



Interurban Transit Partnership

Single Audit Report
Year Ended September 30, 2015

Interurban Transit Partnership

Single Audit Report
Year Ended September 30, 2015

This page intentionally left blank.

Interurban Transit Partnership

Contents

Independent Auditor's Report	5-9
Management's Discussion and Analysis	11-15
Basic Financial Statements	
Enterprise Fund:	
Statement of Net Position	18-19
Statement of Revenues, Expenses and Change in Net Position	21
Statement of Cash Flows	22-23
Fiduciary Funds:	
Statement of Fiduciary Net Position	24
Statement of Change in Fiduciary Net Position	25
Notes to Financial Statements	26-39
Required Supplementary Information	
Schedule of Change in the Net Pension Liability and Related Ratios - Administrative Plan	42
Schedule of Change in the Net Pension Liability and Related Ratios - Non-administrative Plan	43
Schedule of Contributions - Administrative Plan	44
Schedule of Contributions - Non-administrative Plan	45
Combining Statements and Supplementary Information	
Pension Trust Funds:	
Combining Statement of Plan Net Position	48
Combining Statement of Changes in Plan Net Position	49
Schedule of Non-operating Revenues - Local	50
Schedule of Non-operating Revenues - State and Federal	51
Schedule of Operating Expenses by Function	52-55
Schedule of Expenses by Grant	56-58
Schedule of Regular Service Expenses by Function - Urban	59
Schedule of Regular Service Revenues - Urban	60
Schedule of Hours and Miles - Urban	61
Schedule of Operating Assistance Calculation	63
Schedule of Expenditures of Federal Awards	64-65
Schedule of Expenditures of State Awards	66-67
Additional Information	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	71-73
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	75-77
Schedule of Findings and Questioned Costs	79

This page intentionally left blank.



Independent Auditor's Report

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2015 (as of and for the year ended June 30, 2015 for the Pension Trust Funds), and the related notes to the financial statements, which collectively comprise ITP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to ITP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

This page intentionally left blank.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Interurban Transit Partnership as of September 30, 2015 (June 30, 2015 for the Pension Trust Funds), and the respective changes in financial position and cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 7 to the financial statements, Interurban Transit Partnership implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 11-15 and the schedules of changes in ITP's net pension liability and related ratios and the schedules of contributions and actuarial assumptions on pages 42-43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise ITP's basic financial statements. The accompanying combining statements and supplementary information and the schedule of expenditures of federal awards required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This page intentionally left blank.

The combining statements and supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and supplementary information 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 February 11, 2016 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 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 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.

BDO USA, LLP

February 11, 2016

This page intentionally left blank.

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 year ended September 30, 2015.

Financial Highlights

- The state operating assistance rate for FY15 was 29.73%, down from 31.01% in FY 14.
- ITP levied the entire 1.47 mills in FY15 as approved by the taxpayers.
- GASB 68 - *Accounting and Financial Reporting for Pensions* became effective for FY15. This new pronouncement requires that ITP's net pension liability, as well as deferred outflows and inflows of resources related to pensions, be recorded in its financial statements. ITP recognized a net pension liability of \$9,833,836 at September 30, 2015.

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 Change 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 Statement of Net Position.

The Statement of Net Position reports 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 total net position was restated for September 31, 2014 as a result of the implementation of GASB 68 and 71 (see Note 7). Net position decreased by \$7.2 million during FY15, a decrease of 6.9% from FY14 (see Table A-1).

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

<i>September 30,</i>	2015	2014*
Current assets	\$ 22,594	\$ 24,632
Capital assets, net	107,875	114,690
Total assets	130,469	139,322
Deferred outflows of resources	397	-
Current liabilities	4,957	7,078
Net pension liability	9,834	-
Deferred inflows of resources	18,121	14,278
Net position		
Investment in capital assets	107,874	114,690
Unrestricted	(9,920)	3,276
Total Net Position	\$ 97,954	\$ 117,966

* The 2014 figures have not been updated for the adoption of GASB 68 and 71.

The decrease in net position during FY15 was due to depreciation expense exceeding capital acquisitions for the year, as well as the implementation of GASB 68 and 71.

The remainder of this page intentionally left blank.

Changes in Net Position

Net position decreased by \$7.2 million from September 30, 2014 to September 30, 2015 (see Table A-2).

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

<i>Year ended September 30,</i>	2015	2014*
Operating revenues		
Passenger fares	\$ 6,969	\$ 6,791
Advertising	151	128
Total operating revenues	7,120	6,919
Operating expenses		
Salaries and fringe benefits	25,098	23,491
Supplies and other operating expenses	20,290	25,916
Depreciation	10,744	9,309
Total operating expenses	56,132	58,716
Operating loss	(49,012)	(51,797)
Non-operating revenues		
State and federal	17,860	21,923
Property taxes	14,484	14,293
Other local	5,924	6,272
Total non-operating revenues	38,268	42,488
Loss before capital contributions	(10,744)	(9,309)
Capital contributions	3,541	21,251
Change in net position	(7,203)	11,942
Net Position, beginning of year (as previously reported)	117,966	106,024
Prior period restatement	(12,809)	-
Net Position, end of year	\$ 97,954	\$ 117,966

* The 2014 figures have not been updated for the adoption of GASB 68 and 71.

With construction of BRT completed during FY14, the Rapid experienced relatively little in the way of new capital investment during FY15. Depreciation expense from past investment dwarfed the current year investments and created the net reduction in net position.

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

<i>Year ended September 30,</i>	2015	2014	Percentage Change
Labor	\$ 16,029	\$ 15,081	6.3 %
Fringe benefits	9,069	8,410	7.8
Services	2,964	2,683	10.5
Materials and supplies consumed	5,618	11,690	(51.9)
Utilities	818	742	10.2
Casualty and liability costs	1,345	1,174	14.6
Purchased transportation	8,716	8,746	(0.3)
Miscellaneous	829	837	(1.0)

The new Silver Line BRT was the driving force behind increases in wages and fringes. The lack of any significant construction projects, along with declining fuel prices, resulted in a significant decline in materials consumed.

Capital Assets

As of September 30, 2015, ITP had invested nearly \$174 million in capital assets including land, land improvements, buildings, revenue equipment, and machinery and equipment. Net of accumulated depreciation, capital assets at September 30, 2015 totaled approximately \$108 million (see Table A-4). This amount represents a net decrease (including additions and disposals, net of depreciation) of approximately \$6.8, or 6% from September 30, 2014.

