

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	August 2025 Finance Report
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Review August Financial Statements
FISCAL IMPACT (Current and Future)	N/A
PRIORITY/GOAL	N/A
ATTACHMENTS	Yes

Topeka Metropolitan Transit Authority

Balance Sheet

As of August 31, 2025

Page 1

	This Month	Net Changes	Last Month
Assets and Deferred Outflows			
Current Assets			
Cash - Operating	2,004,172.64	166,249.37	1,837,923.27
Cash - Encumbered Funds	2,213,239.00	0.00	2,213,239.00
Cash - Designated	24,623,367.04	1,654,570.09	22,968,796.95
Accounts Receivable	23,608.48	(602,658.94)	626,267.42
Fuel Inventory	72,441.65	14,868.01	57,573.64
Prepaid Expenses	105,156.02	(15,829.92)	120,985.94
Prepaid Insurance	118,794.69	(16,979.09)	135,773.78
Prepaid Employee Benefits	9,604.58	(875.95)	10,480.53
Total Current Assets	29,170,384.10	1,199,343.57	27,971,040.53
Long-Term Assets			
Buildings - Net	934,491.86	(16,013.06)	950,504.92
Bus Shelters - Net	1,425,164.80	(28,056.53)	1,453,221.33
Communication Equipment - Net	7,940.75	(496.30)	8,437.05
Computers - Net	0.00	0.00	0.00
Farebox Equipment - Net	0.00	0.00	0.00
Office Furniture & Equipment - Net	0.00	(0.10)	0.10
Improvements - Net	2,518,695.74	(32,918.58)	2,551,614.32
Maintenance Equipment - Net	254,624.25	(3,888.21)	258,512.46
Revenue Vehicles - Net	6,061,433.23	(102,464.54)	6,163,897.77
Service Vehicles - Net	69,861.89	(896.97)	70,758.86
Projects in Process	207,493.37	0.00	207,493.37
Land	3,600,255.44	0.00	3,600,255.44
Total Long-Term Assets	15,079,961.33	(184,734.29)	15,264,695.62
Deferred Outflows			
KPERS Deferred Outflows	1,137,166.00	0.00	1,137,166.00
KPERS OPEB Deferred Outflows	92,920.00	0.00	92,920.00
Metro OPEB Deferred Outflows	1,335.00	0.00	1,335.00
Total Deferred Outflows	1,231,421.00	0.00	1,231,421.00
Total Assets and Deferred Outflows	45,481,766.43	1,014,609.28	44,467,157.15
Liabilities and Deferred Inflows			
Current Liabilities			
Accounts Payable	60,494.57	37,769.36	22,725.21
Accrued Payables	455,680.34	27,090.01	428,590.33
Payroll Taxes Payable	840.44	367.49	472.95
Payroll Liabilities Payable	(802.50)	424.19	(1,226.69)
Unearned Revenue	6,750.00	(75.00)	6,825.00
Other Current Liabilities	160,000.00	0.00	160,000.00
Total Current Liabilities	682,962.85	65,576.05	617,386.80

Topeka Metropolitan Transit Authority**Balance Sheet****As of August 31, 2025****Page 2**

	<u>This Month</u>	<u>Net Changes</u>	<u>Last Month</u>
Long-Term Liabilities			
KPERS Pension Liability	3,781,044.00	0.00	3,781,044.00
KPERS OPEB Liability	144,745.00	0.00	144,745.00
Metro OPEB Liability	56,675.00	0.00	56,675.00
Total Long-Term Liabilities	3,982,464.00	0.00	3,982,464.00
Deferred Inflows			
Metro OPEB Deferred Inflows	14,844.00	0.00	14,844.00
KPERS OPEB Deferred Inflows	45,722.00	0.00	45,722.00
KPERS Deferred Inflows	342,560.00	0.00	342,560.00
Total Deferred Inflows	403,126.00	0.00	403,126.00
Total Liabilities and Deferred Inflows	5,068,552.85	65,576.05	5,002,976.80
Fund Balance			
Fund Balance - Non-Designated	(2,451,827.01)	0.00	(2,451,827.01)
Fund Balance - Designated	25,311,481.35	0.00	25,311,481.35
Investment in Capital Assets	15,455,224.43	0.00	15,455,224.43
YTD Excess/(Deficit)	2,098,334.81	949,033.23	1,149,301.58
Total Fund Balance	40,413,213.58	949,033.23	39,464,180.35
Total Liabilities, Deferred Inflows and Fund Balance	45,481,766.43	1,014,609.28	44,467,157.15

