Interurban Transit Partnership

Finance Committee Members

Mayor Gary Carey *Mayor Katie Favale* *Steven Gilbert* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING

Wednesday, November 4, 2026 – 4:00 p.m.

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

AGENDA

		PRESENTER	ACTION
1.	**PUBLIC COMMENT**		
2.	**MINUTES REVIEW – April 15, 2026**	Mayor Carey	Review
3.	**DISCUSSION**		
a.	Admin and Union Pension Actuarial Funding Review	Watkins Ross	Review
b.	Audit Plan	Linda Medina	Review
c.	September 2026 Preliminary Financials	Linda Medina	Review
d.	Paratransit	Deb Prato	Discussion
e.	Operating Expenses, Organizational Capabilities and Current Constraints	Medina/Prato	Discussion
4.	**ADJOURNMENT**		

Next meeting: TBD, 2027

Finance Committee Members

Mayor Gary Carey *Mayor Katie Favale* *Steven Gilbert* *Mayor Steve Maas*

FINANCE COMMITTEE MEETING MINUTES

Wednesday, April 15, 2026 – 4:00 p.m.

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

ATTENDANCE:

Committee Members Present:
Mayor Carey, Mayor Favale, Steve Gilbert

Committee Members Absent:
Mayor Maas

Rapid Attendees:
Steve Clapp, Kris Heald, Deron Kippen, Linda Medina, Nick Monoyios, James Nguyen, Deb Prato, Jason Prescott, Andy Prokopy, Tim Roseboom, Steve Schipper, Kevin Wisselink, Mike Wieringa

Public Attendees:

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

1. PUBLIC COMMENT

No public comment

2. MINUTES – January 21, 2026

Chairman Mayor Carey entertained a motion to approve the meeting minutes from January 21, 2026. Mayor Favale motioned to approve, and Mr. Gilbert supported it. The motion passed unanimously.

3. DISCUSSION

a. February 2026 Operating Statement, Ms. Linda Medina

Ms. Medina noted we are nearly halfway through the year; revenues are 5% favorable to the budget plan. Community Mental Health (CMH) contribution is below budget plan; actual ridership lower than in the budget plan. Advertising and Miscellaneous income are trending favorably, with the Advertising Minimum Annual Guarantee (MAG) for 25/26 set at $400,000. The contractor has already met the

MAG and has 7 months left on the contract leaving an opportunity for even greater returns. Interest on investment income returns has exceeded expectations.

Expenses:
Expenses are approximately 10.6% under the adopted budget plan. Reduced expenses are associated with lower salary, wages and benefit expenses.

Overall Purchased Transportation is trending under budget plan. The team continues to identify eligible Capitalized Operating Expenses, maintaining a favorable position through February.

b. Budget Timeline FY 26/27

April: Ms. Medina submits the initial draft forms to the Directors for review.

May: Leadership team meets to review and discuss the first draft of the budgets.

June: Follow-up reviews and revisions are made as necessary.

July: The draft budget is reviewed at the Board Budget Workshop.

August: The final budget is presented to the Board for approval and adoption.

This process emphasizes collaboration among the leadership team to ensure thorough review and alignment with our priorities before the board's final approval.

c. Budget Guidelines

Ms. Medina reviewed the Budget Guidelines and noted there are very few changes from last year's guidelines. Ms. Medina reviewed each guideline as follows:

- Funding is consistent with the guiding principles.
- The Union and Administrative defined benefit pension contributions will be based on actuarial recommendations.
- The use of Section 5307 funds will be used for preventative maintenance.
- Contracted service billing rates will include operational expenses.
- New item: A DASH pilot program will be initiated using a contracted service rate based on direct cost.
- Local Rapid funds will not be used to subsidize contract service unless approved by the board.
- State Operating Assistance assumption is 29%. Rates will be updated if changed.
- Unrestricted net reserves will be used to balance the budget if necessary.
- The budgeted millage rate will be flat or include minimal Headlee reduction.
- Implement adjustments to the administrative salary structure in accordance with the Compensation Study revision.

Mr. Gilbert mentioned ongoing discussions among the Board regarding the contracted service rate, particularly in relation to state operating assistance. He remains interested in how these conversations are developed and clarified.