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

<i>September 30,</i>	2015	2014	Percentage Change
Land	\$ 8,991	\$ 8,571	0.0 %
Artwork	369	368	0.0
Easements	55	55	0.0
Software in development	82	-	100.0
Land improvements	3,994	4,066	(1.8)
Facilities	57,534	59,391	(3.1)
Revenue vehicles	29,637	34,087	(13.1)
Support equipment	2,243	2,331	(3.8)
Information systems and technology	4,209	4,478	(6.0)
Software	760	1,343	(43.4)
Total Net Capital Assets	\$ 107,874	\$ 114,690	(5.9)

Economic Factors and Next Year's Budget

The Governor of the State of Michigan signed a comprehensive transportation investment package late in calendar year 2015. It is unclear to what extent this package of new funding will be distributed to local bus operators. Recent history of the state's failing to match inflation and growth in public transportation demands has put significant financial pressures on local public transportation providers for several years.

This page intentionally left blank.

Basic Financial Statements

Interurban Transit Partnership

Statement of Net Position Enterprise Fund

September 30, 2015

Assets

Current Assets

Cash and investments (Note 2)	\$	14,097,923
Property taxes receivable, net		1,634,832
Due from federal government		3,263,033
Due from State of Michigan		961,620
Billed receivables		1,645,428
Materials and supplies inventories		675,871
Prepaid expenses and deposits		315,684

Total Current Assets		22,594,391
-----------------------------	--	-------------------

Capital Assets (Note 3)

Facilities		71,284,928
Revenue vehicles		60,636,823
Support equipment		11,269,989
Land and improvements		14,189,086
Information systems, technology and software		15,772,941
Other nondepreciable assets		506,356

173,660,123

Less accumulated depreciation		(65,785,687)
-------------------------------	--	--------------

Net Capital Assets		107,874,436
---------------------------	--	--------------------

Total Assets		130,468,827
---------------------	--	--------------------

Deferred Outflows of Resources

Related to pensions		397,072
---------------------	--	---------

Interurban Transit Partnership

Statement of Net Position Enterprise Fund

September 30, 2015

Liabilities

Current Liabilities

Accounts payable	\$	2,046,516
Employee compensation and related withholdings		2,179,395
Unredeemed fares		123,907
Unearned revenues		42,128
Due to State of Michigan		565,425

Total Current Liabilities		4,957,371
---------------------------	--	-----------

Net Pension Liability		9,833,836
-----------------------	--	-----------

Total Liabilities		14,791,207
-------------------	--	------------

Deferred Inflows of Resources

Property taxes received or receivable before the levy date		14,785,706
Related to pensions		3,335,012

Total Deferred Inflows of Resources		18,120,718
-------------------------------------	--	------------

Net Position

Investment in capital assets		107,874,436
Unrestricted		(9,920,462)

Total Net Position, as restated (Note 7)	\$	97,953,974
--	----	------------

See accompanying notes to financial statements.

This page intentionally left blank.

Interurban Transit Partnership
Statement of Revenues, Expenses and Change in Net Position
Enterprise Fund

Year ended September 30, 2015

Operating Revenues	
Passenger fares	\$ 6,969,276
Advertising (Note 1)	151,039
Total operating revenues	7,120,315
Operating Expenses	
Salaries and fringe benefits	25,098,081
Supplies and other operating expenses	20,289,676
Depreciation	10,744,307
Total operating expenses	56,132,064
Operating loss	(49,011,749)
Non-operating Revenues	
State and federal	17,859,915
Property taxes	14,483,950
Other local	5,923,578
Total non-operating revenues	38,267,443
Loss before capital contributions	(10,744,306)
Capital Contributions	3,541,697
Change in net position	(7,202,609)
Net Position, beginning of year, as restated (Note 7)	105,156,583
Net Position, end of year	\$ 97,953,974

See accompanying notes to financial statements.

Interurban Transit Partnership

Statement of Cash Flows Enterprise Fund

Year ended September 30, 2015

Cash From (for) Operating Activities	
Receipts from customers	\$ 7,169,473
Payments to suppliers	(30,548,583)
Payments to employees	(17,311,425)
<hr/>	
Net cash for operating activities	(40,690,535)
<hr/>	
Cash From Noncapital Financing Activities	
Federal grants received	3,742,769
State grants received	12,504,889
Local government assistance received	5,779,290
Property taxes	14,990,178
Other income	104,186
<hr/>	
Net cash from noncapital financing activities	37,121,312
<hr/>	
Cash From (for) Capital and Related Financing Activities	
Federal contributed capital	7,313,898
State contributed capital	1,420,382
Purchase of capital assets	(3,928,886)
Proceeds from sale of capital assets	61,393
<hr/>	
Net cash from capital and related financing activities	4,866,787
<hr/>	
Cash From Investing Activity	
Interest received on investments	56,118
<hr/>	
Net Increase in Cash and Investments	1,353,682
<hr/>	
Cash and Investments, beginning of year	12,744,241
<hr/>	
Cash and Investments, end of year	\$ 14,097,923

Interurban Transit Partnership

Statement of Cash Flows Enterprise Fund

Year ended September 30, 2015

Reconciliation of Operating Loss to Net Cash for Operating Activities	
Operating loss	\$ (49,011,749)
Adjustments to reconcile operating loss to net cash for operating activities:	
Depreciation	10,744,307
Changes in assets and liabilities:	
Increase in billed receivables	(95,265)
Increase in inventories	(29,255)
Increase in prepaid expenses and deposits	(42,033)
Decrease in accounts payable	(2,254,524)
Increase in accrued payroll	30,798
Increase in unredeemed fares	51,359
Increase in other liabilities	(84,173)
<hr/>	
Net Cash for Operating Activities	\$ (40,690,535)

See accompanying notes to financial statements.

Interurban Transit Partnership
Statement of Fiduciary Net Position

<i>June 30, 2015</i>	Pension Trust Funds
Assets	
Cash and short-term investments (Note 2)	\$ 629,957
Receivables	
Employer contributions	50,031
Interest and dividends receivable	7
Total receivables	50,038
Investments, at fair value (Note 2)	
Bond mutual funds	2,756,810
Equity mutual funds	6,849,853
Real estate fund	500,165
Total investments, at fair value	10,106,828
Total Assets	10,786,823
Net Position Held in Trust for Pension Benefits	\$ 10,786,823

See accompanying notes to financial statements.

