

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	September 2023 Finance Report
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Review September Financial Statements
FISCAL IMPACT (Current and Future)	N/A
PRIORITY/GOAL	N/A
ATTACHMENTS	Yes

Topeka Metropolitan Transit Authority

Balance Sheet

As of September 30, 2023

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	This Month	Net Changes	Last Month
Assets and Deferred Outflows			
Current Assets			
Cash - Operating	6,344,735.13	(545,495.16)	6,890,230.29
Cash - Encumbered Funds	7,414,837.00	0.00	7,414,837.00
Cash - Designated	5,873,425.40	23,615.51	5,849,809.89
Accounts Receivable	31,710.51	(5,366.42)	37,076.93
Fuel Inventory	59,841.05	172.32	59,668.73
Prepaid Expenses	160,379.77	43,415.44	116,964.33
Prepaid Insurance	63,897.98	(21,203.47)	85,101.45
Prepaid Employee Benefits	<u>1,993.54</u>	<u>(737.42)</u>	<u>2,730.96</u>
Total Current Assets	19,950,820.38	(505,599.20)	20,456,419.58
Long-Term Assets			
Buildings - Net	1,302,792.24	(16,013.06)	1,318,805.30
Bus Shelters - Net	2,110,541.42	(32,279.52)	2,142,820.94
Communication Equipment - Net	19,355.65	(496.30)	19,851.95
Computers - Net	0.00	0.00	0.00
Farebox Equipment - Net	12,840.00	(3,210.00)	16,050.00
Office Furniture & Equipment - Net	5,051.82	(252.58)	5,304.40
Improvements - Net	1,144,477.73	(16,161.45)	1,160,639.18
Maintenance Equipment - Net	319,745.26	(3,555.22)	323,300.48
Revenue Vehicles - Net	3,471,337.13	(60,555.90)	3,531,893.03
Service Vehicles - Net	80,393.81	(3,003.78)	83,397.59
Projects in Process	746,469.14	54,665.70	691,803.44
Land	<u>3,600,255.44</u>	0.00	<u>3,600,255.44</u>
Total Long-Term Assets	12,813,259.64	(80,862.11)	12,894,121.75
Deferred Outflows			
KPERS Deferred Outflows	1,475,012.00	0.00	1,475,012.00
KPERS OPEB Deferred Outflows	95,059.00	0.00	95,059.00
Metro OPEB Deferred Outflows	<u>1,653.00</u>	<u>0.00</u>	<u>1,653.00</u>
Total Deferred Outflows	<u>1,571,724.00</u>	<u>0.00</u>	<u>1,571,724.00</u>
Total Assets and Deferred Outflows	<u>34,335,804.02</u>	<u>(586,461.31)</u>	<u>34,922,265.33</u>
Liabilities and Deferred Inflows			
Current Liabilities			
Accounts Payable	103,507.04	64,438.26	39,068.78
Accrued Payables	401,452.17	34,183.73	367,268.44
Payroll Taxes Payable	1,116.24	387.23	729.01
Payroll Liabilities Payable	(358.62)	(66.24)	(292.38)
Unearned Revenue	<u>4,125.00</u>	<u>(125.00)</u>	<u>4,250.00</u>
Total Current Liabilities	509,841.83	98,817.98	411,023.85
Long-Term Liabilities			
KPERS Pension Liability	3,918,515.00	0.00	3,918,515.00
KPERS OPEB Liability	92,992.00	0.00	92,992.00
Metro OPEB Liability	<u>51,193.00</u>	<u>0.00</u>	<u>51,193.00</u>
Total Long-Term Liabilities	4,062,700.00	0.00	4,062,700.00

Topeka Metropolitan Transit Authority

Balance Sheet

As of September 30, 2023

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	<u>This Month</u>	<u>Net Changes</u>	<u>Last Month</u>
Deferred Inflows			
Metro OPEB Deferred Inflows	50,693.00	0.00	50,693.00
KPERS OPEB Deferred Inflows	53,522.00	0.00	53,522.00
KPERS Deferred Inflows	<u>353,420.00</u>	<u>0.00</u>	<u>353,420.00</u>
Total Deferred Inflows	<u>457,635.00</u>	<u>0.00</u>	<u>457,635.00</u>
Total Liabilities and Deferred Inflows	<u>5,030,176.83</u>	<u>98,817.98</u>	<u>4,931,358.85</u>
Fund Balance			
Fund Balance - Non-Designated	6,125,609.26	0.00	6,125,609.26
Fund Balance - Designated	13,171,794.38	0.00	13,171,794.38
Investment in Capital Assets	11,402,510.02	0.00	11,402,510.02
YTD Excess/(Deficit)	<u>(1,394,286.47)</u>	<u>(685,279.29)</u>	<u>(709,007.18)</u>
Total Fund Balance	<u>29,305,627.19</u>	<u>(685,279.29)</u>	<u>29,990,906.48</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>34,335,804.02</u>	<u>(586,461.31)</u>	<u>34,922,265.33</u>