Ms. Prato suggested that this would be an appropriate topic for discussion at the Board Budget Workshop. She highlighted that a significant change related to contract rate is moving DASH to a direct cost basis.

Ms. Medina mentioned she will prepare and present financial scenarios to the Board during the Budget Workshop to advance further discussion. Chairman Mayor Carey agreed with this approach, supporting the idea of exploring various scenarios to aid decision-making.

d. Contract Service Rate

Ms. Medina explained that the current rate is based on FY 24/25 audited numbers. There was a 4% decrease in the linehaul rate, partly due to reallocating some direct costs. The GO!Bus experienced an 8% decrease, which includes full state operating rate coverage. The annual hours for the service totaled 360,071. The linehaul rate without DASH or GO!Bus is $74.14. The rate including DASH rises to $94.73.

Ms. Prato noted these changes highlight the system was subsidizing DASH costs.

4. ADJOURNMENT

This meeting was adjourned at 4:20 p.m.
The next meeting is scheduled for June 10, 2026

Respectfully submitted,

Kris Heald, Board Secretary

Interurban Transit Partnership

Date: November 4, 2026

To: Finance Committee Board

From: Linda Medina, Director of Finance

Subject: FY 25/26 AUDIT PLAN DOCUMENT

OVERVIEW

To review the FY 25/26 audit plan as submitted by BDO USA, LLP (BDO) to perform ITP's FY 25/26 audit.

BACKGROUND

Professional standards require that BDO communicate to the Board their audit plan each fiscal year. The attached document provides an overview of BDO's audit plan of the financial statements and schedule of expenditures of federal awards for year ending September 30, 2026.

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

REPORT TO BOARD OF DIRECTORS

INTERURBAN TRANSIT PARTNERSHIP

2026 AUDIT PLAN
SEPTEMBER 30, 2026

Welcome

BDO USA, P.C.
109 Michigan St. Suite 601
Grand Rapids, MI 49503
Tel.: 616-774-7000
www.bdo.com

October 23, 2026

Board of Directors

Interurban Transit Partnership

We look forward to discussing with you the current year audit plan for Interurban Transit Partnership (ITP). This report provides an overview of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

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

Respectfully,

BDO USA, P.C.