Interurban Transit Partnership
Statement of Change in Fiduciary Net Position

<i>Year ended June 30, 2015</i>	Pension Trust Funds
Additions	
Employer contributions	\$ 1,079,399
Investment income (expense):	
Net depreciation	(255,385)
Interest	55
Dividends	388,391
Investment expense	(56,075)
Total investment income	76,986
Total additions	1,156,385
Deductions	
Benefits	927,003
Administrative expense	35,052
Total deductions	962,055
Change in net position	194,330
Net Position Held in Trust for Pension Benefits, beginning of year	10,592,493
Net Position Held in Trust for Pension Benefits, end of year	\$ 10,786,823

See accompanying notes to financial statements.

Interurban Transit Partnership

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

The Interurban Transit Partnership (ITP) was created in 2000 pursuant to the provisions of the Public Transit Authority Act of 1986, as amended. The six-member municipalities of East Grand Rapids, Grand Rapids, Grandville, Kentwood, Walker and Wyoming each levy 1.47 mills to fund operations. ITP replaced the Grand Rapids Area Transit Authority.

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, and expenses are recognized when incurred. Grants are recognized as revenue as soon as all eligibility requirements have been met.

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

Cash

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

Materials and Supplies Inventories

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

Investments

Investments 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:

	Years
Facilities	20 - 40
Revenue vehicles	3 - 12
Support equipment	3 - 10
Land improvements	10 - 30
Information systems, technology and software	3 - 10

Unearned Revenues

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

Deferred Outflows of Resources

In addition to assets, the statement of net position reports 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 (expense) until then. ITP has pension-related items that qualify to be reported in this category. These amounts are expensed in the plan years in which it applies.

Deferred Inflows of Resources

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

Pensions

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

Interurban Transit Partnership

Notes to Financial Statements

Net Position

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

Compensated Absences

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

Property Taxes

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

Property taxes are recognized as revenue in the period for which they are levied for, with proper allowances made for estimated uncollectible amounts. The Rapid levied 1.47 mills for FY15, as approved by the voters in a prior year.

Advertising

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

Estimates

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

Subsequent Events

Management has evaluated subsequent events through February 11, 2016, the date the financial statements were available to be issued.

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, 2015, the bank balances were \$14,289,340, of which \$13,147,945 was uninsured and uncollateralized.

Accounts held by government depositors are insured as follows:

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

Investments

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

At September 30, 2015, ITP's Enterprise Fund had the following investment:

<i>Investment</i>	<i>Maturity</i>	<i>Fair Value</i>
Kent County Investment Pool	Less than 1 year	\$ 83,877
Total		\$ 83,877

At June 30, 2015, ITP's Pension Trust Funds had investments in mutual funds with a value of \$10,736,785 that mature in less than one year.

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.

Interurban Transit Partnership

Notes to Financial Statements

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, 2015.

Credit Risk

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

At September 30, 2015, ITP's investments had the following credit ratings and exposure:

<i>Investment Type</i>	Rating	Credit Exposure as a Percent of Total Investments
Enterprise Fund		
Kent County Investment Pool	Not rated	100.00%
Pension Trust Funds		
Money market funds	Moody's A-mf	5.87%
Bond mutual funds	Not rated	25.68%

The remainder of this page intentionally left blank.

Interurban Transit Partnership

Notes to Financial Statements

3. Capital Assets

Capital asset activity for the year ended September 30, 2015 is as follows:

	Balance October 1, 2014	Additions	Transfers/ Deletions	Balance September 30, 2015
Capital Assets				
Capital assets not being depreciated:				
Land	\$ 8,570,570	\$ 419,955	\$ -	\$ 8,990,525
Artwork	368,470	-	-	368,470
Easements - intangible	55,000	-	-	55,000
Capital assets being depreciated:				
Facilities	70,711,630	573,298	-	71,284,928
Revenue vehicles	60,832,808	991,468	1,187,453	60,636,823
Support equipment	10,744,899	916,119	391,029	11,269,989
Land improvements	5,011,322	187,239	-	5,198,561
Information systems and technology	12,787,931	739,640	369,388	13,158,183
Software - intangible	2,606,665	18,280	10,188	2,614,757
Software in development	-	82,887	-	82,887
Total capital assets	171,689,295	3,928,886	1,958,058	173,660,123
Accumulated depreciation:				
Facilities	11,320,480	2,430,378	-	13,750,858
Revenue vehicles	26,746,460	5,440,680	1,187,453	30,999,687
Support equipment	8,413,575	1,004,571	391,029	9,027,117
Land improvements	945,306	258,828	-	1,204,135
Information systems and technology	8,310,374	1,007,949	369,388	8,948,935
Software - intangible	1,263,242	601,902	10,188	1,854,955
Software in development	-	-	-	-
Total accumulated depreciation	56,999,437	10,744,308	1,958,058	65,785,687
Net Capital Assets	\$ 114,689,858	\$ (6,815,422)	\$ -	\$107,874,436

4. Pension and Retirement Plans

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

Plan Description - Administrative Plan

ITP administers the Administrative Plan - a single-employer defined benefit pension plan that provides pensions for participants as defined by the plan document. The plan is currently closed to new participants. Administrative employees who 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

Interurban Transit Partnership

Notes to Financial Statements

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

The plan issues a separate financial report which may be obtained by contacting ITP.

As of June 30, 2015, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	14
Terminated employees entitled to benefits but not yet receiving them	18
Active plan members	8
<hr/>	
Total	40

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). Non-administrative employees are 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 plan issues a separate financial report which may be obtained by contacting ITP.

As of June 30, 2015, the plan's membership consisted of:

Retirees and beneficiaries currently receiving benefits	93
Terminated employees entitled to benefits but not yet receiving them	96
Active plan members	275
<hr/>	
Total	464

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, 2014 to June 30, 2015, 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.

Actuarial Assumptions

The total pension liability for both plans was determined by an actuarial valuation as of July 1, 2015 and the following actuarial assumptions, applied to all periods included in the measurement:

	Administrative Plan	Non-administrative Plan
Inflation	2.00 %	2.00 %
Salary increases	3.00	n/a
Investment rate of return	4.45	4.85

Discount Rate

The discount rate used to measure the total pension liability for the Administrative Plan was 5.26% and 4.53% 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, the both plans' fiduciary net position was not 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 discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate is used to determine the Total Pension Liability.