Topeka Metropolitan Transit Authority
Cash Balances
As of August 31, 2025

		<u>This Month</u>	<u>Net Changes</u>	<u>Last Month</u>
Cash Account Balances				
Operating				
Operating Cash	1100	353,781.04	166,288.86	187,492.18
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	36,010.68	(3,265.97)	39,276.65
MIP - General	1200	1,261,188.94	3,226.48	1,257,962.46
ST Investment - General Reserve	1230	352,391.98	0.00	352,391.98
Total Operating		2,004,172.64	166,249.37	1,837,923.27
Designated				
Cash - Encumbered Funds	1160	2,213,239.00	0.00	2,213,239.00
ST Investment - Insurance Reserve	1240	500,000.00	0.00	500,000.00
ST Investment - Capital Reserve	1250	24,123,367.04	1,654,570.09	22,468,796.95
Total Designated		26,836,606.04	1,654,570.09	25,182,035.95
Total Cash Account Balances		28,840,778.68	1,820,819.46	27,019,959.22

Topeka Metropolitan Transit Authority
Organization Overall
From 07/01/2025 through 08/31/2025

	YTD Actual	Annual Budget	\$ Remaining	% Used	YTD Last Year
Operating Revenue					
Fares	131,915.90	693,480.00	(561,564.10)	19.02%	152,263.10
Advertising	13,804.00	84,166.00	(70,362.00)	16.40%	15,080.00
Product Sales	230.00	1,080.00	(850.00)	21.29%	250.00
Other Revenue	1,211.79	6,400.00	(5,188.21)	18.93%	1,727.99
Total Operating Revenue	147,161.69	785,126.00	(637,964.31)	18.74%	169,321.09
Operating Expense					
Salaries and Wages	729,791.12	4,535,916.00	3,806,124.88	16.08%	711,734.02
Payroll Taxes	78,914.39	551,573.00	472,658.61	14.30%	80,831.99
Paid Time Off	79,357.32	617,828.00	538,470.68	12.84%	68,981.81
Employee Insurance	129,798.25	881,592.35	751,794.10	14.72%	124,237.13
KPERs	86,282.73	550,942.00	464,659.27	15.66%	80,636.43
Other Benefits	2,674.74	38,295.00	35,620.26	6.98%	6,967.44
Legal Services	2,297.50	33,000.00	30,702.50	6.96%	0.00
Audit Services	0.00	29,050.00	29,050.00	0.00%	0.00
Maintenance Services	103,119.69	473,969.00	370,849.31	21.75%	272,858.30
Other Services	21,337.24	157,489.00	136,151.76	13.54%	32,265.34
Fuel, Lubricants and Tires	93,823.64	738,060.00	644,236.36	12.71%	91,102.31
Maintenance Supplies	53,274.01	397,200.00	343,925.99	13.41%	35,517.18
Other Supplies	42,758.59	319,412.00	276,653.41	13.38%	49,185.11
Utilities and Telephones	22,911.11	177,782.00	154,870.89	12.88%	23,445.45
Casualty Insurance	27,679.69	165,465.00	137,785.31	16.72%	27,922.42
Taxes	10,234.66	55,584.00	45,349.34	18.41%	8,147.07
Contracted Lift Service	69,722.00	420,000.00	350,278.00	16.60%	52,272.00
Continuing Education	1,544.38	16,020.00	14,475.62	9.64%	927.16
Advertising	1,637.10	11,700.00	10,062.90	13.99%	636.90
Equipment Leases	209.70	840.00	630.30	24.96%	246.00
Self-Insurance Payments	8,000.00	60,000.00	52,000.00	13.33%	3,406.53
Other Expenses	4,720.42	47,610.00	42,889.58	9.91%	2,213.98
Depreciation	369,468.50	2,176,890.00	1,807,421.50	16.97%	315,259.34
Total Operating Expense	1,939,556.78	12,456,217.35	10,516,660.57	15.57%	1,988,793.91
Operating Excess/(Deficit)	(1,792,395.09)	(11,671,091.35)	9,878,696.26	15.35%	(1,819,472.82)
Non-Operating Revenue					
Mill Levy	0.00	7,075,072.00	(7,075,072.00)	0.00%	0.00
Federal Operating Funds	1,670,587.00	2,900,000.00	(1,229,413.00)	57.60%	0.00
State Operating Funds	0.00	685,080.00	(685,080.00)	0.00%	0.00
MTPO & JEDO Grants	0.00	50,957.00	(50,957.00)	0.00%	0.00
Interest Earned	38,824.22	876,000.00	(837,175.78)	4.43%	11,683.59
Gain/(Loss) on Disposal	0.00	0.00	0.00	0.00%	1,600.00
Total Non-Operating Revenue	1,709,411.22	11,587,109.00	(9,877,697.78)	14.75%	13,283.59
Net Excess/(Deficit)	(82,983.87)	(83,982.35)	998.48	98.81%	(1,806,189.23)
Change in Net Assets	(82,983.87)	(83,982.35)	998.48	98.81%	(1,806,189.23)

