles, investment in onboard security cameras, and the completion of the renovation of the Rapid Operations Center Dispatch center. See Table A-3 for discussion on the decrease in capital assets, net.

The net pension asset increased as the asset return was favorable for the defined benefit plans. The unrestricted net position increased by \$892,459.

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 that ITP continues to invest in capital assets (buildings, vehicles, technology, and 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.

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

| <i>September 30,</i> | 2025 | | 2024 | | 2023 | |
|---------------------------------------|-------------|----------------|-------------|----------------|-------------|----------------|
| Current assets | \$ | 96,797 | \$ | 96,846 | \$ | 88,042 |
| Capital assets, net | | 142,784 | | 151,406 | | 148,395 |
| Net pension asset | | 1,437 | | 619 | | - |
| Total Assets | \$ | 241,018 | \$ | 248,871 | \$ | 236,437 |
| Deferred Outflows of Resources | \$ | 421 | \$ | 548 | \$ | 953 |
| Current Liabilities | | 7,611 | | 10,621 | | 8,806 |
| Long-Term Liabilities | | 137 | | 341 | | 1,724 |
| Deferred Inflows of Resources | | 24,076 | | 23,500 | | 22,108 |
| Net Position | | | | | | |
| Net investment in capital assets | \$ | 142,784 | \$ | 150,766 | \$ | 148,395 |
| Unrestricted | | 66,831 | | 64,191 | | 56,357 |
| Total Net Position | \$ | 209,615 | \$ | 214,957 | \$ | 204,752 |

Changes in Net Position

Net position decreased by \$5.3 million, or 1.5%, from September 30, 2024 to September 30, 2025 (see Table A-2). Operating revenue increased slightly compared to last year. Operating expenses increased by \$4.5 million, or 6.6%. See discussion and analysis on page 10. Capital contributions decreased due to fewer purchases of linehaul, specialized service revenue vehicles, and electric buses, as well as the completion of the Ellsworth renovation project. This year's capital purchases focused on acquiring additional linehaul and specialized services vehicles, completing the Rapid Operations Center dispatch area remodel, and installing cameras in revenue service, as well as specialized service vehicles.

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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, specialized service revenue vehicles, and 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.

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

| <i>Year ended September 30,</i> | 2025 | 2024 | 2023 |
|---|-------------------|-------------------|-------------------|
| Operating Revenues | | | |
| Passenger fares | \$ 4,844 | \$ 4,783 | \$ 4,535 |
| Advertising | 393 | 377 | 385 |
| Total Operating Revenues | 5,237 | 5,160 | 4,920 |
| Operating Expenses | | | |
| Salaries and fringe benefits | 29,830 | 27,722 | 27,649 |
| Supplies and other operating expenses | 24,539 | 22,645 | 23,780 |
| Depreciation and loss on disposal of assets | 17,339 | 16,884 | 16,676 |
| Total Operating Expenses | 71,708 | 67,251 | 68,105 |
| Operating Loss | (66,471) | (62,091) | (63,185) |
| Non-Operating Revenues | | | |
| State and federal | 20,322 | 22,077 | 29,968 |
| Property taxes | 21,832 | 20,316 | 18,868 |
| Other local | 9,979 | 9,762 | 7,364 |
| Total Non-Operating Revenues | 52,133 | 52,155 | 56,200 |
| Loss, before capital contributions | (14,338) | (9,936) | (6,985) |
| Capital Contributions | 8,996 | 20,141 | 12,753 |
| Change in Net Position | (5,342) | 10,205 | 5,768 |
| Net Position, beginning of year | 214,957 | 204,752 | 198,984 |
| Net Position, end of year | \$ 209,615 | \$ 214,957 | \$ 204,752 |

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

The table below compares the fiscal year ended September 30, 2025 to September 30, 2024 for operating expenses before depreciation. Labor and fringe benefits year-to-year changes are primarily due to the lower operator staffing levels, which resulted in a higher overtime and increased wage and fringe cost. Purchase transportation costs increased both because of higher cost

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per revenue hour and a decrease in efficiency. In FY 2026, the decision was made to bring the management of purchased transportation in-house. Miscellaneous expenses increased with the addition of costs associated with relocating the training program to another building during the Rapid Operations Center Dispatch renovation project.

| <i>Year ended September 30,</i> | 2025 | 2024 | Change (%) |
|---------------------------------|-------------|-------------|-------------------|
| Labor | \$ 20,882 | \$ 19,269 | 8.0 |
| Fringe benefits | 8,948 | 8,453 | 6.0 |
| Services | 3,883 | 3,923 | (1) |
| Materials and supplies consumed | 4,482 | 4,714 | (5.0) |
| Utilities | 1,376 | 1,240 | 11.0 |
| Casualty and liability costs | 2,785 | 2,592 | 7.0 |
| Purchased transportation | 10,823 | 9,666 | 12.0 |
| Miscellaneous | 850 | 411 | 107.0 |

The table below compares the 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 that lead to a decrease in expected utility costs, and marketing expenses declined as the promotional campaign for the Transit application 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 | (20.0) |

Capital Assets

As of September 30, 2025, ITP had invested approximately \$295,755,000 in capital assets, including land, land improvements, buildings, revenue equipment, and machinery and operating equipment. Net of accumulated depreciation, capital assets on September 30, 2025 totaled approximately \$142,784,000 (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately \$8.6 million, or 6%, from September 30, 2024.

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.

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Management's Discussion and Analysis

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

| <i>September 30,</i> | 2025 | | 2024 | | Change (%) |
|--|-------------|----------------|-------------|----------------|-------------------|
| Land | \$ | 12,139 | \$ | 12,139 | - |
| Artwork | | 368 | | 368 | - |
| Easements | | 55 | | 55 | - |
| Land improvements | | 2,451 | | 2,758 | (11.1) |
| Facilities | | 74,286 | | 78,738 | (5.7) |
| Revenue vehicles | | 43,343 | | 44,720 | (3.1) |
| Support equipment | | 6,064 | | 6,720 | (9.8) |
| Information systems and technology | | 3,625 | | 5,032 | (28.0) |
| Software and software development | | 153 | | 381 | (59.8) |
| Subscription-Based Information Technology Arrangements (SBITA) | | 300 | | 495 | (39.4) |
| Total Net Capital Assets | \$ | 142,784 | \$ | 151,406 | (5.7) |

| <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 |

Economic Factors and Next Year's Budget

ITP's focus in FY 2024/2025 was to continue to get back to the basics of delivering excellent bus service to the six cities. Transit is no longer a conversation limited to how many riders are on ITP's system. The conversation has turned to the value of the transit network as infrastructure, bringing support promoting the vitality of the community it serves. ITP is a strategic partner in growth and economic development, playing its part means providing access to employment, health care, and education and by offering and continuously improving and reimagining a flexible network of public transportation and mobility solutions.

For FY 2025/2026, the Board of Directors adopted a \$60 million operating budget, exclusive of depreciation, and a \$35.5 million capital budget. Ridership, passenger fares contract service revenue remains consistent. Property tax revenue is anticipated to be stable, and state operating assistance, initially budgeted at 26%, increased to 29.4342% with the adoption of the state budget. Unrestricted net reserves will be used to offset the deficit between revenue and expenses. The

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goals are to remain committed to identifying revenue strategies for potential additional funding and revenue sources, continue to participate in legislative briefings and testimonies to support the newly formed Legislative Transit Caucus, and begin the ballot initiative process to develop a strategic plan ahead of current millage expiration. Staff continue to explore strategies to ensure long-term financial sustainability.