The remainder of this page intentionally left blank.

Interurban Transit Partnership

Notes to Financial Statements

Sensitivity of the Net Pension liability to Changes in the Discount Rate

The following tables present the pension plans' net pension liability, calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<i>Administrative plan</i>	1% Decrease (4.26%)	Current Rate (5.26%)	1% Increase (6.26%)
----------------------------	------------------------	-------------------------	------------------------

Net Pension Liability	\$ 3,514,627	\$ 2,792,983	\$ 2,187,091
------------------------------	---------------------	---------------------	---------------------

<i>Non-administrative plan</i>	1% Decrease (3.53%)	Current Rate (4.53%)	1% Increase (5.53%)
--------------------------------	------------------------	-------------------------	------------------------

Net Pension Liability	\$ 9,076,014	\$ 7,040,853	\$ 5,351,089
------------------------------	---------------------	---------------------	---------------------

Long-Term Expected Rate of Return and Asset Allocation

The long-term expected rate of retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate or 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.

<i>Asset Class</i>	Administrative Plan		Non-administrative Plan	
	Target Allocation	Long-Term Expected Rate of Return	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	44 %	6.17 %	49 %	6.17 %
International Equity	12	7.04	14	7.04
Fixed Income	37	1.49	29	1.49
Cash	3	1.00	3	1.00
Real Estate	4	7.63	5	7.63

The remainder of this page intentionally left blank.

Interurban Transit Partnership

Notes to Financial Statements

Changes in the Net Pension Liability

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

	Total Pension Liability (a)	Plan Fiduciary Net Positions (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2014	\$ 6,330,701	\$ 3,116,094	\$ 3,214,607
Changes in pension liability			
Service cost	112,377	-	112,377
Interest	245,343	-	245,343
Experience gains	(38,442)	-	(38,442)
Contributions - employer	-	434,492	(434,492)
Assumption change	(320,471)	-	(320,471)
Net investment income	-	(1,878)	1,878
Benefit payment	(485,609)	(485,609)	-
Administrative expenses	-	(12,183)	12,183
Net changes in pension liability	(486,802)	(65,178)	(421,624)
Balance, June 30, 2015	\$ 5,843,899	\$ 3,050,916	\$ 2,792,983

The following table summarized changes in the net pension liability related to the Non-administrative Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Positions (b)	Net Pension Liability (a) - (b)
Balance, June 30, 2014	\$ 17,122,275	\$ 7,476,399	\$ 9,645,876
Changes in pension liability			
Service cost	787,815	-	787,815
Interest	650,711	-	650,711
Experience gains	(158,069)	-	(158,069)
Contributions - employee	-	644,907	(644,907)
Assumption change	(3,184,578)	-	(3,184,578)
Net investment income	-	78,864	(78,864)
Benefit payment	(441,394)	(441,394)	-
Administrative expenses	-	(22,869)	22,869
Net changes in pension liability	(2,345,515)	259,508	(2,605,023)
Balance, June 30, 2015	\$ 14,776,760	\$ 7,735,907	\$ 7,040,853

Interurban Transit Partnership

Notes to Financial Statements

Deferred Inflows and Outflows of Resources Related to the Pension Plan

At September 30, 2015, 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	\$ -	\$ 30,754	\$ -	\$ 144,130
Change of assumptions	-	256,377	-	2,903,751
Net difference between projected and actual earnings on pension plan investments	110,162	-	237,380	-
Contributions subsequent to the measurement date	49,530	-	-	-
Total	\$ 159,692	\$ 287,131	\$ 237,380	\$ 3,047,881

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. The \$49,530 reported as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year ended September 30,</i>	Administrative Plan	Non- administrative Plan	Total
2016	\$ (44,241)	\$ (235,421)	\$ (279,662)
2017	(44,241)	(235,421)	(279,662)
2018	(44,241)	(235,421)	(279,662)
2019	(43,946)	(235,421)	(279,667)
2020	-	(294,766)	(294,766)
Thereafter	-	(1,574,051)	(1,574,051)

Components of Pension Expense

For the year ended September 30, 2015, ITP recognized pension expense of \$189,837 for the Administrative Plan and \$205,478 for the Non-administrative Plan.

Interurban Transit Partnership

Notes to Financial Statements

Below are the components of the total pension expense:

<i>Year ended September 30, 2015</i>	Administrative Plan	Non- administrative Plan
Service cost	\$ 112,377	\$ 787,815
Interest	245,343	650,711
Experience gains	(7,688)	(13,939)
Assumption change	(64,094)	(280,827)
Employee contributions	-	(644,907)
Projected earnings on pension plan investments	(135,825)	(375,589)
Investment earnings losses	27,541	59,345
Administrative expenses	12,183	22,869
Total Pension Expense	\$ 189,837	\$ 205,478

Defined Contribution - Administrative Plan

ITP has a non-contributory defined contribution benefit plan for its administrative employees. The plan was established July 1, 2000. Administrative employees are eligible to participate on the first day of the month following completion of six months of service, provided that the employee has at least 500 hours of service. The plan provides 100% vesting after five years of service. The contribution is made monthly at 9.0% of compensation paid during the month. ITP made contributions of approximately \$287,000 for the plan year ended June 30, 2015.

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 pool, which is adjusted retroactively to reflect the actual cost. Each member is responsible for all losses falling within its selected retention level, plus its share of pool losses and administrative expenses, less its share of investment income. The agreement for formation of the Michigan Transit Pool (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 fiscal year 2015 of up to 50% of eligible expenses, based upon actual costs and the appropriated funds available. Maximum operating assistance from MDOT totaled \$19,488,450 in 2015. Actual operating assistance accrued based on MDOT's stated funding rate of 29.73% totaled \$11,587,832 in 2015.

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. Pursuant to the terms of those grants and applicable state and federal law, ITP is required to remit to the state and federal governments substantially all of the amounts it may receive as a result of the sale or other disposal of the property which has been purchased with monies provided by state and federal grants.

7. Implementation of New Pronouncement and Prior Period Restatements

For the year ended September 30, 2015, ITP implemented the following new pronouncements: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Summary

GASB Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position an actuarial calculation of the net pension liability. The net pension liability is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. The Statement also will improve the comparability and consistency of how governments calculate the pension liabilities and expense.

GASB Statement No. 71 addresses the issue of contributions made to the defined benefit pension plans after the measurement date for the year in which GASB Statement No. 68 is implemented. The effect is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual basis financial statements.