Topeka Metropolitan Transit Authority
Cash Balances
As of September 30, 2023

		<u>This Month</u>	<u>Net Changes</u>	<u>Last Month</u>
Cash Account Balances				
Operating				
Operating Cash	1100	163,329.39	(12,374.89)	175,704.28
Customer Service Cash	1120	600.00	0.00	600.00
Petty Cash	1140	200.00	0.00	200.00
Cash In Bank - Flex Spending	1150	35,438.62	(3,047.98)	38,486.60
MIP - General	1200	5,792,775.14	(530,072.29)	6,322,847.43
ST Investment - General Reserve	1230	<u>352,391.98</u>	<u>0.00</u>	<u>352,391.98</u>
Total Operating		6,344,735.13	(545,495.16)	6,890,230.29
Designated				
Cash - Encumbered Funds	1160	7,414,837.00	0.00	7,414,837.00
ST Investment - Insurance Reserve	1240	500,000.00	0.00	500,000.00
ST Investment - Capital Reserve	1250	<u>5,373,425.40</u>	<u>23,615.51</u>	<u>5,349,809.89</u>
Total Designated		<u>13,288,262.40</u>	<u>23,615.51</u>	<u>13,264,646.89</u>
Total Cash Account Balances		19,632,997.53	(521,879.65)	20,154,877.18

**Topeka Metropolitan Transit Authority
Organization Overall
From 07/01/2023 through 09/30/2023**

	YTD Actual	Annual Budget	\$ Remaining	% Used	YTD Last Year
Operating Revenue					
Fares	192,746.41	626,280.00	(433,533.59)	30.77%	197,462.84
Advertising	26,704.60	79,333.36	(52,628.76)	33.66%	18,750.00
Product Sales	344.00	912.00	(568.00)	37.71%	273.00
Other Revenue	<u>1,410.21</u>	<u>6,400.00</u>	<u>(4,989.79)</u>	<u>22.03%</u>	<u>7,849.68</u>
Total Operating Revenue	<u>221,205.22</u>	<u>712,925.36</u>	<u>(491,720.14)</u>	<u>31.03%</u>	<u>224,335.52</u>
Operating Expense					
Salaries and Wages	996,549.16	3,865,236.00	2,868,686.84	25.78%	862,934.13
Payroll Taxes	105,990.48	474,208.00	368,217.52	22.35%	102,668.91
Paid Time Off	111,946.68	528,527.00	416,580.32	21.18%	116,084.79
Employee Insurance	172,313.08	771,026.00	598,712.92	22.34%	192,291.47
KPERS	104,342.58	414,637.00	310,294.42	25.16%	97,120.84
Other Benefits	(300.81)	35,260.00	35,560.81	(0.85)%	3,111.91
Legal Services	0.00	1,500.00	1,500.00	0.00%	0.00
Audit Services	0.00	15,975.00	15,975.00	0.00%	0.00
Maintenance Services	96,123.92	674,058.00	577,934.08	14.26%	71,506.03
Other Services	39,931.47	148,040.00	108,108.53	26.97%	73,541.98
Fuel, Lubricants and Tires	156,353.94	725,940.00	569,586.06	21.53%	215,088.88
Maintenance Supplies	92,460.92	380,400.00	287,939.08	24.30%	78,451.44
Other Supplies	57,065.90	324,679.00	267,613.10	17.57%	62,131.66
Utilities and Telephones	34,838.69	167,688.00	132,849.31	20.77%	41,523.84
Casualty Insurance	39,973.15	139,263.00	99,289.85	28.70%	36,312.90
Taxes	14,511.67	39,319.00	24,807.33	36.90%	12,558.64
Contracted Lift Service	90,847.50	360,000.00	269,152.50	25.23%	85,104.87
Continuing Education	5,080.63	14,220.00	9,139.37	35.72%	2,090.88
Advertising	3,866.14	20,800.00	16,933.86	18.58%	4,331.44
Equipment Leases	246.00	984.00	738.00	25.00%	246.00
Self-Insurance Payments	0.00	60,000.00	60,000.00	0.00%	2,832.63
Other Expenses	4,991.14	46,230.00	41,238.86	10.79%	3,525.90
Depreciation	<u>382,730.32</u>	<u>1,984,401.96</u>	<u>1,601,671.64</u>	<u>19.28%</u>	<u>481,585.11</u>
Total Operating Expense	<u>2,509,862.56</u>	<u>11,192,391.96</u>	<u>8,682,529.40</u>	<u>22.42%</u>	<u>2,545,044.25</u>
Operating Excess/(Deficit)	<u>(2,288,657.34)</u>	<u>(10,479,466.60)</u>	<u>8,190,809.26</u>	<u>21.83%</u>	<u>(2,320,708.73)</u>
Non-Operating Revenue					
Mill Levy	0.00	6,319,144.00	(6,319,144.00)	0.00%	0.00
Federal Operating Funds	0.00	2,900,000.00	(2,900,000.00)	0.00%	31,667.00
State Operating Funds	0.00	807,433.00	(807,433.00)	0.00%	0.00
MTPO & JEDO Grants	20,703.29	51,900.00	(31,196.71)	39.89%	20,008.38
Interest Earned	<u>190,510.72</u>	<u>360,000.00</u>	<u>(169,489.28)</u>	<u>52.91%</u>	<u>30,400.30</u>
Total Non-Operating Revenue	<u>211,214.01</u>	<u>10,438,477.00</u>	<u>(10,227,262.99)</u>	<u>2.02%</u>	<u>82,075.68</u>
Net Excess/(Deficit)	<u>(2,077,443.33)</u>	<u>(40,989.60)</u>	<u>(2,036,453.73)</u>	<u>5,068.22%</u>	<u>(2,238,633.05)</u>
Capital Items					
Capital Grants	<u>72,818.05</u>	<u>0.00</u>	<u>72,818.05</u>	<u>0.00%</u>	<u>0.00</u>
Total Capital Items	<u>72,818.05</u>	<u>0.00</u>	<u>72,818.05</u>	<u>0.00%</u>	<u>0.00</u>
Change in Net Assets	<u>(2,004,625.28)</u>	<u>(40,989.60)</u>	<u>(1,963,635.68)</u>	<u>4,890.57%</u>	<u>(2,238,633.05)</u>