DRAFT - Subject to Revision

Basic Financial Statements

DRAFT - Subject to Revision

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

| September 30, | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Assets | | |
| Current Assets | | |
| Cash and investments (Note 2) | \$ 86,363,647 | \$ 77,844,369 |
| Property taxes receivable, net | 868,003 | 867,676 |
| Due from federal government | 5,225,826 | 9,694,898 |
| Due from state of Michigan | 1,519,279 | 958,839 |
| Billed receivables | 1,382,662 | 5,460,562 |
| Materials and supplies inventories | 904,234 | 736,621 |
| Prepaid expenses and deposits | 533,328 | 1,283,055 |
| Total Current Assets | 96,796,979 | 96,846,020 |
| Capital Assets (Note 3) | | |
| Facilities | 126,306,603 | 125,709,426 |
| Revenue vehicles | 93,540,497 | 92,338,639 |
| Support equipment | 23,426,343 | 23,165,066 |
| Land and improvements | 18,609,238 | 18,605,827 |
| Information systems, technology, and software | 32,360,292 | 33,794,510 |
| Other non-depreciable assets | 423,813 | 423,813 |
| Subscription-Based Information Technology Arrangements (SBITA) | 1,087,716 | 1,077,359 |
| | 295,754,502 | 295,114,640 |
| Less: accumulated depreciation and amortization | (152,970,216) | (143,708,284) |
| Net Capital Assets | 142,784,286 | 151,406,356 |
| Net Pension Asset | 1,436,757 | 618,866 |
| Total Assets | \$ 241,018,022 | \$ 248,871,242 |
| Deferred Outflows of Resources | | |
| Related to pensions (Note 4) | \$ 421,064 | \$ 547,940 |

Interurban Transit Partnership

Statements of Net Position Enterprise Fund

| September 30, | 2025 | 2024 |
|--|-----------------------|-----------------------|
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,967,141 | \$ 2,649,451 |
| Accrued payroll | 2,393,134 | 2,276,155 |
| Unredeemed fares | 926,733 | 880,921 |
| Unearned revenues | 80,151 | 240,444 |
| Due to state of Michigan | 1,902,633 | 4,274,491 |
| Current portion of subscription liabilities (Note 7) | 341,795 | 300,342 |
| Total Current Liabilities | 7,611,587 | 10,621,804 |
| Subscription Liabilities, net of current portion (Note 7) | 136,641 | 340,399 |
| Total Liabilities | \$ 7,748,228 | \$ 10,962,203 |
| Deferred Inflows of Resources | | |
| Property taxes received or receivable before the levy date | \$ 22,595,541 | \$ 21,594,103 |
| Related to pensions (Note 4) | 1,480,100 | 1,906,141 |
| Total Deferred Inflows of Resources | \$ 24,075,641 | \$ 23,500,244 |
| Net Position | | |
| Net investment in capital assets | \$ 142,305,850 | \$ 150,765,615 |
| Unrestricted | 67,309,367 | 64,191,120 |
| Total Net Position | \$ 209,615,217 | \$ 214,956,735 |

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> | 2025 | 2024 |
|---|-----------------------|-----------------------|
| Operating Revenues | | |
| Passenger fares | \$ 4,843,730 | \$ 4,783,317 |
| Advertising | 393,437 | 376,547 |
| Total Operating Revenues | 5,237,167 | 5,159,864 |
| Operating Expenses | | |
| Salaries and fringe benefits | 29,830,459 | 27,722,014 |
| Supplies and other operating expenses | 24,539,383 | 22,644,824 |
| Depreciation | 17,338,683 | 16,884,156 |
| Total Operating Expenses | 71,708,525 | 67,250,994 |
| Operating Loss | (66,471,358) | (62,091,130) |
| Non-Operating Revenues | | |
| State | 16,020,913 | 17,219,454 |
| Federal | 4,301,209 | 4,857,030 |
| Property taxes | 21,832,305 | 20,315,753 |
| Other local | 9,979,379 | 9,762,208 |
| Total Non-Operating Revenues | 52,133,806 | 52,154,445 |
| Loss, before capital contributions | (14,337,552) | (9,936,685) |
| Capital Contributions | 8,996,034 | 20,141,358 |
| Change in Net Position | (5,341,518) | 10,204,673 |
| Net Position, beginning of year | 214,956,735 | 204,752,062 |
| Net Position, end of year | \$ 209,615,217 | \$ 214,956,735 |

See accompanying notes to financial statements.

Interurban Transit Partnership

Statements of Cash Flows Enterprise Fund

| <i>Year ended September 30,</i> | 2025 | 2024 |
|---|------------------------|------------------------|
| Cash from Operating Activities | | |
| Receipts from customers | \$ 9,360,878 | \$ 1,552,337 |
| Payments to suppliers | (24,639,576) | (23,499,895) |
| Payments to employees and fringe benefits | (30,830,538) | (28,965,582) |
| Net Cash Used in Operating Activities | (46,109,236) | (50,913,140) |
| Cash from Noncapital Financing Activities | | |
| Federal grants received | 4,301,209 | 4,857,030 |
| State grants received | 17,783,947 | 20,860,491 |
| Local government assistance received | 7,552,609 | 6,580,524 |
| Property taxes | 22,833,416 | 23,285,808 |
| Other income | 576,131 | 1,046,476 |
| Net Cash Provided by Noncapital Financing Activities | 53,047,312 | 56,630,329 |
| Cash from Capital and Related Financing Activities | | |
| Federal contributed capital | 6,842,849 | 10,219,274 |
| State contributed capital | 1,705,044 | 3,703,652 |
| Purchase of capital assets | (8,716,613) | (19,895,886) |
| Proceeds from sale of capital assets | 31,908 | 87,821 |
| Net Cash Used in Capital and Related Financing Activities | (136,812) | (5,885,139) |
| Cash from Investing Activity | | |
| Interest received on investments | 1,718,014 | 2,087,690 |
| Net Increase in Cash and Investments | 8,519,278 | 1,919,740 |
| Cash and Investments, beginning of year | 77,844,369 | 75,924,629 |
| Cash and Investments, end of year | \$ 86,363,647 | \$ 77,844,369 |
| Reconciliation of Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (66,471,358) | \$ (62,091,130) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 17,338,683 | 16,884,156 |
| Changes in assets and liabilities: | | |
| Decrease (increase) in billed receivables | 4,077,900 | (3,697,523) |
| (Increase) decrease in inventories | (167,613) | 10,434 |
| Decrease in prepaid expenses and deposits | 749,727 | 71,651 |
| Decrease in accounts payable | (682,310) | (937,154) |
| Increase in accrued payroll | 116,979 | 246,949 |
| Increase in unredeemed fares | 45,812 | 89,994 |
| Change in pension-related items | (1,117,056) | (1,490,517) |
| Net Cash Used in Operating Activities | \$ (46,109,236) | \$ (50,913,140) |

See accompanying notes to financial statements.

Interurban Transit Partnership
Statements of Fiduciary Net Position
Fiduciary Funds

June 30,

| | Pension Trust Funds | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| Assets | | |
| Cash and short-term investments (Note 2) | \$ 271,901 | \$ 658,276 |
| Receivables: | | |
| Interest and dividends receivable | 961 | 2,848 |
| Investments, at fair value (Note 2): | | |
| Bond mutual funds | 3,917,310 | 3,667,845 |
| Equity mutual funds | 11,988,945 | 10,957,689 |
| Total Investments, at fair value | 15,906,255 | 14,625,534 |
| Total Assets | 16,179,117 | 15,286,658 |
| Net Position Held in Trust for Pension Benefits | \$ 16,179,117 | \$ 15,286,658 |

See accompanying notes to financial statements.

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

Year ended June 30,

| | Pension Trust Funds | |
|--|----------------------|----------------------|
| | 2025 | 2024 |
| Additions | | |
| Employer and employee contributions | \$ 85,271 | \$ 413,245 |
| Investment income (expense): | | |
| Net appreciation | 1,311,688 | 1,561,717 |
| Interest | 19,389 | 32,272 |
| Dividends | 464,470 | 366,665 |
| Investment expense | (14,873) | (12,643) |
| Total Investment Income | 1,780,674 | 1,948,011 |
| Total Additions | 1,865,945 | 2,361,256 |
| Deductions | | |
| Benefits | 929,056 | 1,090,984 |
| Administrative expense | 44,430 | 39,585 |
| Total Deductions | 973,486 | 1,130,569 |
| Change in Net Position | 892,459 | 1,230,687 |
| Net Position Held in Trust for Pension Benefits, beginning of year | 15,286,658 | 14,055,971 |
| Net Position Held in Trust for Pension Benefits, end of year | \$ 16,179,117 | \$ 15,286,658 |

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 they apply.