Interurban Transit Partnership

Notes to Financial Statements

The restatement of the beginning of the year net position is as follows:

	Enterprise Fund
Net Position as Previously Stated, October 1, 2014	\$ 117,965,908
Adoption of GASB Statements 68 and 71	
Net pension liability	(12,860,483)
Deferred outflows	51,158
Net Position as Restated, October 1, 2014	\$ 105,156,583

This page intentionally left blank.

Required Supplementary Information

Interurban Transit Partnership

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

Year ended June 30, 2015

Total Pension Liability		
Service cost	\$	112,377
Interest		245,343
Difference between expected and actual experience		(38,442)
Change of assumptions		(320,471)
Benefit payments		(485,609)
<hr/>		
Net Change in Total Pension Liability		(486,802)
<hr/>		
Total Pension Liability - beginning		6,330,701
<hr/>		
Total Pension Liability - ending (a)		5,843,899
<hr/>		
Plan Fiduciary Net Position		
Contributions - employer		434,492
Net investment income		(1,878)
Benefit payments		(485,609)
Administrative expenses		(12,183)
<hr/>		
Net Change in Fiduciary Net Position		(65,178)
<hr/>		
Plan Fiduciary Net Position - beginning		3,116,094
<hr/>		
Plan Fiduciary Net Position - ending (b)		3,050,916
<hr/>		
Net Pension Liability - ending (a)-(b)	\$	2,792,983
<hr/>		
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		52.2%
<hr/>		
Covered-employee payroll	\$	719,319
<hr/>		
Net Pension Liability as a Percentage of Covered-Employee Payroll		388.3%

An additional year will be added to the schedule each year until ten years are presented.

Amounts presented for the fiscal year are determined based on a measurement date of July 1 of the current year.

Interurban Transit Partnership

Schedule of Change in the Net Pension Liability and Related Ratios - Non-administrative Plan

Year ended June 30, 2015

Total Pension Liability		
Service cost	\$	787,815
Interest		650,711
Difference between expected and actual experience		(158,069)
Change of assumptions		(3,184,578)
Benefit payments		(441,394)
<hr/>		
Net Change in Total Pension Liability		(2,345,515)
<hr/>		
Total Pension Liability - beginning		17,122,275
<hr/>		
Total Pension Liability - ending (a)		14,776,760
<hr/>		
Plan Fiduciary Net Position		
Contributions - employee		644,907
Net investment income		78,864
Benefit payments		(441,394)
Administrative expenses		(22,869)
<hr/>		
Net Change in Fiduciary Net Position		259,508
<hr/>		
Plan Fiduciary Net Position - beginning		7,476,399
<hr/>		
Plan Fiduciary Net Position - ending (b)		7,735,907
<hr/>		
Net Pension Liability - ending (a)-(b)	\$	7,040,853
<hr/>		
Plan Fiduciary Net Position as a Percentage of Total Pension Liability		52.4%
<hr/>		
Covered-employee payroll		n/a
<hr/>		
Net Pension Liability as a Percentage of Covered-Employee Payroll		n/a
<hr/>		

An additional year will be added to the schedule each year until ten years are presented.

Amounts presented for the fiscal year are determined based on a measurement date of July 1 of the current year.

Interurban Transit Partnership
Schedule of Contributions - Administrative Plan

Fiscal year ended September 30, 2015

Actuarially determined contribution	\$	214,687
Actual contribution		434,492
<hr/>		
Contribution deficiency (excess)	\$	(219,805)
<hr/>		
Covered payroll	\$	719,319
Actual contribution as a percentage of covered payroll		60.4%
<hr/>		

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal (level of percentage of pay)
Asset valuation method	Market value
Retirement age	Age 65
Interest rate	6.45% per annum rate of asset return and 3.15% 20-year AA/Aa tax-exempt municipal bond
Mortality tables:	
Pre-retirement	None
Post-retirement	IRC Sec. 417(e)(3) Applicable 2015 Mortality Table
Turnover rates	None
Salary scale	3% per year
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	Post-retirement mortality was changed from IRC Sec. 417(e)(3) Applicable 2014 Mortality Table to the 2015 Table; interest rate was changed from 4.03%
Cost of living adjustments after retirement	None

Interurban Transit Partnership

Schedule of Contributions - Non-administrative Plan

Fiscal year ended September 30, 2015

Actuarially determined contribution	\$	584,391
Actual contribution		648,347
<hr/>		
Contribution deficiency (excess)	\$	(63,956)

Covered payroll		n/a
Actual contribution as a percentage of covered payroll		n/a

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2015
Actuarial cost method	Entry Age Normal (level dollar amount)
Asset valuation method	Market value
Retirement age	10% are assumed to retire at age 62 (if eligible for early retirement) and all remaining at age 65 (or current age if older)
Interest rate	6.85% per annum rate of asset return and 3.15% 20-year AA/Aa tax-exempt municipal bond
Mortality table	2015 430(h) Mortality tables (non-annuitant and annuitants); ages set forward 3 years as in recent valuations; before the age set forward these tables are based on RP-2000 adjusted for mortality improvement using Projection Scale AA
Turnover rates	Crocker-Sarason-Straight T-5
Ancillary benefits values	Vesting and pre-retirement death
Normal cost expenses (non-investment related)	Estimated expense is calculated as the average of prior two years' non-investment related expenses paid from the trust, rounded to the nearest \$1,000
Date and form of data	All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross
Changes since prior valuation	The mortality tables changed from 2014 430(h) tables; interest rate was changed from 3.85%; retirement rate at age 62 changed from 50%
Cost of living adjustments after retirement	None

This page intentionally left blank.