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

Audit Overview & Strategy

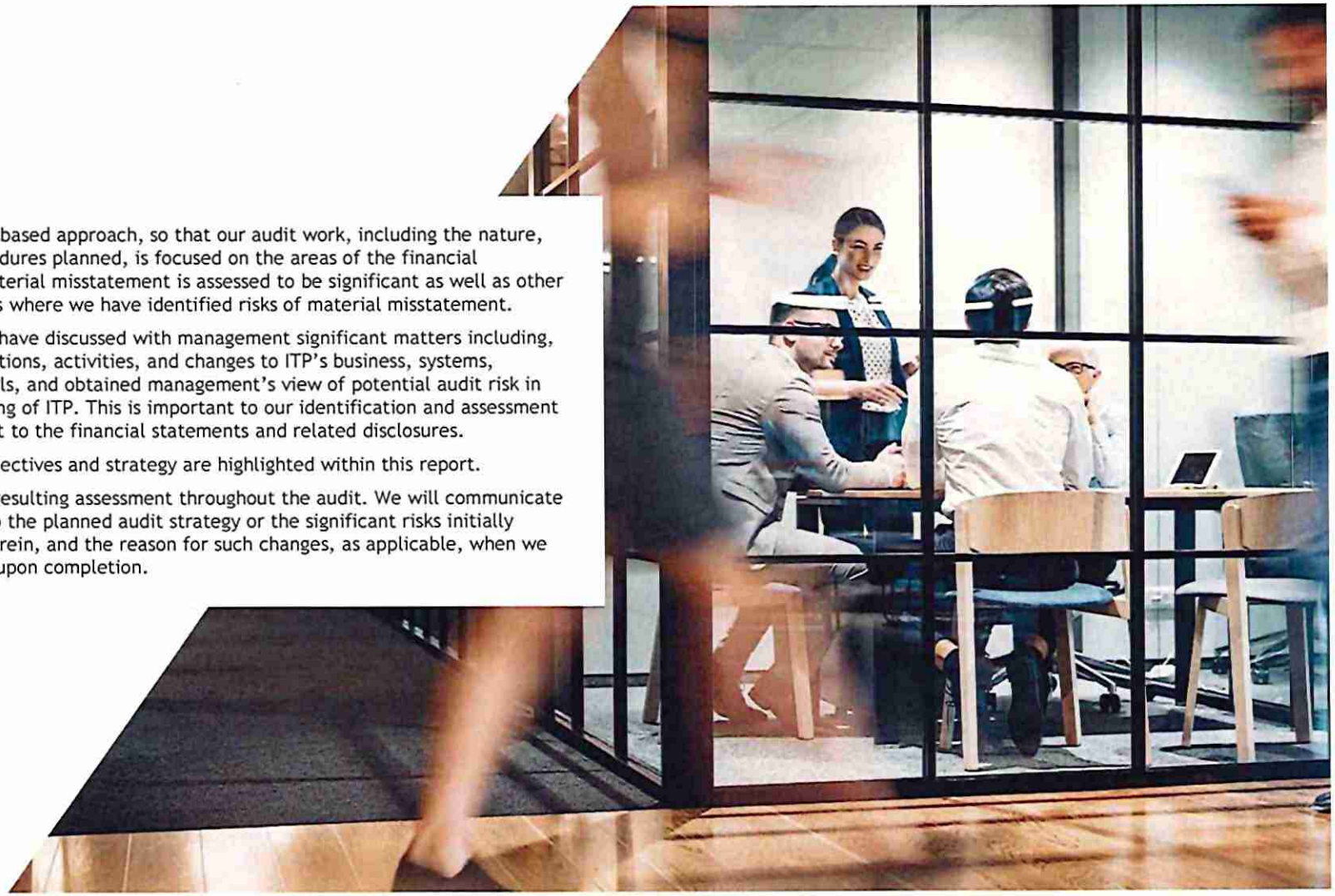
Overview

Our audit strategy follows a risk-based approach, so that our audit work, including the nature, timing and extent of audit procedures planned, is focused on the areas of the financial statements where the risk of material misstatement is assessed to be significant as well as other areas of the financial statements where we have identified risks of material misstatement.

In preparation for our audit, we have discussed with management significant matters including, but not limited to, market conditions, activities, and changes to ITP's business, systems, accounting principles and controls, and obtained management's view of potential audit risk in order to update our understanding of ITP. This is important to our identification and assessment of risks of material misstatement to the financial statements and related disclosures.

Key components of our audit objectives and strategy are highlighted within this report.

We will continue to update the resulting assessment throughout the audit. We will communicate to you any significant changes to the planned audit strategy or the significant risks initially identified and communicated herein, and the reason for such changes, as applicable, when we present the results of our audit upon completion.



Terms of the Audit and Independence

AUDITOR'S RESPONSIBILITY

BDO USA, P.C., as your auditor, is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework. We are also responsible for expressing an in relation to opinion on the schedule of expenditures of federal awards (SEFA) that has been prepared by management, with your oversight, is prepared in accordance with *Government Auditing Standards*. Our audit will be conducted in accordance with standards for financial audits contained in the *Government Auditing Standards* (GAS or Yellow Book) issued by the Comptroller General of the United States. Our audit will also be performed in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) for forming and expressing an opinion on compliance.

The audits do not relieve you of your responsibilities and do not relieve management of their responsibilities.

INDEPENDENCE

- Our engagement letter to you dated September 10, 2026, 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.

TERMS OF THE AUDIT

Our establishment and understanding of the terms of the audit engagement have been documented in our annual engagement letter, which was provided to you on September 10, 2026, and includes the objectives of the audit along with the responsibilities of both the auditor and of management for your reference.

- We will plan and perform the audit of the financial statements for the year ended September 30, 2026, in accordance with *Government Auditing Standards*.
- We will plan and perform the audit of the SEFA for the year ended September 30, 2026, in accordance with GAS and will issue an in relation to opinion.
- We will perform tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions is not an objective of our audit.
- We will consider the ITP's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with GAS and the Uniform Guidance.

Determining Our Planned Audit Strategy

We focus on areas with higher risk of material misstatement to the financial statements, whether due to error or fraud.