Grant Status
Board Meeting
October 16, 2023

Grant	Project	Grant Amount	Amount Remaining	Status
FTA 5307 (from KDOT)	Bus Stops Phase 9 and Bike Stations	\$739,634	\$125,290	84 stops complete. Bike stations in process. Drew funds for 11 more stops for \$44,288 on May 25.
KDOT 5339-18	Vehicles, Security and QSS	\$1,121,574	\$38,764	KDOT agreed to reappropriation \$38,764.13 for QSS Boardroom remodel.
FTA Low-No	Electric Bus Purchase (3)	\$1,737,825	\$1,737,825	Grant is open.
FTA 5339	Buses, Signs, Radios, Redundancy	\$4,987,500	\$4,987,500	Grant is open. Redundancy project in progress. 3 Diesel buses from Gillig have been received and paid for totaling \$1,695,474. 85% FTA Funded.
FTA 5307	FY2021 Operating Funding	\$2,325,096	\$594,111	Grant is open. Drew funds for Jan-Mar for \$665,829 on 5/2. Drew funds for Apr-June for \$329,944 on 8/1.
FTA 5307	FY2022 Operating Funding	\$2,992,021	\$2,620,654	Grant is open. Drew funds for Jan-Mar for \$10,179 on 5/2. Drew Funds for Apr-June for \$361,188 on 8/1.
FTA 5307	FY2023 Operating Funding	\$3,055,486	\$3,055,486	Grant application process completed. Grant is open.
KDOT PT-0726	FY2024 Operating Funding	\$807,433	\$0	Grant is open.
KDOT 5339-21	Bus Stops Phase 10, Security Barriers, Maintenance & Security Equipment	\$1,304,840	\$849,894	Initial draw for \$140,407 received on 12/21. Second draw for \$314,538.80 requested on 7/13.
KDOT Access	Electric Bus Study	\$120,000	\$47,182	Draw for \$72,818 for entire project cost requested on 8/1.
KDOT Access	Bus Stops and Sidewalks	\$177,725	\$177,725	

Procurement Calendar
Board Meeting
For Calendar Year 2023
October 16, 2023

Received Notice To Proceed
Operator Barriers - \$137,670
Electric Vehicle Fleet Study - \$150,000
ADA Sidewalk Improvements - \$222,156

January 17 – at board meeting

- a. Award the Concrete Pads and Conduits Contract (complete)

February 21 – None

March 20 – None

April 17 – at board meeting

- a. Award the QSS South Office Remodel Contract (complete)

May 15 – None

June 19 – None

July 17 – None

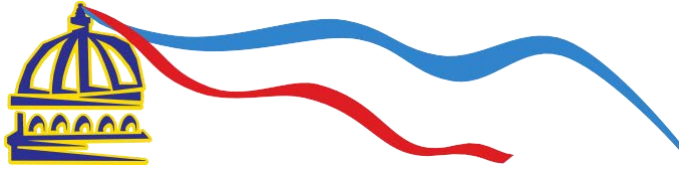
August 21 – at board meeting

- a. Award the Employee Benefit Broker Services Contract (complete)
- b. Award the Natural Gas Contract (complete)

September 18 – None

October 16 – at board meeting

- a. Approve the Bus Technology RFP.



TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	Post the Bus Technology RFP
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Metro would like to receive proposals from qualified firms to provide various types of technology, including automated vehicle location and computer aided dispatch, integration with Metro’s current headsign and annunciator systems, a customer facing app for bus location, arrival time, and trip planning services, automated passenger counts, and integration with existing real-time dynamic message signs. Our current bus technology was purchased and installed in 2019 and the software that runs the technology is being phased out by our current bus technology provider. Metro currently has various types of bus technology equipment on our fixed route buses, except for the 3 diesel buses purchased this year, and we would like to either integrate, upgrade, replace, or some combination thereof our current technology equipment.
FISCAL IMPACT (Current and Future)	N/A
PRIORITY/GOAL	Upgrade our fixed route bus technology to allow for a better experience for our customers.
ATTACHMENTS	None.



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SEP 21 2023

TOPEKA METRO

September 19, 2023

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

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Topeka Metropolitan Transit Authority's (the Authority's) financial statements and compliance as of and for the year ending June 30, 2023.

Communication

Effective two-way communication between our firm and the Board of Directors is important to understanding matters related to the audit and developing a constructive working relationship.

Your insights may assist us in understanding the Authority and its environment, identifying appropriate sources of audit evidence and providing information about specific transactions or events. We will discuss with you your oversight of the effectiveness of internal control and any areas where you request additional procedures to be undertaken. We expect that you will timely communicate to us any matters you consider relevant to the audit. Such matters might include strategic decisions that may significantly affect the nature, timing and extent of audit procedures, your suspicion or detection of fraud or abuse, or any concerns you may have about the integrity or competence of senior management.

We will timely communicate to you any fraud involving senior management and other known or likely fraud, noncompliance with provisions of laws, regulations, contracts or grant agreements or abuse that are likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance, fraud or abuse that come to our attention (unless they are clearly inconsequential), and disagreements with management and other serious difficulties encountered in performing the audit. We also will communicate to you and to management any significant deficiencies or material weaknesses in internal control that become known to us during the course of the audit. Other matters arising from the audit that are, in our professional judgment, significant and relevant to you in your oversight of the financial reporting process will be communicated to you in writing after the audit.

Independence

Our independence policies and procedures are designed to provide reasonable assurance that our firm and its personnel comply with applicable professional independence standards. Our policies address financial interests, business and family relationships, and non-audit services that may be thought to bear on independence. For example, without our permission no partner or professional employee of BT&Co., P.A. is permitted to have any direct financial interest or a material indirect financial interest in a client or any affiliate of a client. Also, if an immediate family member or close relative of a partner or professional employee is employed by a client in a key position, the incident must be reported and resolved in accordance with firm policy. In addition, our policies restrict certain non-

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Board of Directors
Topeka Metropolitan Transit Authority
September 19, 2023
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audit services that may be provided by BT&Co., P.A. and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

We apply the concept of materiality in both planning and performing the audit, evaluating the effect of identified misstatements or noncompliance on the audit and the effect of uncorrected misstatements, if any, on the financial statements, forming the opinion in our report on the financial statements, and determining or reporting in accordance with *Government Auditing Standards* and other compliance reporting requirements. Our determination of materiality is a matter of professional judgment and is affected by our perception of the financial and compliance informational needs of users of the financial statements. We establish performance materiality at an amount less than materiality for the financial statements as a whole to allow for the risk of misstatements that may not be detected by the audit. We use performance materiality for purposes of assessing the risks of material misstatement and determining the nature, timing and extent of further audit procedures. Our assessment of materiality throughout the audit will be based on both quantitative and qualitative considerations. Because of the interaction of quantitative and qualitative considerations, misstatements of a relatively small amount could have a material effect on the current financial statements as well as financial statements of future periods. We will accumulate misstatements identified during the audit, other than those that are clearly trivial. At the end of the audit, we will inform you of all individual uncorrected misstatements aggregated by us in connection with our evaluation of our audit test results.