Combining Statements and Supplementary Information

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

<i>June 30, 2015</i>	Administrative Plan	Non- administrative Plan	Total
Assets			
Cash and short-term investments	\$ 157,706	\$ 472,251	\$ 629,957
Receivables			
Employer and employee contributions	-	50,031	50,031
Interest and dividends receivable	3	4	7
Total receivables	3	50,035	50,038
Investments, at fair value			
Bond mutual funds	574,540	2,182,270	2,756,810
Equity mutual funds	2,086,191	4,763,662	6,849,853
Real estate fund	232,476	267,689	500,165
Total investments, at fair value	2,893,207	7,213,621	10,106,828
Total Assets	3,050,916	7,735,907	10,786,823
Net Position Held in Trust for Pension Benefits	\$ 3,050,916	\$ 7,735,907	\$ 10,786,823

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

<i>Year ended June 30, 2015</i>	Administrative Plan	Non- administrative Plan	Total
Additions			
Employer and employee contributions	\$ 434,492	\$ 644,907	\$ 1,079,399
Investment income:			
Net depreciation	(81,921)	(173,464)	(255,385)
Interest	16	39	55
Dividends	98,165	290,226	388,391
Investment expense	(18,138)	(37,937)	(56,075)
Total investment income	(1,878)	78,864	76,986
Total additions	432,614	723,771	1,156,385
Deductions			
Benefits	485,609	441,394	927,003
Administrative expense	12,183	22,869	35,052
Total deductions	497,792	464,263	962,055
Change in net position	(65,178)	259,508	194,330
Net Position Held in Trust for Pension Benefits, beginning of year	3,116,094	7,476,399	10,592,493
Net Position Held in Trust for Pension Benefits, end of year	\$ 3,050,916	\$ 7,735,907	\$ 10,786,823

Interurban Transit Partnership
Schedule of Non-operating Revenues - Local

Year ended September 30, 2015

Local Revenue	
Property taxes	\$ 14,483,950
Grand Valley State University	2,600,125
Network 180	1,217,529
DASH - City of Grand Rapids	1,133,290
Van pool	221,927
Ferris State University	103,067
Grand Rapids Community College	82,777
Amtrak	66,324
Alpine Township	78,130
Byron Township	62,320
Cascade Township	28,064
Gaines Township	47,786
Other local services	60,542
<hr/>	
Total local revenue	20,185,831
<hr/>	
Other Income	
Gain on sale of property	61,393
Retail lease	53,756
Interest income	56,118
Miscellaneous	50,430
<hr/>	
Total other income	221,697
<hr/>	
Total Non-operating Revenues - Local	\$ 20,407,528
<hr/>	

Interurban Transit Partnership

Schedule of Non-operating Revenues - State and Federal

Year ended September 30, 2015

State of Michigan Grants	
General operating assistance	\$ 11,540,708
Capital assistance	1,045,973
Planning and miscellaneous project assistance	101,886
Specialized services	463,289
<hr/>	
Total State of Michigan grants	13,151,856
<hr/>	
Federal Government Grants	
Capital assistance	4,183,895
Planning and miscellaneous project assistance	524,164
<hr/>	
Total federal government grants	4,708,059
<hr/>	
Total Non-operating Revenues - State and Federal	\$ 17,859,915

Interurban Transit Partnership
Schedule of Operating Expenses by Function

<i>Year ended September 30, 2015</i>	General	
	Operations	Maintenance
Labor		
Operators' salaries and wages	\$ 10,862,590	\$ -
Other salaries and wages	1,281,940	1,978,407
Dispatchers' salaries and wages	126,107	-
Total labor	12,270,637	1,978,407
Fringe Benefits		
Pension	845,258	95,559
Other fringe benefits	5,900,326	953,719
Total fringe benefits	6,745,584	1,049,278
Services		
Audit fees	-	-
Other services	376,749	1,008,269
Total services	376,749	1,008,269
Materials and Supplies Consumed		
Fuel and lubricants	3,106,221	-
Tires and tubes	-	25,377
Other materials and supplies	13,290	1,382,892
Total materials and supplies consumed	3,119,511	1,408,269
Utilities		
Other	-	-
Casualty and Liability Costs		
Premiums for public liability and property damage insurance	1,085,007	-
Other insurance	-	-
Total casualty and liability costs	1,085,007	-

Interurban Transit Partnership
Schedule of Operating Expenses by Function

Operations			
Administration	Total	Grants	Total System
\$ -	\$ 10,862,590	\$ -	\$ 10,862,590
1,710,420	4,970,767	69,383	5,040,150
-	126,107	-	126,107
1,710,420	15,959,464	69,383	16,028,847
396,071	1,336,888	-	1,336,888
841,128	7,695,173	37,173	7,732,346
1,237,199	9,032,061	37,173	9,069,234
47,800	47,800	-	47,800
769,510	2,154,528	762,136	2,916,664
817,310	2,202,328	762,136	2,964,464
-	3,106,221	-	3,106,221
-	25,377	234,867	260,244
75,306	1,471,488	780,093	2,251,581
75,306	4,603,086	1,014,960	5,618,046
817,674	817,674	-	817,674
-	1,085,007	-	1,085,007
260,021	260,021	-	260,021
260,021	1,345,028	-	1,345,028

Interurban Transit Partnership
Schedule of Operating Expenses by Function

<i>Year ended September 30, 2015</i>	General	
	Operations	Maintenance
Purchased Transportation	\$ 7,444,415	\$ -
Miscellaneous		
Travel and meetings	16,522	1,271
Advertising/promotion media	-	-
Other miscellaneous	2,014	34,451
Total miscellaneous	18,536	35,722
Leases and Rentals	-	-
Depreciation	-	-
Preventive Maintenance	-	(2,966,987)
Total Expenses	\$ 31,060,439	\$ 2,512,958

Interurban Transit Partnership
Schedule of Operating Expenses by Function

Operations				Total
Administration	Total	Grants		System
\$ -	\$ 7,444,415	\$ 1,271,343	\$	8,715,758
28,367	46,160	76,742		122,902
450,235	450,235	68,720		518,955
98,622	135,087	14,762		149,849
577,224	631,482	160,224		791,706
-	-	18,500		18,500
10,744,307	10,744,307	-		10,744,307
-	(2,966,987)	2,985,487		18,500
\$ 16,239,461	\$ 49,812,858	\$ 6,319,206	\$	56,132,064

Interurban Transit Partnership

Schedule of Expenses by Grant

<i>Year ended September 30, 2015</i>	Total	001 General Operations
Expenses		
Labor	\$ 16,028,847	\$ 15,959,464
Fringe benefits	9,069,234	9,032,061
Services	2,964,464	2,202,328
Materials and supplies consumed	5,618,046	4,603,086
Utilities	817,674	817,674
Casualty and liability costs	1,345,028	1,345,028
Purchased transportation	8,715,758	7,444,415
Miscellaneous	791,706	631,482
Leases and rentals	18,500	-
Preventive maintenance	18,500	(2,966,987)
Depreciation	10,744,307	10,744,307
Total Expenses	\$ 56,132,064	\$ 49,812,858