In addition, *Government Auditing Standards* require that we also plan and perform the audit to obtain reasonable assurance about whether ITP has complied with applicable laws, regulations and the terms and conditions of the federal awards that may have a direct and material effect on each of ITP's major federal programs.

Our audit strategy includes consideration of the following:

- Prior year audit results including discussions with management and those charged with governance regarding ITP's operations and risks.
- Inherent risk within ITP (i.e., the susceptibility of the financial statements to material error or fraud) without regard to the effect of controls.
- A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting ITP.
- Recent developments within the industry, regulatory environment, and general economic conditions.
- Recently issued and effective accounting and financial reporting guidance.
- ITP's significant and critical accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- The control environment, risk management and monitoring activities, and the possibility that internal controls may fail to prevent or detect a material misstatement due to error or fraud.
- The use of information systems and service organizations in the financial reporting process and overall IT environment.

Determining Our Planned Audit Strategy (cont.)

- We will consider ITP's internal control over financial reporting as a basis for designing audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ITP's effectiveness of internal control.
- Internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

We will communicate to you any significant changes to the planned audit strategy, or to the significant risks initially identified, that may occur during the audit due to the results of audit procedures or in response to external factors, such as changes in the economic environment.

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 planned audit procedures for these risks are detailed starting on page 12.

Management Override of Controls

Planned Use of Other Auditors and Persons Not Employed by BDO USA, P.C.

We plan to use the work of other auditors and persons not employed by BDO USA, P.C. in the 2026 audit. The table below represents the names, locations, and planned responsibilities.

Planned Use of Persons Not Employed by BDO USA, P.C.

Name	Location	Planned responsibilities
BDO RISE Private Limited (BDO RISE India)	Bengaluru, India	▸ Perform substantive audit testing

The use of other auditors and persons not employed by BDO USA, P.C. outside the core engagement team, are under the direct supervision of the core engagement team and engagement partner in accordance with applicable auditing standards.

[BDO RISE Private Limited (BDO RISE India) is a subsidiary of BDO USA, P.C.]

Detail of Significant Risks & Additional Audit Considerations

Management Override of Controls

SUMMARY OF AREA OF SIGNIFICANT RISK

Management's ability to override controls - Our audit approach will include consideration of additional procedures to address any fraud risks identified, including management override of internal controls. Our procedures will involve exercising professional skepticism and may involve additional procedures introducing an element of unpredictability in our audit or performing focused procedures on certain financial statement areas or transactions