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.

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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 and subscription liabilities. 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.

ITP adopted GASB Statement 101, *Compensated Absences*, during 2025. As a result, no material changes were made to the financial statements.

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 1.3817 mills and 1.395 mills for the fiscal years 2025 and 2024, 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 an 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

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Notes to Financial Statements

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

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

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

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Notes to Financial Statements

2. Cash and Investments

Deposits

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

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, ITP's deposits might not be recovered. ITP minimizes custodial credit risk by pre-qualifying financial institutions. At September 30, 2025, the bank balances were \$90,877,707, of which \$88,828,594. was uninsured and uncollateralized. At September 30, 2024, the bank balances were \$78,178,791, of which \$76,118,085 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> | | 2025 | 2024 |
|-----------------------------|------------------|-----------------------|-----------------------|
| <i>Investment</i> | <i>Maturity</i> | Amortized Cost | Amortized Cost |
| Kent County Investment Pool | Less than 1 year | \$ 6,808,096 | \$ 6,546,424 |

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, 2025 and 2024.

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Notes to Financial Statements

Credit Risk

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

At September 30, 2025, 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 | 1.68 |
| Bond mutual funds and equities | Not rated | 98.32 |

Fair Value Measurement

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

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

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

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

The following tables set forth by level, within the fair value hierarchy, the investment assets at fair value as of June 30, 2025 and 2024. 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.

Interurban Transit Partnership

Notes to Financial Statements

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

June 30, 2025

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------------|---------------------|-------------|-------------|---------------------|
| Pension Trust Fund | | | | |
| Cash and short-term investments | \$ 271,901 | \$ - | \$ - | \$ 271,901 |
| Bond mutual funds | 3,917,310 | - | - | 3,917,310 |
| Equity mutual funds | 11,988,945 | - | - | 11,988,945 |
| Investments, at fair value | \$16,178,156 | \$ - | \$ - | \$16,178,156 |

June 30, 2024

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

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Notes to Financial Statements

3. Capital Assets

Capital asset activity is as follows:

| | Balance, October 1, 2024 | Additions | Deletions | Balance, September 30, 2025 |
|---------------------------------------|-----------------------------|-----------------------|--------------------|-----------------------------------|
| Capital Assets | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,138,892 | \$ - | \$ - | \$ 12,138,892 |
| Artwork | 368,470 | - | - | 368,470 |
| Easements - intangible | 55,343 | - | - | 55,343 |
| Capital assets being depreciated: | | | | |
| Facilities | 125,709,426 | 605,506 | (8,329) | 126,306,603 |
| Revenue vehicles | 92,338,639 | 6,513,102 | (5,311,244) | 93,540,497 |
| Support equipment | 23,165,066 | 934,178 | (672,901) | 23,426,343 |
| Land improvements | 6,466,935 | 3,411 | - | 6,470,346 |
| Information systems and technology | 29,538,913 | 590,694 | (536,324) | 29,593,283 |
| Software - intangible | 4,255,597 | 59,365 | (1,547,953) | 2,767,009 |
| SBITA | 1,077,359 | 10,357 | - | 1,087,716 |
| Total Capital Assets | 295,114,640 | 8,716,613 | (8,076,751) | 295,754,502 |
| Accumulated Depreciation | | | | |
| Facilities | 46,971,523 | 5,057,578 | (8,329) | 52,020,772 |
| Revenue vehicles | 47,953,676 | 7,863,741 | (5,311,244) | 50,506,173 |
| Support equipment | 16,109,995 | 1,618,071 | (672,901) | 17,055,165 |
| Land improvements | 3,709,752 | 309,221 | - | 4,018,973 |
| Information systems and technology | 24,506,732 | 1,997,525 | (536,324) | 25,967,933 |
| Software - intangible | 3,961,241 | 200,493 | (1,547,953) | 2,613,781 |
| SBITA | 495,365 | 292,054 | - | 787,419 |
| Total Accumulated Depreciation | 143,708,284 | 17,338,683 | (8,076,751) | 152,970,216 |
| Net Capital Assets | \$ 151,406,356 | \$ (8,622,070) | \$ - | \$ 142,784,286 |

Interurban Transit Partnership

Notes to Financial Statements

| | 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 | 2,360,540 | (151,256) | 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 | 16,884,156 | (6,576,402) | 143,708,284 |
| Net Capital Assets | \$ 148,394,625 | \$ 4,969,848 | \$ (1,958,117) | \$ 151,406,356 |

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 consists of the following:

| <i>June 30,</i> | 2025 | 2024 |
|--|-------------|-------------|
| Retirees and beneficiaries currently receiving benefits | 12 | 12 |
| Terminated employees entitled to benefits but not yet receiving them | 10 | 10 |
| Active plan members | 1 | 1 |
| Total | 23 | 23 |

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 consists of the following:

| <i>June 30,</i> | 2025 | 2024 |
|--|-------------|-------------|
| Retirees and beneficiaries currently receiving benefits | 160 | 150 |
| Terminated employees entitled to benefits but not yet receiving them | 180 | 178 |
| Active plan members | 99 | 117 |
| Total | 439 | 445 |

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.

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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, 2025, 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 was 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 table presents 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 | Current Rate | 1% Increase |
|--------------------------------------|---------------------|-----------------------|-----------------------|
| Administrative Plan | (5.00) | (6.00) | (7.00) |
| Net Pension (Asset) Liability | \$ (131,150) | \$ (263,982) | \$ (379,943) |
| Non-Administrative Plan | (5.50) | (6.50) | (7.50) |
| Net Pension (Asset) Liability | \$ 162,542 | \$ (1,172,775) | \$ (2,302,323) |

Long-Term Expected Rates of Return and Asset Allocation

The long-term expected rates of return on retirement plan investments were 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 | 50.0 | 7.50 | 50.0 | 7.50 |
| International equity | 10.0 | 8.50 | 15.0 | 8.50 |
| Domestic bonds | 32.5 | 2.50 | 20.0 | 2.50 |
| International bonds | 7.5 | 3.50 | 5.0 | 3.50 |
| Real estate | - | - | 10.0 | 4.50 |

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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, 2024 | \$ 1,645,062 | \$ 1,826,382 | \$ (181,320) |
| Changes in Pension (Asset) Liability | | | |
| Interest | 95,157 | - | 95,157 |
| Experience gains | 21,086 | - | 21,086 |
| Assumption change | (13,599) | - | (13,599) |
| Net investment income | - | 199,431 | (199,431) |
| Benefit payments | (118,226) | (118,226) | - |
| Administrative expenses | - | (14,125) | 14,125 |
| Net Changes in Pension (Asset) Liability | (15,582) | 67,080 | (82,662) |
| Balance, June 30, 2025 | \$ 1,629,480 | \$ 1,893,462 | \$ (263,982) |

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, 2024 | \$ 13,022,730 | \$ 13,460,276 | \$ (437,546) |
| Changes in Pension (Asset) Liability | | | |
| Interest | 820,125 | - | 820,125 |
| Experience gains | 80,855 | - | 80,855 |
| Contributions - employer | - | 85,271 | (85,271) |
| Net investment income | - | 1,581,243 | (1,581,243) |
| Benefit payments | (810,830) | (810,830) | - |
| Administrative expenses | - | (30,305) | 30,305 |
| Net Changes in Pension (Asset) Liability | 90,150 | 825,379 | (735,229) |
| Balance, June 30, 2025 | \$ 13,112,880 | \$ 14,285,655 | \$ (1,172,775) |

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Notes to Financial Statements

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2025, 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 | \$ - | \$ - | \$ 140,647 | \$ 40,861 |
| Changes of assumptions | - | - | 280,417 | 463,787 |
| Investment earnings losses | - | 94,270 | - | 881,182 |
| Total | \$ - | \$ 94,270 | \$ 421,064 | \$ 1,385,830 |

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.