Interurban Transit Partnership 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 Expenses by Grant

490 MI-90-X626 07-0230-Z28-01 FY11 Section 5307	500 MI-90-X626 07-0230-Z28-01 FY12 Section 5307	510 MI-90-X658 12-0104-P7 FY13 Section 5307	770 MI-95-X064 07-0230-Z27 FY11 Section 5307	791 2012-0104-P12 Specialized Services
\$ -	\$ -	\$ -	\$ 38,789	\$ -
-	-	-	21,012	-
190,430	125,585	224,631	7,800	-
100	22,678	632,711	8	-
-	-	-	-	-
-	-	-	-	-
-	-	780,000	28,054	463,289
6,193	24,066	70,451	45,554	-
-	-	18,500	-	-
-	-	2,985,487	-	-
-	-	-	-	-
\$ 196,723	\$ 172,329	\$ 4,711,780	\$ 141,217	\$ 463,289

Interurban Transit Partnership

Schedule of Expenses by Grant

	865 MI-03-X239 07-0230-Z18 FY09 Section 5309	866 MI-90-X003 07-0230-Z21	868 MI-39-0003 07-0230-Z21 FY10 Section 5339	869 MI-90-X003 07-0230-Z21
<i>Year ended September 30, 2015</i>				
Expenses				
Labor	\$ 30,594	\$ -	\$ -	\$ -
Fringe benefits	16,161	-	-	-
Services	37,524	104,491	61,410	10,265
Materials and supplies consumed	350,081	-	9,382	-
Utilities	-	-	-	-
Casualty and liability costs	-	-	-	-
Purchased transportation	-	-	-	-
Miscellaneous	25,367	-	(13,268)	1,861
Leases and rentals	-	-	-	-
Preventive maintenance	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	\$ 459,727	\$ 104,491	\$ 57,524	\$ 12,126

Interurban Transit Partnership

Schedule of Regular Service Expenses by Function - Urban

<i>Year ended September 30, 2015</i>	Operations	Maintenance	Administration	Total
Labor				
Operators' salaries and wages	\$ 10,862,590	\$ -	\$ -	\$ 10,862,590
Other salaries and wages	1,281,940	1,978,407	1,710,420	4,970,767
Dispatchers' salaries and wages	126,107	-	-	126,107
Total labor	12,270,637	1,978,407	1,710,420	15,959,464
Fringe Benefits				
Pension	845,258	95,559	396,071	1,336,888
Other fringe benefits	5,900,326	953,719	841,128	7,695,173
Total fringe benefits	6,745,584	1,049,278	1,237,199	9,032,061
Services				
Audit fees	-	-	47,800	47,800
Other services	376,749	1,008,269	769,510	2,154,528
Total services	376,749	1,008,269	817,310	2,202,328
Materials and Supplies Consumed				
Fuel and lubricants	3,106,221	-	-	3,106,221
Tires and tubes	-	25,377	-	25,377
Other materials and supplies	13,290	1,382,892	75,306	1,471,488
Total materials and supplies consumed	3,119,511	1,408,269	75,306	4,603,086
Utilities				
Other	-	-	817,674	817,674
Casualty and Liability Costs				
Premiums for public liability and property damage insurance	1,085,007	-	-	1,085,007
Other insurance	-	-	260,021	260,021
Total casualty and liability costs	1,085,007	-	260,021	1,345,028
Purchased Transportation	7,444,415	-	-	7,444,415
Miscellaneous				
Travel and meetings	16,522	1,271	28,367	46,160
Advertising/promotion media	-	-	450,235	450,235
Other miscellaneous	2,014	34,451	98,622	135,087
Total miscellaneous	18,536	35,722	577,224	631,482
Depreciation	-	-	10,744,307	10,744,307
Preventive Maintenance	-	(2,966,987)	-	(2,966,987)
Total Expenses	\$ 31,060,439	\$ 2,512,958	\$ 16,239,461	\$ 49,812,858

Interurban Transit Partnership
Schedule of Regular Service Revenues - Urban

Year ended September 30, 2015

Operating Revenues	
Passenger fares	\$ 6,969,276
Advertising	151,039
<hr/>	
Total operating revenues	7,120,315
<hr/>	
Non-operating Revenues	
State and federal assistance	17,859,915
<hr/>	
Local Revenue	
Property taxes	14,483,950
Grand Valley State University	2,600,125
Network 180	1,217,529
DASH - City of Grand Rapids	1,133,290
Van pool	221,927
Ferris State University	103,067
Grand Rapids Community College	82,777
Amtrak	66,324
Alpine Township	78,130
Byron Township	62,320
Cascade Township	28,064
Gaines Township	47,786
Other local services	60,542
<hr/>	
Total local revenue	20,185,831
<hr/>	
Other Income	
Gain on sale of property	61,393
Retail lease	53,756
Interest income	56,118
Miscellaneous	50,430
<hr/>	
Total other income	221,697
<hr/>	
Total Revenues	\$ 45,387,758
<hr/>	

Interurban Transit Partnership

Schedule of Hours and Miles - Urban

<i>Year ended September 30, 2015</i>	Weekday	Saturday	Sunday	Total
Total vehicle hours - linehaul	380,694	29,779	13,414	423,887
Revenue hours - linehaul	365,366	28,905	12,897	407,168
Total vehicle hours - bus rapid transit	24,434	2,480	1,954	28,868
Revenue hours - bus rapid transit	23,377	2,416	1,876	27,669
Total vehicle hours - demand response	150,813	12,034	11,016	173,863
Revenue hours - demand response	127,017	10,401	9,438	146,856
Total vehicle miles - linehaul	4,777,698	378,132	157,522	5,313,352
Revenue miles - linehaul	4,531,269	362,764	147,518	5,041,551
Total vehicle miles - bus rapid transit	340,614	31,292	25,125	397,031
Revenue miles - bus rapid transit	318,273	29,833	23,289	371,395
Total vehicle miles - demand response	2,290,595	172,197	159,764	2,622,556
Revenue miles - demand response	1,951,890	152,119	138,975	2,242,984

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.

This page intentionally left blank.

