



*Certified Public Accountants*

## TOPEKA METROPOLITAN TRANSIT AUTHORITY

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Report to the Board of Directors  
November 11, 2025



November 11, 2025

Board of Directors  
Topeka Metropolitan Transit Authority  
201 North Kansas Avenue  
Topeka, Kansas 66603

Attention: Board of Directors

We are pleased to present this report related to our fiscal year 2025 audit of Topeka Metropolitan Transit Authority's (the Authority) basic financial statements. Our report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Authority.

*BT & Co., P.A.*

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November 11, 2025

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# Required Communications

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

| Area   | Comments  |
|--|---|
| <b>Our Responsibilities</b>                  | We describe our responsibilities under auditing standards generally accepted in the United States of America, <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide (the KMAAG) to you in our engagement letter dated September 3, 2025. Our audit of the basic financial statements does not relieve management or you of your responsibilities, which are also described in that letter.   |
| <b>Planned Scope and Timing of the Audit</b> | We have previously issued a separate communication dated September 4, 2025, regarding the planned scope and timing of our audit and identified significant risks.   |
| <b>Accounting Policies and Practices</b>     | <p><b>Preferability of Accounting Policies and Practices</b></p> <p>Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p><b>Adoption of, or Change in, Accounting Policies</b></p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The following is a description of significant accounting policies or their application that were either initially selected or changed during the year:</p> <p>GASB Statement No. 101, <i>Compensated Absences</i>, increases the usefulness of the financial statements by updating the recognition and measurement guidance for compensated absences.</p> |

| Area  | Comments   |
|---|--|
|   | <p><b>Significant Accounting Policies</b></p> <p>We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p><b>Significant Unusual Transactions</b></p> <p>We did not identify any significant unusual transactions.</p> <p><b>Management's Judgments and Accounting Estimates</b></p> <p>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p> |
| <b>Audit Adjustments</b>                            | <p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p>  |
| <b>Uncorrected Misstatement</b>                     | <p>An uncorrected misstatement is summarized in the attached representation letter. An uncorrected misstatement or matters underlying it could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatement is immaterial to the financial statements under audit.</p>   |
| <b>Departure from the Auditors' Standard Report</b> | <p><b>Emphasis-of-Matter Paragraph</b></p> <p>During the year, the Authority implemented a new accounting standard. In light of this matter, we included an emphasis-of-matter paragraph in the auditors' report. Below is the paragraph included in the auditors' report:</p> <p><b>Emphasis of Matter</b></p> <p>As discussed in Note 1 to the financial statements, the Authority implemented Governmental Accounting Standards Board Statement No. 101, <i>Compensated Absences</i>. Our opinion is not modified with respect to this matter.</p>  |

| Area  | Comments  |
|---|---|
| <b>Observations About the Audit Process</b>     | <p data-bbox="787 220 1404 252"><b>Disagreements With Management</b></p> <p data-bbox="787 262 1404 483">We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.</p> <p data-bbox="787 493 1404 525"><b>Consultations With Other Accountants</b></p> <p data-bbox="787 535 1404 651">We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> <p data-bbox="787 661 1404 735"><b>Significant Issues Discussed With Management</b></p> <p data-bbox="787 745 1404 861">No significant issues arising from the audit were discussed or were the subject of correspondence with management.</p> <p data-bbox="787 871 1404 945"><b>Significant Difficulties Encountered in Performing the Audit</b></p> <p data-bbox="787 955 1404 1029">We did not encounter any significant difficulties in dealing with management during the audit.</p> <p data-bbox="787 1039 1404 1113"><b>Significant Matters That Required Consultation</b></p> <p data-bbox="787 1123 1404 1333">We did not encounter any difficult or contentious matters that required consultation outside the engagement team and that are, in our professional judgment, significant and relevant to your responsibility to oversee the financial reporting process.</p> |
| <b>Shared Responsibilities for Independence</b> | <p data-bbox="787 1354 1404 1795">Independence is a joint responsibility and is managed most effectively when management, audit committees (or their equivalents), and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and <i>Government Accountability Office</i> (GAO) independence rules. For BT&amp;Co., P.A. to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and BT&amp;Co., P.A. each play an important role.</p>  |