Interurban Transit Partnership

Notes to Financial Statements

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 |
|------|------------------------|--------------------------------|--------------|
| 2026 | \$ 23,891 | \$ (196,336) | \$ (172,445) |
| 2027 | (56,915) | (400,973) | (457,888) |
| 2028 | (42,483) | (244,635) | (287,118) |
| 2029 | (18,763) | (122,822) | (141,585) |

Components of Pension Expense

For the years ended September 30, 2025 and 2024, ITP recognized pension expense of \$(32,385) and \$(59,184) for the Administrative Plan and \$(985,129) and \$(1,018,087) for the Non-Administrative Plan, respectively.

Below are the components of the total pension expense:

Year ended September 30, 2025

| | Administrative Plan | Non- Administrative Plan |
|--|------------------------|--------------------------------|
| Interest | \$ 95,157 | \$ 820,125 |
| Experience gains | 21,086 | (55,817) |
| Assumption change | (13,599) | (535,518) |
| Projected earnings on pension plan investments | (105,612) | (850,352) |
| Investment earnings | (43,542) | (393,872) |
| Administrative expenses | 14,125 | 30,305 |
| Total Pension Expense | \$ (32,385) | \$ (985,129) |

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 | (15,501) | (220,152) |
| Administrative expenses | 14,900 | 24,685 |
| Total Pension Expense | \$ (59,184) | \$ (1,018,087) |

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Notes to Financial Statements

For the year ended September 30, 2025, actual cash payments made were \$0 and \$85,271 for the Administrative Plan and the Non-Administrative Plan, respectively.

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 on 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 \$498,699 and \$518,742 for the years ended September 30, 2025 and 2024, 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 \$1,056,867 and \$970,751 for the years ended September 30, 2025 and 2024, 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 their selected retention level, plus their share of pool losses and administrative expenses, less their share of investment income. The agreement for formation of the Michigan Transit Pool (the Pool) provides that the Pool will be self-sustaining through member premiums and will provide property and liability coverage to its members for the first \$2,000,000 per occurrence. The Pool has purchased excess insurance for an additional \$3,000,000 per occurrence. In addition, ITP carried excess insurance for an additional \$5,000,000 per occurrence. The Pool publishes its own financial report, which can be obtained from the Pool. ITP's participation in the Pool ended as of December 1, 2009, except with regard to known and unknown covered events occurring prior to December 1, 2009. ITP currently purchases commercial insurance for property and liability with coverage of \$5,000,000 per occurrence with a \$50,000 deductible and has excess coverage for an additional \$5,000,000. ITP carries catastrophic insurance to cover direct damage to property.

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Notes to Financial Statements

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 the fiscal years 2025 and 2024 of up to 50% of eligible expenses, based on actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$24,171,344 and \$21,556,721 in 2025 and 2024, respectively. Actual operating assistance accrued based on MDOT's stated funding rate of 29.1515% and 33.8553%, respectively, totaled \$14,003,621 and \$14,596,185 in 2025 and 2024, respectively.

Capital Acquisitions

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

Contingencies

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

7. Subscription Liabilities

Changes in subscription liabilities for the years ended September 30, 2025 and 2024 are as follows:

| | Balance October 1, 2024 | Additions | Re- measurements | Deductions | Balance September 30, 2025 | Amounts due within one year |
|-----------------------------|-------------------------------|-----------|---------------------|--------------|----------------------------------|-----------------------------------|
| Subscription liabilities | \$ 640,741 | \$ - | \$ - | \$ (162,305) | \$ 478,436 | \$ 341,795 |

| | Balance October 1, 2023 | Additions | Re- measurements | Deductions | Balance September 30, 2024 | Amounts due within one year |
|-----------------------------|-------------------------------|-----------|---------------------|--------------|----------------------------------|-----------------------------------|
| Subscription liabilities | \$ 835,830 | \$ - | \$ - | \$ (195,089) | \$ 640,741 | \$ 300,342 |

Interurban Transit Partnership

Notes to Financial Statements

SBITA Payments Maturity Schedule

The future principal and interest SBITA payments as of September 30, 2025 are as follows:

September 30,

| | Principal | | Interest | | Total |
|--------------|-----------|---------|----------|--------|------------|
| 2026 | \$ | 341,795 | \$ | 19,828 | \$ 361,623 |
| 2027 | | 109,283 | | 3,190 | 112,473 |
| 2028 | | 27,358 | | 1,642 | 29,000 |
| Total | \$ | 478,436 | \$ | 24,660 | \$ 503,096 |

Required Supplementary Information

DRAFT - Subject to Revision

Interurban Transit Partnership

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

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 95,157 | 105,816 | 121,643 | 132,650 | 147,516 | 166,683 | 222,849 | 298,964 |
| Changes in benefit terms | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | 21,086 | (50,109) | (55,815) | (28,168) | 208,572 | 70,045 | 652,124 | (17,596) |
| Change of assumptions | (13,599) | (12,559) | 2,531 | (13,943) | (8,535) | 139,623 | (2,976) | 92,870 |
| Benefit payments | (118,226) | (323,394) | (340,891) | (207,063) | (983,585) | (185,757) | (3,355,575) | (177,586) |
| Net Change in Total Pension Liability | (15,582) | (280,246) | (272,532) | (116,524) | (636,032) | 190,594 | (2,483,578) | 196,652 |
| Total Pension Liability - beginning | 1,645,062 | 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) | 1,629,480 | 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) | 199,431 | 220,326 | 172,097 | (281,958) | 451,877 | 79,677 | 126,980 | 250,474 |
| Benefit payments | (118,226) | (323,394) | (340,891) | (207,063) | (983,585) | (185,757) | (3,355,575) | (177,586) |
| Administrative expenses | (14,125) | (14,900) | (14,425) | (14,315) | (14,385) | (13,905) | (14,445) | (12,580) |
| Net Change in Fiduciary Net Position | 67,080 | 41,391 | 66,781 | (350,725) | (137,642) | 299,201 | (2,843,040) | 268,232 |
| Plan Fiduciary Net Position - beginning | 1,826,382 | 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) | 1,893,462 | 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) | \$ (263,982) | \$ (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 | 116.2% | 111.0% | 92.7% | 78.2% | 89.4% | 74.8% | 69.1% | 90.6% |
| Covered-employee payroll | \$ 55,917 | \$ 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 | (472.10%) | (344.74%) | 489.03% | 314.45% | 845.01% | 204.43% | 190.35% | 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

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|----------------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | | | |
| Service cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 424,425 |
| Interest | 820,125 | 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 | 80,855 | (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 | (810,830) | (767,590) | (750,933) | (768,030) | (759,830) | (697,478) | (607,696) | (597,778) |
| Net Change in Total Pension Liability | 90,150 | (254,853) | (171,981) | (191,580) | 200,546 | 783,463 | 312,867 | (564,269) |
| Total Pension Liability - beginning | 13,022,730 | 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) | 13,112,880 | 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 | 85,271 | 253,886 | 650,000 | 536,160 | 766,843 | 387,328 | 250,000 | 529,010 |
| Net investment income (loss) | 1,581,243 | 1,727,685 | 1,398,294 | (1,888,853) | 2,998,961 | 501,605 | 715,695 | 648,430 |
| Benefit payments | (810,830) | (767,590) | (750,933) | (768,030) | (759,830) | (697,478) | (607,696) | (597,778) |
| Administrative expenses | (30,305) | (24,685) | (28,367) | (24,815) | (27,722) | (25,729) | (28,606) | (32,948) |
| Net Change in Fiduciary Net Position | 825,379 | 1,189,296 | 1,268,994 | (2,145,538) | 2,978,252 | 165,726 | 329,393 | 546,714 |
| Plan Fiduciary Net Position - beginning | 13,460,276 | 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) | 14,285,655 | 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) | \$(1,172,775) | \$ (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 | 108.09% | 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 | 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 | 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> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|----------------|-------------------|-------------------|---------------|---------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution | \$ - | \$ 159,359 | \$ 508,748 | \$ 144,807 | \$ 408,541 | \$ 419,186 | \$ 192,821 | \$ 52,414 | \$ 74,018 |
| Actual contribution | - | 159,359 | 250,000 | 152,611 | 408,451 | 419,186 | 400,000 | 207,924 | 250,000 |
| Contribution (Excess) | \$ - | \$ - | \$ 258,748 | \$ (7,804) | \$ 90 | \$ - | \$ (207,179) | \$ (155,510) | \$ (175,982) |
| Covered payroll | \$ 55,917 | \$ 46,226 | \$ 51,122 | \$ 48,532 | \$ 48,337 | \$ 205,047 | \$ 210,141 | \$ 707,023 | \$ 625,402 |
| Actual contribution as % of covered payroll | 0.00% | 344.74% | 489.0% | 314.5% | 845.0% | 204.4% | 190.3% | 29.4% | 40.0% |