Interurban Transit Partnership
Schedule of Operating Assistance Calculation

<i>Year ended September 30, 2015</i>	State Operating Assistance Urban	State Operating Assistance Non-urban	Total
General Operating Expenses	\$ 52,817,394	\$ -	\$ 52,817,394
Less Ineligible Expenses			
Depreciation expense	10,744,307	-	10,744,307
Preventive maintenance	2,966,987	-	2,966,987
Amtrak-billed directly to the State of Michigan	66,324	-	66,324
Net pension expense	37,549	-	37,549
APTA and MPTA dues	8,966	-	8,966
Other (lobbying fees)	12,206	-	12,206
Expenses associated with goodwill lease	4,156	-	4,156
	13,840,495	-	13,840,495
Eligible Operating Expenses	\$ 38,976,899	\$ -	\$ 38,976,899
Maximum State Operating Assistance (50/60%)	\$ 19,488,450	\$ -	\$ 19,488,450
State Operating Assistance Accrual (29.73%)	\$ 11,587,832	\$ -	\$ 11,587,832

Note: There are no capital (grant-funded) expenditures included in eligible operating expenses. 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. Advertising revenue comes to ITP on a contractual basis net of any related expenses. No expenses relative to advertising revenue are incurred or recorded by ITP. Expenses such as utilities related to leased space at ITP's Rapid Central Station are the obligation of the lessee and are not included in ITP's expenses. ITP had no "other" post-employment benefits. No such expense was accrued or paid during FY15 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 FY15.

Interurban Transit Partnership
Schedule of Expenditures of Federal Awards

<i>Year ended September 30, 2015</i>	Federal CFDA Number	Federal Grantor Number	Grantee Number
Federal Grantor/Program Title			
Federal Transit Authority			
Direct Programs:			
FTA Capital Assistance	20.507	MI-90-X626	490
FTA Capital Assistance	20.507	MI-90-X626	500
FTA Capital Assistance	20.507	MI-90-X658	510
FTA Capital Assistance	20.507	MI-95-X064	770
Total Capital and Planning Assistance - Section 5307			
FTA Capital Assistance	20.500	MI-03-0239	865
FTA Capital Assistance	20.500	MI-04-0081	868
Total Capital Assistance - Section 5309			
FTA Metropolitan Planning	20.522	MI-39-0003	866
FTA Metropolitan Planning	20.522	MI-39-0003	869
Total FTA Metropolitan Planning			
FTA Capital Assistance - Section 5339	20.526	MI-34-0002	842
Passed through the State of Michigan:			
Rail line relocation and improvement	20.320	N/A	854
Total Federal Financial Assistance			

Interurban Transit Partnership
Schedule of Expenditures of Federal Awards

Accrued (Unearned) Revenue 10/1/14	Receipts	Expenditures	Accrued (Unearned) Revenue 9/30/15
\$ 136,572	\$ 295,264	\$ 158,692	\$ -
683,212	631,031	302,751	354,932
2,008,859	5,718,159	5,765,986	2,056,686
197,430	336,183	256,015	117,262
<u>3,026,073</u>	<u>6,980,637</u>	<u>6,483,444</u>	<u>2,528,880</u>
2,294,837	2,423,757	638,057	509,137
446,970	479,708	94,053	61,315
<u>2,741,807</u>	<u>2,903,465</u>	<u>732,110</u>	<u>570,452</u>
-	104,491	104,491	-
243,969	120,076	12,127	136,020
<u>243,969</u>	<u>224,567</u>	<u>116,618</u>	<u>136,020</u>
22,647	34,421	34,421	22,647
<u>712,164</u>	<u>913,577</u>	<u>228,787</u>	<u>27,374</u>
<u>\$ 6,746,660</u>	<u>\$ 11,056,667</u>	<u>\$ 7,595,380</u>	<u>\$ 3,285,373</u>

Interurban Transit Partnership
Schedule of Expenditures of State Awards

<i>Year ended September 30, 2015</i>	State Grantor Number	Grantee Number
Program		
Section 5307	2007-0230-Z28-01	490
Section 5307	2007-0230-Z28-01	500
Section 5307	12-0104-P7	510
Section 5307	2007-0230-Z27	770
Specialized Services	2012-0104-P12	790
Specialized Services	2012-0104-P12	791
Section 5309	2012-0104-P10	842
Section 5309	2007-0230-Z18	865
Section 5309	2012-0104	868
Total State Assistance		

Interurban Transit Partnership
Schedule of Expenditures of State Awards

Accrued (Unearned) Revenue 10/1/14	Receipts	Expenditures	Accrued (Unearned) Revenue 9/30/15
\$ 34,142	\$ 34,639	\$ 39,673	\$ 39,176
33,165	106,690	75,688	2,163
331,441	533,999	1,441,495	1,238,937
117,608	5,710	64,004	175,902
119,104	119,104	-	-
-	347,466	463,289	115,823
81,707	90,312	8,605	-
384,484	516,285	159,514	27,713
108,713	132,573	23,513	(347)
\$ 1,210,364	\$ 1,886,778	\$ 2,275,781	\$ 1,599,367

This page intentionally left blank.

Additional Information

This page intentionally left blank.



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

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Interurban Transit Partnership (ITP) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise ITP's basic financial statements and have issued our report thereon dated February 11, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ITP's internal control. Accordingly, we do not express an opinion on the effectiveness of ITP's internal control.

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

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

This page intentionally left blank.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ITP's basic financial statements are free of 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 determination of financial statement amounts. 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.

BDO USA, LLP

February 11, 2016

This page intentionally left blank.



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Members of the Board
Interurban Transit Partnership
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited Interurban Transit Partnership's (ITP) compliance with the types of compliance requirements described in the OMB's *Compliance Supplement* that could have a direct and material effect on each of ITP's major federal programs for the year ended September 30, 2015. ITP's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of ITP's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ITP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ITP's compliance.

Opinion on Each Major Federal Program

In our opinion, Interurban Transit Partnership complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

This page intentionally left blank.

Report on Internal Control Over Compliance

Management of ITP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ITP's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ITP's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

February 11, 2016

This page intentionally left blank.

Interurban Transit Partnership

Schedule of Findings and Questioned Costs Year Ended September 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Type of auditor's report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of <i>OMB Circular A-133</i> ?	no

Identification of major programs:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>
20.500, 20.507 and 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	yes

Section II - Findings Related to the Financial Statements

There were no findings which are required to be reported under *Government Auditing Standards*.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings or questioned costs.

Section IV - Prior Year Findings

There were no findings related to the financial statements or federal programs reported in the Schedule of Findings and Questioned Costs for the year ended September 30, 2014.

This page intentionally left blank.