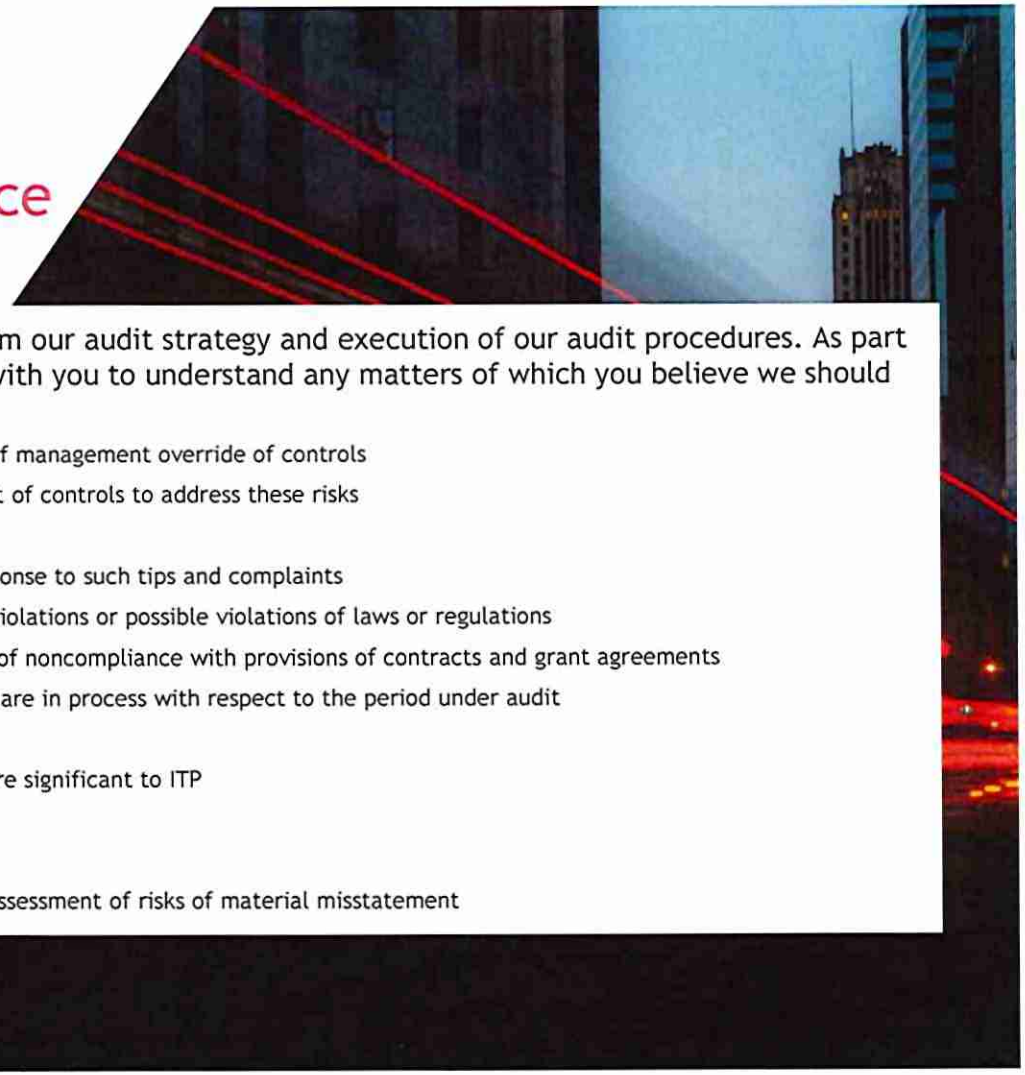
SUMMARY OF PLANNED AUDIT PROCEDURES

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

- BDO will review management's controls and programs relating to fraud and assess the design and implementation of such programs.
- BDO will inquire of management and other personnel as to their knowledge of any potential fraudulent or alleged fraudulent activities.
- BDO will perform journal entry testing through the use of our Journal Analyzer Data Analytics Tool.
- BDO will consider additional procedures to address any fraud risks identified, including management override of controls.

Inquiries of Those Charged with Governance

Obtaining Information from Those Charged with Governance



We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As part of the upcoming audit, we would like to discuss the following topics with you to understand any matters of which you believe we should be aware, including, but not limited to:

- Your views about the risk of material misstatements due to fraud, including the risk of management override of controls
- How you exercise oversight over ITP's assessment of fraud risks and the establishment of controls to address these risks
- Your awareness of any actual, alleged or suspected fraud or illegal acts affecting ITP
- Your awareness of tips or complaints regarding ITP's financial reporting and your response to such tips and complaints
- Your awareness of other matters relevant to the audit including, but not limited to, violations or possible violations of laws or regulations
- Your awareness of noncompliance with laws and regulations to include consideration of noncompliance with provisions of contracts and grant agreements
- Your awareness of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit
- Your awareness of any significant communications between ITP and regulators
- Your understanding of ITP's relationships and transactions with related parties that are significant to ITP
- Any business relationships between a BDO firm and ITP or its affiliates
- Whether ITP has entered into any significant unusual transactions
- Your awareness of any other information that is important to the identification and assessment of risks of material misstatement

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.

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 September 30, 2025, that the system provides 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.

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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BDO

The Rapid

Finance Committee Meeting

November 4, 2026

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BDO Audit Plan

Revenues

- FY 25/26 Preliminary Revenues
- Revenue Highlights

Expenses

- FY 25/26 Preliminary Expenses
- Expense Highlights

BDO Audit Plan

- Audit Fieldwork is scheduled for December 7-11, 2026
- Review audit draft at the January 2027 Finance Committee meeting
- Approve audit results at the January 27, 2027, Board of Directors meeting