Interurban Transit Partnership

Schedule of Contributions - Administrative Plan

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Valuation date | July 1, 2024 |
| 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 | 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.

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

| <i>Year ended June 30,</i> | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------------|--------------------|---------------------|---------------------|---------------------|-------------|-------------------|-------------------|---------------------|
| Actuarially determined contribution | \$ 61,055 | \$ 158,527 | \$ 262,597 | \$ 321,702 | \$ 455,490 | \$ 387,328 | \$ 376,920 | \$ 735,101 | \$ 775,392 |
| Actual contribution | 85,271 | 253,886 | 650,000 | 536,160 | 766,843 | 387,328 | 250,000 | 529,010 | 987,300 |
| Contribution (Excess) | \$ (24,216) | \$ (95,359) | \$ (387,403) | \$ (214,458) | \$ (311,353) | \$ - | \$ 126,920 | \$ 206,091 | \$ (211,908) |
| 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 |

Interurban Transit Partnership

Schedule of Contributions - Non-Administrative Plan

Methods and assumptions used to determine contribution rates:

| | |
|---|--|
| Valuation date | July 1, 2024 |
| 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, 2025

| | Administrative Plan | Non- Administrative Plan | Total |
|--|------------------------|--------------------------------|----------------------|
| Assets | | | |
| Cash and short-term investments | \$ 12,915 | \$ 258,986 | \$ 271,901 |
| Receivables: | | | |
| Interest and dividends receivable | 46 | 915 | 961 |
| Investments, at fair value: | | | |
| Bond mutual funds | 569,886 | 3,347,424 | 3,917,310 |
| Equity mutual funds | 1,310,615 | 10,678,330 | 11,988,945 |
| Total Investments, at fair value | 1,880,501 | 14,025,754 | 15,906,255 |
| Total Assets | 1,893,462 | 14,285,655 | 16,179,117 |
| Net Position Held in Trust for Pension Benefits | \$ 1,893,462 | \$ 14,285,655 | \$ 16,179,117 |

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

Year ended June 30, 2025

| | Administrative Plan | Non- Administrative Plan | Total |
|---|------------------------|--------------------------------|------------------|
| Additions | | | |
| Employer and employee contributions | \$ - | \$ 85,271 | \$ 85,271 |
| Investment income (expense): | | | |
| Net appreciation | 142,881 | 1,168,807 | 1,311,688 |
| Interest | 4,184 | 15,205 | 19,389 |
| Dividends | 54,267 | 410,203 | 464,470 |
| Investment expense | (1,901) | (12,972) | (14,873) |
| Total Investment Income | 199,431 | 1,581,243 | 1,780,674 |
| Total Additions | 199,431 | 1,666,514 | 1,865,945 |
| Deductions | | | |
| Benefits | 118,226 | 810,830 | 929,056 |
| Administrative expense | 14,125 | 30,305 | 44,430 |
| Total Deductions | 132,351 | 841,135 | 973,486 |
| Change in Net Position | 67,080 | 825,379 | 892,459 |
| Net Position Held in Trust for Pension | | | |
| Benefits, beginning of year | 1,826,382 | 13,460,276 | 15,286,658 |
| Net Position Held in Trust for Pension | | | |
| Benefits, end of year | \$ 1,893,462 | \$ 14,285,655 | \$ 16,179,117 |

Interurban Transit Partnership
Schedule of Non-Operating Revenues - Local

Year ended September 30, 2025

Local Revenue

| | |
|--------------------------------|---------------|
| Property taxes | \$ 21,832,305 |
| Grand Valley State University | 3,843,146 |
| Network180 | 381,572 |
| DASH - city of Grand Rapids | 2,599,716 |
| Ferris State University | 114,562 |
| Grand Rapids Community College | 272,042 |
| Amtrak | 117,603 |
| Alpine Township | 108,852 |
| Special Olympics of Michigan | 64,611 |
| Gaines Township | 50,505 |

| | |
|----------------------------|-------------------|
| Total Local Revenue | 29,384,914 |
|----------------------------|-------------------|

Other Income

| | |
|--------------------------------|-----------|
| Gain on sale of capital assets | 31,908 |
| Retail lease | 24,978 |
| CNG fuel sales | 70,592 |
| RIN Credits | 235,012 |
| Alternative Fuel Credit | 196,979 |
| Interest income | 1,818,731 |
| Miscellaneous | 14,848 |
| Vending machine | 4,470 |
| Fare evasion fines | 732 |
| Billboard lease | 28,520 |

| | |
|---------------------------|------------------|
| Total Other Income | 2,426,770 |
|---------------------------|------------------|

| | |
|---|----------------------|
| Total Non-Operating Revenues - Local | \$ 31,811,684 |
|---|----------------------|

Interurban Transit Partnership

Schedule of Non-Operating Revenues - State and Federal

Year ended September 30, 2025

State of Michigan Grants

| | |
|---|---------------|
| General operating assistance | \$ 14,003,621 |
| Capital assistance | 382,269 |
| Preventive maintenance (operating) | 586,660 |
| Planning and miscellaneous project assistance | 43,680 |
| Specialized services | 1,004,683 |

Total State of Michigan Grants

16,020,913

Federal Government Grants

| | |
|---|-----------|
| Capital assistance | 1,779,854 |
| Preventive maintenance (operating) | 2,346,638 |
| Planning and miscellaneous project assistance | 174,717 |