Significant Risks of Material Misstatement

Our audit of the financial statements includes the performance of risk assessment procedures in order to identify risks of material misstatement, whether due to fraud or error. As part of these risk assessment procedures, we determine whether any risks identified are a significant risk. A significant risk is an identified and assessed risk of material misstatement that, in our professional judgment, requires special audit consideration. As part of our risk assessment procedures, we identified fraudulent revenue recognition, management override of controls, and



Board of Directors
Topeka Metropolitan Transit Authority
September 19, 2023
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significant estimates as significant risks. Additional significant risks may be identified as we perform additional audit procedures.

Our Approach to Internal Control and Compliance Relevant to the Audit

Our audit of the financial statements, including compliance, will include obtaining an understanding of internal control sufficient to plan the audit and determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or identify significant deficiencies or material weaknesses. Our review and understanding of the entity's internal control is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue reports on internal control related to the financial statements and major programs. These reports describe the scope of testing of internal control and the results of our tests of internal control. Our reports on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States, the Single Audit Act, and *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance).

We will issue reports on compliance with laws, statutes, regulations, and the terms and conditions of federal awards. We will report on any noncompliance that could have a material effect on the financial statements and any noncompliance that could have a direct and material effect on each major program. Our reports on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with the requirements of the standards identified above.

Timing of the Audit

We have scheduled audit work commencing the week of September 25, 2023. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Authority.



Board of Directors
Topeka Metropolitan Transit Authority
September 19, 2023
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This communication is intended solely for the information and use of the Board of Directors and is not intended to be, and should not be, used by anyone other than this specified party.

Very truly yours,

BT&CO., P.A.

A handwritten signature in cursive script that reads "Emily Sheldon".

Emily R. Sheldon
Director

ERS:kkw



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SEP 21 2023

TOPEKA METRO

September 19, 2023

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

Attention: Members of the Board of Directors

Auditing standards generally accepted in the United States of America and *Government Auditing Standards* require us to specifically communicate with the auditee, the individual(s) contracting for or requesting the audit services, and the audit committee information regarding the nature and extent of planned testing and reporting on compliance with laws and regulations and internal control over financial reporting.

To meet this communication requirement, we have provided you with the attached copy of our arrangement letter which was signed by Robert Nugent and Richard Appelhanz on September 12, 2023.

If you have any questions concerning the attached, please contact me at 785-234-3427.

Very truly yours,

BT&CO., P.A.

A handwritten signature in black ink that reads "Emily Sheldon".

Emily R. Sheldon
Director

ERS:kkw

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Topeka Metropolitan Transit

September 6, 2023

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SEP 14 2023

BT & CO.

Mr. Richard Appelhanz
Chief Financial Officer
Topeka Metropolitan Transit Authority
201 North Kansas Avenue
Topeka, Kansas 66603

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the Topeka Metropolitan Transit Authority's (the Authority) business-type activities as of and for the year ended June 30, 2023 which collectively comprise the basic financial statements. We will also apply certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America and will report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

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

You have also requested that BT&Co., P.A. perform the audit of the Authority as of June 30, 2023 to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS, the "Kansas Municipal Audit and Accounting Guide"; GAS, the Uniform Guidance, and the U.S. Office of Management and Budget's (OMB) Compliance Supplement. Those standards, regulations, supplements or guides require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the Governing Board (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our reports on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and regulations identified above. Our reports on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.



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We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the Authority complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and
3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, short sellers, vendors, customers or others.

Management is responsible for the preparation of the required supplementary information which accounting principles generally accepted in the United States of America (U.S. GAAP) require to be presented to supplement the basic financial statements. Management is also responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole in accordance with U.S. GAAP. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited 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 auditor's report thereon.

The Governing Board is responsible for informing us of its views about the risks of fraud, waste or abuse within the Authority, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the Authority.

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP);



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2. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;
3. 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;
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

As part of our audit process, we will request from management and, when appropriate, those charged with governance written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and



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2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

Reporting

We will issue a written report upon completion of our audit of the Authority's financial statements. Our report will be addressed to the Governing Board of the Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the Authority's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the Authority's financial statements, we will also issue the following reports:

1. A report on the fairness of the presentation of the Authority's schedule of expenditures of federal awards for the year ending June 30, 2023;
2. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
3. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance;
4. An accompanying schedule of findings and questioned costs.



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Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the Authority's books and records. The Authority will determine that all such data, if necessary, will be so reflected. Accordingly, the Authority will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Authority personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with you. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services:

- 1) Preparing the financial statements and note disclosures.
- 2) Assistance with the Federal Audit Clearinghouse submission.
- 3) Assistance with the preparation of journal entries.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Authority, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The Authority has agreed that you possesses suitable skill, knowledge or experience and that the individual understands the non-audit services to be performed sufficiently to oversee them. Accordingly, the management of Authority agrees to the following:

1. The Authority has designated you as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. You will assume all management responsibilities for subject matter and scope of the non-audit services;
3. The Authority will evaluate the adequacy and results of the services performed; and
4. The Authority accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the Authority's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the Authority's acceptance of its responsibilities, the auditors' responsibilities and any limitations of the non-audit services. We believe this Arrangement Letter documents that understanding.