FY 25/26 Preliminary – Revenue

	FY 25/26 Budget	FY 25/26 Projected	FY 25/26 Adopted vs. FY 25/26 Projected $	%
Revenues and Operating Assistance				
Passenger Fares	$ 4,813,645	$ 4,849,792	$ 36,147	0.8%
Sale of Transportation Services				
CMH Contribution	461,985	405,114	(56,871)	-12.3%
Dash Contract	2,501,834	2,259,022	(242,812)	-9.7%
Grand Valley State University	4,583,236	3,639,362	(943,874)	-20.6%
Van Pool Transportation	-	-	-	0.0%
Township Services	185,918	197,744	11,826	6.4%
Route 19	-	-	-	0.0%
Other	360,063	350,492	(9,571)	-2.7%
Subtotal Sale of Transportation Services	8,093,036	6,851,734	(1,241,302)	-15.3%
State Operating	15,339,950	13,815,915	(1,524,035)	-9.9%
Property Taxes	22,061,749	23,069,236	1,007,487	4.6%
Advertising & Miscellaneous	1,660,675	3,487,701	1,827,026	110.0%
Subtotal Revenues and Operating Assistance	51,969,055	52,074,378	105,323	0.2%
Grant Operating Revenue	-		-	0.0%
Unrestricted Net Reserves	8,030,753	-	(8,030,753)	-100.0%
Total Revenues and Operating Assistance	**$ 59,999,808**	**$ 52,074,378**	**$ (7,925,430)**	**-13.2%**

FY 25/26 Revenue Highlights Compared to Budget

Overall total Revenue is 0.2% over budget

Sale of Transportation Services

- DASH- Reduction in service hours due to the DASH reimagined pilot program
- GVSU- Original budget overstated anticipated revenue
- CMH- Ridership continues to trend lower than budgeted

Advertising and miscellaneous

- Bus advertising revenue outperformed the minimum annual contract guarantee; Interest income continued another strong year of performance.

FY 25/26 Preliminary – Expenses

	FY 25/26 Budget	FY 25/26 Projected	FY 25/26 Adopted vs. FY 25/26 Projected $	%
Expenses				
Salaries and Wages				
Administrative	$ 8,113,721	$ 6,498,042	$ (1,615,679)	-19.9%
Operators	16,870,956	14,789,075	(2,081,881)	-12.3%
Maintenance	3,879,337	3,436,839	(442,498)	-11.4%
Subtotal Salaries and Wages	28,864,014	24,723,956	(4,140,058)	-14.3%
Benefits	10,431,981	7,937,612	(2,494,369)	-23.9%
Contractual Services	5,538,372	4,344,401	(1,193,971)	-21.6%
Materials and Supplies	-			0.0%
Fuel and Lubricants	2,273,730	2,034,329	(239,401)	-10.5%
Other	2,672,063	2,559,026	(113,037)	-4.2%
Subtotal Materials and Supplies	4,945,793	4,593,354	(352,439)	-7.1%
Utilities, Insurance, and Miscellaneous	5,967,010	4,202,928	(1,764,082)	-29.6%
Purchased Transportation	9,252,638	8,156,628	(1,096,010)	-11.8%
Expenses Before Capitalized Operating	64,999,808	53,958,879	(11,040,929)	-17.0%
Capitalized Operating Expenses	(5,000,000)	(3,411,893)	1,588,107	-31.8%
Total Operating Expenses	**$ 59,999,808**	**$ 50,546,986**	**$ (9,452,823)**	**-15.8%**
Net Surplus/(Deficit) before Net Reserves		**$ 1,527,392**		

FY 25/26 Expense Highlights Compared to Budget

Overall expenses are 17% under forecast before capitalized operating expenses

Wages, salaries, and fringes	•Driven by vacancies in bus operators budgeted 245. •A post-budget compensation study found a greater concentration of employees near salary range midpoint, resulting in smaller compensation adjustments.
Contract Services	•Shelter cleaning contract was budgeted but expected to be executed in FY27. •TVM maintenance costs were lower than anticipated due to recent transition out of warranty.
Utilities, insurance, and miscellaneous	•Utilities and insurance expenses trended better than forecasted.
Purchases Transportation	•Contract revenue hour rate was below the budgeted rate.

Summary

- Audit engagement meeting conducted on August 24; data collection began in September and continues through November field work.
- Total preliminary revenues are $52 M compared to budgeted $51.9 M.
- Total preliminary expenses are $50.6 M with capitalizing operating expenses.
- Budget plan expected use of $8 M in reserves, preliminary year end balance does not require any use of reserves.