Total Federal Government Grants

4,301,209

Total Non-Operating Revenues - State and Federal

\$ 20,322,122

Interurban Transit Partnership

Schedule of Expenses by Grant

Year ended September 30, 2025

| | | 560 | 570 | 580 | 590 | 600 | 410 | 773 | | 772 | 799 | 420 | |
|---------------------------------|---------------------|----------------------|------------------|-------------------|-------------------|-------------------|-----------------|---------------------|------------------|-------------------|-------------------|---------------------|------------------|
| | 001 | MI-2019-023 | MI-2020-047 | MI-2021-022 | MI-2022-029 | MI-2023-020 | MI-2024-008 | MI-2022-042 | 870/871 | MI-2019-024 | 22-0073-P10 | MI-2025-019 | |
| | General | 17-0070-P13 | 17-0070-P16 | 17-0070-P18 | 22-0073-P3 | 22-0073-P7 | 22-0073-P12 | 22-0073-P6 | MI-2017-015 | 17-0070-P12 | FY24 | 2022-073-P15 | |
| | Total | FY19 | FY20 | FY20 | FY22 | FY 19-21 | FY 24 | F Y22-23 | FY17 | FY 19-21 | Specialized | FY 25 | |
| | | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5307 | Section 5339 | Section 5307 | Services | Section 5307 | |
| Expenses | | | | | | | | | | | | | |
| Labor | \$ 20,882,309 | \$ 20,865,798 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,212 | \$ - | \$ 10,299 | \$ - | \$ - | |
| Fringe benefits | 8,948,150 | 8,943,221 | - | - | - | - | - | 3,330 | - | 1,599 | - | - | |
| Services | 3,883,456 | 3,487,675 | 27,110 | 24,057 | 13,400 | 247,567 | - | 10,605 | 9,006 | (2,200) | 66,236 | - | |
| Materials and supplies consumed | 4,482,769 | 3,942,050 | 11,344 | 237,070 | 236,297 | - | 1,187 | - | - | - | 4,065 | 50,756 | |
| Utilities | 1,376,349 | 1,376,349 | - | - | - | - | - | - | - | - | - | - | |
| Casualty and liability costs | 2,785,270 | 2,785,270 | - | - | - | - | - | - | - | - | - | - | |
| Purchased transportation | 10,869,647 | 8,618,334 | - | - | - | - | - | 1,188,819 | 1,321 | - | 56,489 | 1,004,684 | |
| Miscellaneous | 849,839 | 673,989 | 30,821 | 996 | 2,904 | - | - | - | 24,181 | - | 116,948 | - | |
| Depreciation | 17,338,683 | 17,338,683 | - | - | - | - | - | - | - | - | - | - | |
| Subscription-Based Information | | | | | | | | | | | | | |
| Technology Assets (SBITA) | 292,053 | 292,053 | - | - | - | - | - | - | - | - | - | - | |
| Preventive maintenance | - | (2,933,298) | - | - | - | - | - | 2,933,298 | - | - | - | - | |
| Total Expenses | \$71,708,525 | \$ 65,390,124 | \$ 69,275 | \$ 262,123 | \$ 252,601 | \$ 247,567 | \$ 1,187 | \$ 4,132,722 | \$ 44,050 | \$ (2,200) | \$ 255,636 | \$ 1,004,684 | \$ 50,756 |

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, 2025

| | Operations | Maintenance | Administration | Total |
|---|----------------------|---------------------|----------------------|----------------------|
| Labor | | | | |
| Operators' salaries and wages | \$ 13,042,166 | \$ - | \$ - | \$ 13,042,166 |
| Other salaries and wages | 2,152,075 | 3,435,906 | 1,995,413 | 7,583,394 |
| Dispatchers' salaries and wages | 256,749 | - | - | 256,749 |
| Total Labor | 15,450,990 | 3,435,906 | 1,995,413 | 20,882,309 |
| Fringe Benefits | | | | |
| Pension - defined benefit | 69,536 | 15,735 | - | 85,271 |
| Pension - defined benefit (GASB) | (898,938) | (205,725) | (12,393) | (1,117,056) |
| Pension - defined contributions | 1,083,983 | 280,745 | 190,838 | 1,555,566 |
| Other fringe benefits | 5,850,540 | 1,540,197 | 1,033,632 | 8,424,369 |
| Total Fringe Benefits | 6,105,121 | 1,630,952 | 1,212,077 | 8,948,150 |
| Services | | | | |
| Audit fees | - | - | 68,391 | 68,391 |
| Other services | 304,714 | 2,453,151 | 1,057,200 | 3,815,065 |
| Total Services | 304,714 | 2,453,151 | 1,125,591 | 3,883,456 |
| Materials and Supplies Consumed | | | | |
| Fuel and lubricants | 2,004,304 | - | - | 2,004,304 |
| Tires and tubes | - | 328,170 | - | 328,170 |
| Other materials and supplies | 22,145 | 1,771,695 | 356,455 | 2,150,295 |
| Total Materials and Supplies Consumed | 2,026,449 | 2,099,865 | 356,455 | 4,482,769 |
| Utilities | | | | |
| Other | - | - | 1,376,349 | 1,376,349 |
| Total Utilities | - | - | 1,376,349 | 1,376,349 |
| Casualty and Liability Costs | | | | |
| Premiums for public liability and property damage insurance | 2,449,613 | - | - | 2,449,613 |
| Other insurance | - | - | 335,657 | 335,657 |
| Total Casualty and Liability Costs | 2,449,613 | - | 335,657 | 2,785,270 |
| Purchased Transportation | 10,869,647 | - | - | 10,869,647 |
| Miscellaneous | | | | |
| Travel and training | 16,527 | 6,203 | 34,705 | 57,435 |
| Meetings | 756 | 511 | 2,859 | 4,126 |
| Advertising/promotion media | - | - | 465,041 | 465,041 |
| Dues | 4,455 | - | 131,753 | 136,208 |
| Leases | - | - | 117,624 | 117,624 |
| Other miscellaneous | 1,998 | 41,938 | 25,469 | 69,405 |
| Total Miscellaneous | 23,736 | 48,652 | 777,451 | 849,839 |
| Preventative Maintenance | - | (2,933,298) | 2,933,298 | - |
| Subscription-Based Information Technology | | | | |
| Asset | - | - | 292,053 | 292,053 |
| Depreciation | - | - | 17,338,683 | 17,338,683 |
| Total Expenses | \$ 37,230,270 | \$ 6,735,228 | \$ 27,743,027 | \$ 71,708,525 |

Interurban Transit Partnership

Schedule of Regular Service Revenues - Urban

Year ended September 30, 2025

| | |
|---------------------------------|----------------------|
| Operating Revenues | |
| Passenger fares | \$ 4,843,730 |
| Advertising | 393,437 |
| Total Operating Revenues | 5,237,167 |
| Non-Operating Revenues | |
| State and federal assistance | 20,322,122 |
| Local Revenue | |
| Property taxes | 21,832,305 |
| Grand Valley State University | 3,843,146 |
| Network180 | 381,572 |
| DASH - city of Grand Rapids | 2,599,716 |
| Ferris State University | 114,562 |
| Grand Rapids Community College | 272,042 |
| Amtrak | 117,603 |
| Alpine Township | 108,852 |
| Special Olympics of Michigan | 64,611 |
| Gaines Township | 50,505 |
| Total Local Revenue | 29,384,914 |
| Other Income | |
| Gain on sale of property | 31,908 |
| Retail lease | 24,978 |
| CNG fuel sales | 70,592 |
| RIN Credits | 235,012 |
| Alternative Fuel Credit | 196,979 |
| Interest income | 1,818,731 |
| Miscellaneous | 14,848 |
| Vending machine | 4,470 |
| Fare evasion fees | 732 |
| Billboard lease | 28,520 |
| Total Other Income | 2,426,770 |
| Total Revenues | \$ 57,370,973 |

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

Year ended September 30, 2025

| | Weekday | Saturday | Sunday | Total |
|---|---------|----------|--------|-----------|
| Total vehicle hours - linehaul | 1,285 | 658 | 326 | 376,974 |
| Revenue hours - linehaul | 1,243 | 641 | 316 | 364,544 |
| Total vehicle hours - bus rapid transit | 100 | 49 | 38 | 29,976 |
| Revenue hours - bus rapid transit | 98 | 48 | 37 | 29,234 |
| Total vehicle hours - demand response | 497 | 228 | 202 | 149,075 |
| Revenue hours - demand response | 380 | 180 | 160 | 114,681 |
| Total vehicle miles - linehaul | 18,058 | 9,331 | 4,699 | 5,334,314 |
| Revenue miles - linehaul | 17,309 | 8,949 | 4,536 | 5,114,640 |
| Total vehicle miles - bus rapid transit | 1,225 | 646 | 504 | 372,046 |
| Revenue miles - bus rapid transit | 1,188 | 613 | 469 | 359,291 |
| Total vehicle miles - demand response | 7,519 | 2,839 | 2,770 | 2,209,133 |
| Revenue miles - demand response | 5,485 | 2,212 | 2,198 | 1,628,065 |