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Other Relevant Information

In accordance with GAS, a copy of our most recent peer review report is enclosed for your information.

Fees and Costs

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus directly billed expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Authority personnel
2. Timely responses to our inquiries
3. Timely completion and delivery of client assistance requests
4. Timely communication of all significant accounting and financial reporting matters
5. The assumption that unexpected circumstances will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. We propose that our fee for this audit engagement, which includes out-of-pocket expenses, will be \$ 15,800. This base audit fee includes a fee for the Single Audit with one major program. If more than one major program is required to be audited, we anticipate an additional fee of \$ 4,000 per major program. The quoted fee for the year ended June 30, 2023 will be the maximum for the work described in this letter unless the scope of the engagement is changed, the assistance which the Authority has agreed to furnish is not provided, or unexpected conditions are encountered. No changes will be made in the maximum agreed to amount without discussion with you regarding the proposed change. All other provisions of this letter will survive any fee adjustment. No changes will be made to the fee without discussion with you regarding the proposed change. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

In accordance with our policy, a finance charge of 1% per month will be applied to balances that are over 60 days old. Payments will be applied first to the accrued finance charges and then to outstanding invoices.

Use of Subcontractors and Third-Party Products

From time to time and depending upon the circumstances, we may, in our sole discretion, use qualified third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose Personal Information or Confidential Information (as both terms are defined below) to them. You hereby consent to us sharing your information, including Confidential Information and Personal Information, with these third-party service providers on the same basis as we would be permitted to share information with one of our employees; provided that such recipients are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that our



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use of a third-party service providers may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure.

We also may provide services to you using certain third-party hardware, software, software services, managed services (including, but not limited to, web hosting, data security, data back-up, email security, or similar services subject to direct end-user or subscription agreements), applications, and equipment (collectively, "Third-Party Products"). You acknowledge that your or our use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by you to us, including Personal Information and Confidential Information, within the Third-Party Product's infrastructure and not ours, and that the terms of use and service set forth in the end-user license, subscription, or other agreement with the licensor of such Third-Party Product, including, but not limited to, applicable laws, will govern all obligations of such licensor relating to data privacy, storage, recovery, security, and processing within such Third-Party Product's infrastructure, as well as, the service levels associated with such Third-Party Product. You hereby consent to the disclosure of your information, including your Confidential Information and Personal Information, to the licensors of such Third-Party Products for the purpose described herein.

You acknowledge that your or our use of Third-Party Products may be subject to limitations, delays, interruptions, errors, and other problems which are beyond our control, including, without limitation, internet outage or lack of availability related to updates, upgrades, patches, fixes, maintenance, or other issues. We will not be liable for any delays, delivery failures, or other losses or damages resulting from such issues. Nor will we be held responsible or liable for any loss, or unauthorized use or disclosure, of any information or data provided by you, including, without limitation, Personal Information provided by you, resulting from your or our use of a Third-Party Product.

Use and Ownership; Access to Audit Documentation

The Audit Documentation for this engagement is the property of BT&Co., P.A. For the purposes of this Arrangement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of BT&Co., P.A.'s audit procedures performed, relevant audit evidence obtained, other audit-related workpapers, and conclusions reached. Audit Documentation shall not include custom-developed documents, data, reports, analyses, recommendations, and deliverables authored or prepared by BT&Co., P.A. for the Authority under this Arrangement Letter, or any documents belonging to the Authority or furnished to BT&Co., P.A. by the Authority.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable BT&Co., P.A. policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is subject to a successor auditor signing an Access & Release Letter substantially in BT&Co., P.A.'s form. BT&Co., P.A. reserves the right to decline a successor auditor's request to review our workpapers.

In the event we are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Authority, the Authority will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.



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You acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the Audit Documentation upon their request and that we shall maintain the Audit Documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to the requested Audit Documentation will be provided under the supervision of BT&Co., P.A. audit personnel and at a location designated by our firm.

Indemnification, Limitation of Liability, and Claim Resolution

Because BT&Co., P.A. will rely on the Authority and its management and Governing Board to discharge the foregoing responsibilities, the Authority agrees to indemnify, hold harmless and release BT&Co., P.A. and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, Subcontractors, agents, representatives, successors, or assigns from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Authority's management.