| Area | Comments   |
|------|--|
|      | <p><b>Our Responsibilities</b></p> <ul style="list-style-type: none"> <li>• AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. BT&amp;Co., P.A. is to ensure that the AICPA's and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement.</li> <li>• Maintain a system of quality management over compliance with independence rules and firm policies.</li> </ul>   |
|      | <p><b>The Authority's Responsibilities</b></p> <ul style="list-style-type: none"> <li>• Timely inform BT&amp;Co., P.A., before the effective date of transactions or other business changes, of the following: <ul style="list-style-type: none"> <li>– New affiliates, directors, or officers.</li> <li>– Changes in the organizational structure or the reporting entity impacting affiliates such as subsidiaries, partnerships, related entities, investments, joint ventures, component units, or jointly governed organizations.</li> </ul> </li> <li>• Provide necessary affiliate information such as new or updated structure charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.</li> <li>• Understand and conclude on the permissibility, prior to the Authority and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with BT&amp;Co., P.A.</li> <li>• Not entering into arrangements of nonaudit services resulting in BT&amp;Co., P.A. being involved in making management decisions on behalf of the Authority.</li> <li>• Not entering into relationships resulting in close family members of BT&amp;Co., P.A. covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting, or compliance oversight role at the Authority.</li> </ul> |

| <b>Area</b>   | <b>Comments</b>  |
|---|--|
| <b>Significant Written Communications Between Management and Our Firm</b> | Copies of significant written communications between our firm and the management of the Authority, including the representation letter provided to us by management, are attached. |



# Topeka Metropolitan Transit Authority

## Summary of Significant Accounting Estimates

Year Ended June 30, 2025

Accounting estimates are an integral part of the preparation of the financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in the Authority's basic financial statements:

| Significant Accounting Estimates   |   |
|--|---|
| Fair Value of Investments  |   |
| Accounting policy  | The fair value of investments is computed by the custodian of the Authority's investments.  |
| Management's estimation process  | Management of the Authority obtained and reviewed the year-end valuations prepared by the custodian.  |
| Basis for our conclusion on the reasonableness of the estimate                       | Review of the investment information prepared by the custodian resulted in our conclusion that the estimates appear reasonable.   |
| Total OPEB Liability and Related Deferred Outflows and Deferred Inflows of Resources |   |
| Accounting policy  | Total OPEB liability and related deferred outflows of resources and deferred inflows of resources are computed by independent actuarial firms. The disclosures are based upon numerous assumptions and estimates, including the expected rate of investment return, the interest rate used to determine present value, and medical care cost trend rates. |
| Management's estimation process  | Management of the Authority obtains and reviews the calculations prepared by the independent actuarial firms. The rates of return are based on historical and general market data.  |
| Basis for our conclusion on the reasonableness of the estimate                       | Review of management's analysis resulted in our conclusion that the estimate appears reasonable.  |

| <b>Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources</b> |  |
|--|--|
| Accounting policy  | The net pension liability and related deferred outflows and deferred inflows of resources are computed by an independent actuarial firm hired by KPERS.  |
| Management's estimation process  | Management of the Authority obtained and reviewed the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2024, that were audited by other auditors. Management compared their employee contributions as shown on these schedules to the Authority's actual contributions and recalculated its allocated percentage and its share of the collective net pension liability. |
| Basis for our conclusion on the reasonableness of the estimate                               | Review of management's analysis resulted in our conclusion that the estimate appears reasonable.   |

| <b>Accrued Compensated Absences</b>                            |  |
|--|--|
| Accounting policy  | Accrued compensated absences are computed by the Authority's management. The disclosure is based on historical information, current information, and the Authority's compensated absence policies. |
| Management's estimation process                                | Accrued compensated absences are calculated off of current rate and hour information and historical experience.  |
| Basis for our conclusion on the reasonableness of the estimate | Review of information supporting the estimate resulted in our conclusion that the estimate appears reasonable.   |



BT&Co., P.A.  
4301 SW Huntoon Street  
Topeka, Kansas 66604-1659

This representation letter is provided in connection with your audit of the basic financial statements of Topeka Metropolitan Transit Authority (the Authority) as of and for the year ended June 30, 2025 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of the auditors' report:

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 3, 2025 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
10. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.
11. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements.
12. Capital assets, including infrastructure, intangible assets, and right-to-use assets, are properly capitalized, reported and, if applicable, depreciated.
13. Components of net position (net investment in capital assets, restricted, and unrestricted) are properly classified and, if applicable, approved.
14. The government disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.
15. In the audit engagement letter dated September 3, 2025, we requested that you perform the following nonaudit services in connection with your audit:
  - a. Draft the financial statements; and
  - b. Assist with the single audit submission to the Federal Audit Clearinghouse.