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, 2025

| | State Operating Assistance Urban |
|---|-------------------------------------|
| General Operating Expenses | \$ 71,708,525 |
| Add: Eligible Expenses | |
| Reverse GASB entry to pension to reflect actual paid pension expenses | 1,117,056 |
| Less: Ineligible Expenses | |
| Depreciation expense and loss on disposal of assets | 17,406,631 |
| Specialized Services pass through | 896,708 |
| Capital funds used for operating expenses | 2,380,519 |
| Amtrak | 113,401 |
| Non-transportation revenue: | |
| Lease and billboard | 53,498 |
| CNG fuel sales | 70,592 |
| Alternative Fuel Credit | 196,979 |
| Fare evasion | 732 |
| Refunds and credits | 235,012 |
| Auxiliary transportation revenue | 4,470 |
| APTA and MPTA dues | 8,579 |
| Employee engagement | 37,715 |
| Preventive maintenance | 2,933,298 |
| Subscription-Based Information Technology Arrangements (SBITA) | 292,053 |
| Lobbying | 158,000 |
| Eligible Operating Expenses | \$ 48,037,394 |
| Maximum State Operating Assistance (50%) | \$ 24,018,697 |
| State Operating Assistance Accrual (29.1515%) | \$ 14,003,621 |

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 the fiscal year 2025 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 the fiscal year 2025; 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 \$2,380,519 were paid for with capital funds and \$2,933,298 of operating funds were identified as preventative maintenance eligible. These amounts were 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 are \$498,699 and non-administrative staff are \$1,056,867. The entire sum of \$1,555,566 was expensed on the books and paid with out-of-pocket funds.

The defined benefit plan expenses paid this year for the administrative plan are \$0 and the non-administrative plan are \$85,271. The entire sum of \$85,271 was expensed on the books and paid with out-of-pocket funds. The defined benefit plan is calculated pursuant to the GASB 68, *Implementation Guide*. The GASB adjustment is a decrease of \$1,117,056 to the pension expense, which is a reduction of \$32,285 to the administration plan and a reduction of \$1,084,771 to the union plan. Therefore, the \$1,117,056 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, 2025

| 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 |
|--|---------------------------|----------------------|----------------------------|--------------------------|-----------------------------|--------------|-------|---------------|---------------------------------|------------------------|-----------------------|
| | | | | | Federal | State | Local | Total | | | |
| FY 2021 \$5307 - Local Formula | 20.507 | MI-2021-022 | 2017-0070-P18 | \$ 2,513,395 | \$ 413,296 | \$ 103,324 | \$ - | \$ 516,620 | \$ 2,312,373 | \$ 97,698 | \$ 3,261 |
| 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 | 860,349 | 215,087 | - | 1,075,436 | 2,212,284 | 73,690 | 25,436 |
| 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 | 60,944 | 15,236 | - | 76,180 | 2,508,579 | 14,143 | 8,771 |
| 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 | 244,338 | 11,298 | - | 255,636 | 611,203 | - | 11,298 |
| FY 2019 Michigan Mobility Challenge | | N/A | 2017-0070 P10 | 373,782 | - | 373,782 | - | 373,782 | - | - | - |
| FY 2016 & FY 2017 \$5309 Capital Investment | 20.500 | MI-2017-015 | 2012-0104 P20 | 14,047,417 | 2,661 | (1,450) | - | 1,211 | 13,054,723 | 994,144 | - |
| FY 2022 \$5307 - Local Formula | 20.507 | MI-2022-0029 | 2022-0073 P3 | 3,065,663 | 652,643 | 163,161 | - | 815,804 | 1,820,962 | 1,081,540 | 15,075 |
| FY 2022 5339 - Local Bus and Bus Facilities | 20.507 | MI-2022-0029 | 2022-0073 P3 | 252,438 | - | - | - | - | 29,839 | 222,599 | - |
| FY 2022 5337 - State of Good Repair | 20.525 | MI-2022-029 | 2022-0073-P3 | 296,716 | - | - | - | - | 143,178 | 153,538 | - |
| FY 2020 & 2021 Specialized Services | | N/A | 2017-0070 P11 | - | - | - | - | - | - | - | - |
| FY 2022 5337 - State of Good Repair | 20.525 | MI-2022-0029 | 2022-0073 P3 | - | - | - | - | - | - | - | - |
| FY 2023 5307 - Local Formula | 20.507 | MI-2023-0020 | 2022-0073 P7 | 3,283,630 | 233,127 | 58,282 | - | 291,409 | 1,858,563 | 1,366,785 | 58,282 |
| FY 2023 5337 - State of Good Repair | 20.525 | MI-2023-0020 | 2022-0073-P7 | 297,475 | - | - | - | - | - | 297,475 | - |
| FY 2023 5339 - Local Bus and Bus Facilities | 20.526 | MI-2023-0020 | 2022-0073-P7 | 259,574 | - | - | - | - | 259,574 | - | - |
| FY 2022 and FY 2023 5307 - Local Formula & CMAQ | 20.507 | MI-2022-0042 | 2002-0073 P4 | 871,847 | 1,258,132 | 303,826 | - | 1,561,958 | 300,165 | 267,856 | 303,826 |
| FY 2024 5307 - Local Formula | 20.507 | MI-2024-008 | 2022-0073-P12 | 3,342,498 | 3,987,475 | 996,869 | - | 4,984,344 | - | 2,345,629 | 586,660 |
| FY 2024 5339 - Local Bus and Bus Facilities | 20.526 | MI-2024-008 | 2022-0073-P12 | 269,086 | - | - | - | - | - | 269,086 | - |
| FY 2024 5337 -Local State of Good Repair | 20.525 | MI-2024-008 | 2022-0073-P12 | 395,299 | - | - | - | - | - | 395,299 | - |
| FY 2025 5307 - Local Formula | 20.507 | MI-2025-019 | 2022-0073-P15 | 3,268,624 | 40,605 | 10,151 | - | 50,756 | - | 3,258,473 | - |
| FY 2025 5339 _ Local Bus and Bus Facilities | 20.626 | MI-2025-019 | 2022-073-P15 | 264,122 | - | - | - | - | - | 264,122 | - |
| FY 2025 5337 - Local State of Good Repair | 20.525 | MI-2025-019 | 2022-0073-P15 | 396,439 | - | - | - | - | - | 396,439 | - |
| FY 2025 Specialized Services | N/A | N/A | NEED | 1,004,684 | - | 1,004,684 | - | 1,004,684 | - | - | 1,004,684 |
| FY 2023 Buses and Bus Facilities | | MI-2023-028 | 2022-0073-P8 | 1,549,295 | 3,367,476 | 841,869 | - | 4,209,345 | 93,787 | 613,639 | - |
| Total | | | | \$ 42,410,046 | \$ 11,121,046 | \$ 4,096,119 | \$ - | \$ 15,217,165 | \$ 26,201,773 | \$ 12,112,155 | \$ 2,017,293 |

Interurban Transit Partnership
Schedule of Expenditures of Federal Awards

Year ended September 30, 2025

| 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 | \$ - | \$ 60,944 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2020-047 | - | 860,349 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2021-022 | - | 413,296 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2019-024 | - | 244,338 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2022-029 | - | 652,643 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2023-020 | - | 233,127 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2022-042 | - | 1,258,132 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2024-008 | - | 3,987,475 |
| Federal Transit Formula Grants | 20.507 | Direct | MI-2025-019 | - | 40,605 |
| Federal Transit Capital Investment Grants | 20.500 | Direct | MI-2017-015 | - | 2,661 |
| Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs | 20.526 | Direct | MI-2023-028 | - | 3,367,476 |
| Total Federal Transit Cluster | | | | - | 11,121,046 |
| Community Project Funding Congressionally Directed Spending | 20.534 | Direct | MI-2023-005 | - | 23,012 |
| Total Federal Awards | | | | \$ - | \$ 11,144,058 |

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, 2025. 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*

The 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, 2025 and 2024 (as of and for the years ended June 30, 2025 and 2024 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control. Accordingly, we do not express an opinion on the effectiveness of ITP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of ITP'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

The 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, 2025. 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, 2025.

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 unmodified opinions 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, 2025

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, and 20.526

Federal Transit Cluster

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

\$1,000,000

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 with two large, red, curved armchairs in front of them. A black briefcase sits on the floor next to the man on the right. Large windows in the background show green trees outside. A white diagonal graphic element cuts across the image from the top left to the bottom right.