The Authority and BT&Co., P.A. agree that no claim arising out of services rendered pursuant to this arrangement letter shall be filed more than the earlier of two years after the date of the audit report issued by BT&Co., P.A. or the date of this arrangement letter if no report has been issued. In no event shall either party be liable to the other for claims of punitive, consequential, special, or indirect damages. BT&Co., P.A.'s liability for all claims, damages and costs of the Authority arising from this engagement is limited to the amount of fees paid by the Authority to BT&Co., P.A. for the services rendered under this arrangement letter.

If any dispute arises among the parties hereto, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Rules for Professional Accounting and Related Services Disputes before resorting to litigation. The costs of any mediation proceeding shall be shared equally by all parties.

The Authority and BT&Co., P.A. both agree that any dispute over fees charged by BT&Co., P.A. to the Authority will be submitted for resolution by arbitration in accordance with the Rules for Professional Accounting and Related Services Disputes of the American Arbitration Association. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, in the event of a dispute over fees charged by BT&Co., P.A., each of us is giving up the right to have the dispute decided in a court of law before a judge or jury and instead we are accepting the use of arbitration for resolution.

Confidentiality

BT&Co., P.A. and the Authority may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, BT&Co., P.A. and the Authority agree as the recipient of such Confidential Information (the "Receiving Party") to keep strictly confidential all Confidential Information provided to it by the disclosing party (the "Disclosing Party") and use, modify, store, and copy such Confidential Information only as necessary to perform its obligations and exercise its rights under this Arrangement Letter and for no other purpose or use. Except as otherwise set forth herein, the Receiving Party may only disclose the Confidential Information of the Disclosing Party to its personnel, agents, and representatives who are subject to obligations of confidentiality at least as



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restrictive as those set forth herein and only for the purpose of exercising its rights and fulfilling its obligations hereunder. To avoid any doubt, BT&Co., P.A. is permitted to disclose the Authority's Confidential Information to BT&Co., P.A.'s personnel, agents, and representatives for the purpose of maintaining compliance with applicable laws and professional, regulatory, and/or ethical standards.

As used herein, "Confidential Information" means, information in any form, oral, graphic, written, electronic, machine-readable or hard copy consisting of: (i) any nonpublic information provided by the Disclosing Party, including, but not limited to, all of its inventions, designs, data, source and object code, programs, program interfaces, know-how, trade secrets, techniques, ideas, discoveries, marketing and business plans, pricing, profit margins and/or similar information; (ii) any information that the Disclosing Party identifies as confidential; or (iii) any information that, by its very nature, a person in the same or similar circumstances would understand should be treated as confidential, including, but not limited to, this Arrangement Letter.

As used herein, the term "Confidential Information" will not include information that: (i) is publicly available at the time of disclosure by the Disclosing Party; (ii) becomes publicly available by publication or otherwise after disclosure by the Disclosing Party, other than by breach of the confidentiality obligations set forth herein by the Receiving Party; (iii) was lawfully in the Receiving Party's possession, without restriction as to confidentiality or use, at the time of disclosure by the Disclosing Party; (iv) is provided to the Receiving Party without restriction as to confidentiality or use by a third party without violation of any obligation to the Disclosing Party; or (v) is independently developed by employees or agents of the Receiving Party who did not access or use the Confidential Information.

The Receiving Party will treat the Disclosing Party's Confidential Information with the same degree of care as the Receiving Party treats its own confidential and proprietary information, but in no event will such standard of care be less than a reasonable standard of care. The Receiving Party will promptly notify the Disclosing Party if it becomes aware that any of the Confidential Information of the Disclosing Party has been used or disclosed in violation of this Arrangement Letter.

Notwithstanding the foregoing, in the event that the Receiving Party becomes legally compelled to disclose any of the Confidential Information of the Disclosing Party, or as may be required by applicable regulations or professional standards, the Receiving Party will use commercially reasonable efforts to provide the Disclosing Party with notice prior to disclosure, to the extent permitted by law.

Personal Information

As used herein, the term "Personal Information" means any personal information that directly or indirectly identifies a natural person as may be defined by applicable privacy, data protection or cybersecurity laws, and includes, but is not limited to, nonpublic, personally identifiable information such as Social Security numbers, driver's license numbers or state-issued identification card numbers, credit or debit card numbers with or without any required security code, number or passwords, health information, and other personal information as defined by applicable laws, whether of the Authority or the Authority's customers or other third parties.



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Each party agrees that it will not transmit to the other, in any manner, (i) Personal Information that is not needed to render the services hereunder, and (ii) Personal Information that has not been encrypted. In the event you transmit to us Personal Information in an unencrypted format or via unencrypted means, you agree that we have no obligation to notify you of the foregoing.