With respect to these services:

- a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
16. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
17. We have complied with all aspects of laws, regulations, and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.



18. We have reviewed the GASB Statements effective for the fiscal year ending 2025 and concluded the implementation of the following Statement did not have a material impact on the basic financial statements:
  - a. GASB Statement No. 102, *Certain Risk Disclosures*
19. We believe the implementation of the GASB Statement listed below is appropriate:
  - a. GASB Statement No. 101, *Compensated Absences*
20. As of and for the year ended June 30, 2025 we believe that the effects of the uncorrected misstatement aggregated by you and summarized in the attached schedule is quantitatively and qualitatively immaterial to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In addition to the misstatement included above, we believe that the related omitted disclosures are immaterial to the financial statements taken as a whole.

#### **Information Provided**

21. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
22. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
23. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
24. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's basic financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in internal control.
  - c. Others where the fraud could have a material effect on the basic financial statements.

25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We are not aware of any pending or threatened litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Government Accounting Standards Board (GASB) Codification Section C50, *Claims and Judgments*; or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of all of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
29. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
31. It is our responsibility to inform you of all current and potential affiliates of the Authority as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the Authority may create threats to independence. We have:
  - a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.
  - b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the Authority's financial statements as a whole, (ii) the level of influence the Authority has over an entity's financial reporting process or (iii) the level of control or influence the Authority or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Authority and BT&Co., P.A. to identify and eliminate potential impermissible services and relationships between BT&Co., P.A. and those potential affiliates, prior to the effective dates.
  - c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the Authority or any of our affiliates has engaged BT&Co., P.A. to perform.



32. We agree with the findings of the specialists in evaluating the fair value of investments and the total KPERS OPEB liability and related deferred outflows of resources and inflows of resources and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
33. We believe that the actuarial assumptions and methods used by the Authority's OPEB plan actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.
34. We believe that the information obtained from the audited financial statements of and other participant information provided by Kansas Public Employees Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.
35. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

#### **Supplementary Information**

36. With respect to supplementary information presented in relation to the basic financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. When supplementary information is not presented with the audited basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditors' report thereon.

37. With respect to the required supplementary information presented as required by GASB to supplement the basic financial statements:
  - a. We acknowledge our responsibility for the presentation of such required supplementary information.
  - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.

### **Compliance Considerations**

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

38. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
39. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
40. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.
41. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
42. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.
43. Has a process to track the status of audit findings and recommendations.
44. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.
45. Has provided views on the auditors' reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.





# TOPEKA METRO

## TOPEKA METROPOLITAN TRANSIT AUTHORITY

Robert Nugent, General Manager

Date Signed 11-11-25

Richard Appelhanz, Chief Financial Officer

Date Signed 11/11/2025

**TOPEKA METROPOLITAN TRANSIT AUTHORITY**  
**Summary of Passed Adjustments**  
**Year Ended June 30, 2025**

| Description | Effect on |             |              |          |              |
|-------------|-----------|-------------|--------------|----------|--------------|
|             | Assets    | Liabilities | Net Position | Revenues | Expenditures |

**Reversal of prior year passed adjustments:**

|   |    |   |    |   |    |        |    |   |    |          |
|---|----|---|----|---|----|--------|----|---|----|----------|
| To record SBITA assets, liabilities, and expenditures | \$ | - | \$ | - | \$ | 50,241 | \$ | - | \$ | (50,241) |
|---|----|---|----|---|----|--------|----|---|----|----------|

**Current year passed adjustments:**

|   |    |        |    |   |    |          |    |   |    |          |
|---|----|--------|----|---|----|----------|----|---|----|----------|
| To record SBITA assets and expenditures |    | 71,119 |    | - |    | (21,404) |    | - |    | (49,715) |
|   | \$ | 71,119 | \$ | - | \$ | 28,837   | \$ | - | \$ | (99,956) |