REPORT TO MEMBERS OF THE BOARD OF DIRECTORS

INTERURBAN TRANSIT PARTNERSHIP

2025 AUDIT RESULTS

YEAR END SEPTEMBER 30, 2025

BDO[®]

Welcome

January 21, 2026

Members of the Board of Directors
Interurban Transit Partnership

We look forward to discussing with you the current year audit results for Interurban Transit Partnership. On September 30, 2025, 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, 2025.

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,

(signed BDO, USA, P.C.)

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| <u>DETAIL OF SIGNIFICANT RISKS AND ADDITIONAL AUDIT CONSIDERATIONS</u> | 12 |
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| <u>OTHER TOPICS</u> | 21 |

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.

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, 2025. 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 2026.
- ▶ 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. Our audit procedures for these risks are detailed starting on page 12.



Revenue Recognition



Management Override of Controls

Corrected and Uncorrected Misstatements

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

Internal Control Over Financial Reporting



Internal Control Over Financial Reporting

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

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

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

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

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

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 ITPs 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 compliance audit, we noted no material weaknesses.

Detail of Significant Risks & Additional Audit Considerations



Revenue Recognition

SUMMARY OF AREA OF SIGNIFICANT RISK

Fraud risk due to improper revenue recognition of State Operating Assistance.

SUMMARY OF AUDIT PROCEDURES PERFORMED

Audit procedures were performed in order to address the significant risk of improper revenue recognition of State Operating Assistance.

In order to address this significant risk, we performed the following procedures:

- BDO discussed with the Director of Finance the process and controls over the state operating assistance calculation.
- BDO tested a sample of expenses used in the state operating assistance calculation.
- BDO recalculated the state operating assistance calculation and tied the state operating assistance percentage to the Michigan Department of Transportation website.

Management Override of Controls

SUMMARY OF AREA OF SIGNIFICANT RISK

Management override of controls is presumed to be a significant fraud risk for all entities. There is a risk that management could materially alter the consolidated financial statements by overriding the controls present regarding financial reporting and other aspects of the entity.

SUMMARY OF AUDIT PROCEDURES PERFORMED

Audit procedures were performed in order to address the significant risk of management override of controls.

In order to address this significant risk, we performed the following procedures:

- We exercised professional skepticism throughout the audit.
- We performed testing over the general ledger detail to ensure it was completed and accurate.
- We selected a sample of journal entries and traced to supporting documentation to ensure they were proper.
- We reviewed the general ledger for any undisclosed related party transactions.

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 2025.

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 in 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 2025.

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 Plan 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; risk of material misstatements, 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, 2025, 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. |
| 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 4, 2025 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 audit firm's effective system of quality management ("SoQM") 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 SoQM designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those standards and requirements. The firm's SoQM 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 SoQM and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our SoQM 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, 2024, 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 >](#)

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Interurban Transit Partnership

Date: January 21, 2026
To: ITP Finance Committee
From: Linda Medina, Director of Finance
Subject: November 2025 Operating Statement

I have attached the November 2025 general operating statement for your review. The financial report includes transactions for both October and November.

FY 25/26 YTD Operating Statement Analysis

Total revenues and expenses are trending favorably through November 2025. Revenues are 3.2% over budget while expenses are 10.4% under budget. We are only two months into the new fiscal year and currently there are no notable new patterns or trends. Labor and fringes continue to trend under budget due to operating staffing levels. We will continue to closely monitor fuel costs relative to the budget.

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

The Rapid
Operating Statement
Year to Date as of November 30, 2025

| | YTD as of November 30, 2025 | | Variance | | Last Year | Current Year |
|--|-----------------------------|---------------------|---------------------|--------------|------------------------|---------------------------|
| | Budget | Actual | \$ | % | FY 24/25 YTD Actual | FY 25/26 Annual Budget |
| Revenues and Operating Assistance | | | | | | |
| Passenger Fares | \$ 785,058 | \$ 697,129 | \$ (87,929) | -11.2% | \$ 779,844 | \$ 4,813,645 |
| Sale of Transportation Services | | | | | | |
| CMH Contribution | 83,384 | 74,648 | (8,736) | -10.5% | 58,580 | 461,985 |
| Dash Contract | 420,574 | 425,622 | 5,048 | 1.2% | 439,586 | 2,501,834 |
| Grand Valley State University | 941,714 | 797,010 | (144,704) | -15.4% | 771,190 | 4,583,236 |
| Van Pool Transportation | - | - | - | 0.0% | - | - |
| Township Services | 34,223 | 36,854 | 2,631 | 7.7% | 37,891 | 185,918 |
| Other | 51,410 | 42,931 | (8,479) | -16.5% | 46,271 | 360,063 |
| Subtotal Sale of Transportation Services | 1,531,305 | 1,377,065 | (154,240) | -10.1% | 1,353,518 | 8,093,036 |
| State Operating | 2,491,003 | 2,697,985 | 206,982 | 8.3% | 2,900,149 | 15,339,950 |
| Property Taxes | 3,676,958 | 3,844,872 | 167,914 | 4.6% | 3,599,050 | 22,061,749 |
| Advertising & Miscellaneous | 405,793 | 561,176 | 155,383 | 38.3% | 412,985 | 1,660,675 |
| Subtotal Revenues and Operating Assistance | 8,890,117 | 9,178,227 | 288,110 | 3.2% | 9,045,546 | 51,969,055 |
| Grant Operating Revenue | - | - | - | 0.0% | - | - |
| Unrestricted Net Reserves | - | - | - | 0.0% | - | 8,030,753 |
| Total Revenues and Operating Assistance | \$ 8,890,117 | \$ 9,178,227 | \$ 288,110 | 3.2% | \$ 9,045,546 | \$ 59,999,808 |
| Expenses | | | | | | |
| Salaries and Wages | | | | | | |
| Administrative | \$ 1,248,262 | \$ 1,016,033 | \$ (232,229) | -18.6% | \$ 935,538 | \$ 8,113,721 |
| Operators | 2,595,532 | 2,356,059 | (239,473) | -9.2% | 2,283,815 | 16,870,956 |
| Maintenance | 596,822 | 539,849 | (56,973) | -9.5% | 415,200 | 3,879,337 |
| Subtotal Salaries and Wages | 4,440,616 | 3,911,941 | (528,675) | -11.9% | 3,634,553 | 28,864,014 |
| Benefits | 1,753,836 | 1,427,460 | (326,376) | -18.6% | 1,833,347 | 10,431,981 |
| Contractual Services | 872,702 | 824,971 | (47,731) | -5.5% | 674,309 | 5,538,372 |
| Materials and Supplies | | | | 0.0% | | - |
| Fuel and Lubricants | 204,418 | 154,504 | (49,914) | -24.4% | 289,031 | 2,273,730 |
| Other | 425,403 | 418,596 | (6,807) | -1.6% | 275,991 | 2,672,063 |
| Subtotal Materials and Supplies | 629,821 | 573,100 | (56,721) | -9.0% | 565,022 | 4,945,793 |
| Utilities, Insurance, and Miscellaneous | 1,334,620 | 1,271,429 | (63,191) | -4.7% | 1,417,042 | 5,967,010 |
| Purchased Transportation | 1,382,518 | 1,323,923 | (58,595) | -4.2% | 1,990,932 | 9,252,638 |
| Expenses Before Capitalized Operating | 10,414,113 | 9,332,824 | (1,081,289) | -10.4% | 10,115,207 | 64,999,808 |
| Capitalized Operating Expenses | (833,334) | - | 833,334 | -100.0% | - | (5,000,000) |
| Total Operating Expenses | \$ 9,580,779 | \$ 9,332,824 | \$ (247,955) | -2.6% | \$ 10,115,207 | \$ 59,999,808 |
| Net Surplus/(Deficit) without Net Reserves | | \$ (154,597) | | | \$ (1,069,661) | |
| Net Surplus/(Deficit) with Net Reserves | | | | | | |