You represent and warrant that you have provided all notices and obtained all consents required under applicable data protection laws prior to your collection, use and disclosure to us or our Subcontractors of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

We will use all such Authority-provided Personal Information, if at all, only for the purposes described in this Arrangement Letter. The parties agree that as part of the performance of the services as described in this Arrangement Letter, and as part of the direct business relationship between the parties, we may, at our election, use the Personal Information to improve the services and for other similar internal and business purposes. We agree to maintain appropriate security measures to protect such Personal Information in accordance with applicable laws.

If we become aware of an unauthorized acquisition or use of Authority-provided Personal Information, we will promptly inform you of such unauthorized acquisition or use as required by applicable laws and, upon your written request, reasonably cooperate with you at your sole cost in support of any breach notification requirements as imposed upon you by applicable laws.

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies.

Termination

Your failure to make full payment of any and all undisputed amounts invoiced in a timely manner constitutes a material breach for which we may refuse to provide deliverables and/or, upon written notice, suspend or terminate our services under this Arrangement Letter. We will not be liable to you for any resulting loss, damage or expense connected with the suspension or termination of our services due to your failure to make full payment of undisputed amounts invoiced in a timely manner.



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In the event you terminate this engagement, you will pay us for all services rendered (including deliverables and products delivered), expenses incurred, and noncancelable commitments made by us on your behalf through the effective date of termination.

We will not be responsible for any delay or failure in our performance resulting from acts beyond our reasonable control or unforeseen or unexpected circumstances, such as, but not limited to, acts of God, government or war, riots or strikes, disasters, fires, floods, epidemics, pandemics or outbreaks of communicable disease, cyberattacks, and internet or other system or network outages. At your option, you may terminate this Arrangement Letter where our services are delayed more than 120 days; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Arrangement Letter.

When an engagement has been suspended at the request of management or those charged with governance and work on that engagement has not recommenced within 120 days of the request to suspend our work, we may, at our sole discretion, terminate this Arrangement Letter without further obligation to you. Resumption of our work following termination may be subject to our client acceptance procedures and, if resumed, will require additional procedures not contemplated in this Arrangement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Arrangement Letter will no longer apply. In order for us to recommence work, the execution of a new Arrangement Letter will be required.

We may terminate this Arrangement Letter upon written notice if we determine that our continued performance would result in a violation of law, regulatory requirements, applicable professional or ethical standards, or our client acceptance or retention standards.

The parties agree that those provisions of this Arrangement Letter which, by their context, are intended to survive, including, but not limited to, payment, limitations on liability, claim resolution, use and ownership, and confidentiality obligations, shall survive the termination of this Arrangement Letter.

Miscellaneous

We may mention your name and provide a general description of the engagement in our client lists and marketing materials.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, you agree to compensate us for any additional costs incurred as a result of your employment of one of our partners, principals or employees.

RSM US LLP will be available to support BT&Co., P.A. by rendering services related to the performance of the engagement. If a situation occurs in connection with the proposed engagement for which we would request the services of RSM US LLP, we will notify you and obtain permission from you before giving access to your records. We will maintain supervision, control and ultimate responsibility for the performance of this engagement.



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BT&Co., P.A. is independently owned and operated and assumes full responsibility for the quality of service delivered to our clients. We are responsible for our own client fee arrangements and maintenance of our client relationships.

RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM US LLP and RSM International. RSM, the RSM logo and RSM US ALLIANCE are trademarks of RSM International Association or RSM US. The services and products provided by RSM US Alliance are proprietary to RSM US LLP.

Entire Agreement

This Arrangement Letter constitutes the complete and exclusive statement of agreement between BT&Co., P.A. and the Authority, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Arrangement Letter.

If any term or provision of this Arrangement Letter is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

This Arrangement Letter may be amended or modified only by a written instrument executed by both parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this Agreement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.



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Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms and conditions contained herein. Each party and its signatory below represents that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

Very truly yours,

BT&CO., P.A.

Dusty D. Wagoner
Director

DDW:kkw
Enclosures

Confirmed on behalf of Topeka Metropolitan Transit Authority:

General Manager

9-12-23

Date

Chief Financial Officer

9/12/23

Date

A signed copy of this arrangement letter will be forwarded to the following pursuant to *Government Auditing Standards* Amendment No. 2, "Auditor Communication."

- I. For all financial statement audits performed in accordance with GAS:
 - a. The Governing Board



THE FIRM FOR GROWTH.®

Report on the Firm's System of Quality Control

November 17, 2020

To the Directors of
BT&Co., P.A.
and the Peer Review Committee of the Kansas Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of BT&Co., P.A. (the firm) in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under Government Auditing Standards, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of BT&Co., P.A. in effect for the year ended June 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BT&Co., P.A. has received a peer review rating of *pass*.

Brown Smith Wallace, LLP

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