Grant Status
Board Meeting
September 15, 2025

Grant	Project	Grant Amount	Amount Remaining	Status
FTA Low-No	Electric Bus Purchase (3) Budget revision submitted on 2/27/25 to extend the period of performance end date to 12/31/27 and to remove Proterra from the grant was approved on 3/6/25.	\$1,737,825	\$1,737,825	Grant is open.
FTA Low-No 2023	Electric Bus Purchase (4) Electric Van Purchase (7) Charging Infrastructure, Contingency, Training	\$7,305,526	\$6,673,767	Grant is open. Drew funds for 7 electric vans for \$631,759 on 2/19/25.
FTA 5307	FY2023 Operating Funding	\$3,055,486	\$0	Grant is open. Received funds for Apr-Jun 25 for \$275,810 on 8/5. Received funds for 10/22-06/25 for Gen Ops and Cust Serv for \$1,270,077 on 8/28.
FTA 5307	FY2024 Operating Funding	\$2,940,580	\$1,953,918	Grant is open. Received funds for Apr-Jun 25 for \$327,634 on 8/5. Received funds for 10/24-06/25 for Gen Ops and Cust Serv for \$400,510 on 8/28.
FTA 5307	FY25 Operating Funding	\$2,998,704		Grant has been apportioned. We will wait until the Spring of 2026 to apply, per the FTA, as we are still using FY23 and FY24 funding.
KDOT PT-0726	FY2026 Operating Funding	\$685,080	\$685,080	Grant is open.
KDOT 5339-21	Bus Stops Phase 10, Security Barriers, Maintenance & Security Equipment	\$1,304,840	\$760,202	Grant is open. Received fourth draw for \$30,974.36 on 10/22.
KDOT Access	Bus Stops and Sidewalks	\$177,725	\$177,725	

Procurement Calendar
Board Meeting
For Calendar Year 2025
September 15, 2025

Received Notice To Proceed
ADA Sidewalk Improvements - \$222,156

January 21 – at board meeting

- a. Award the Electric Van Charging Infrastructure and Installation RFB Contract (complete)
- b. Provide update to QSS Back-Up Generator project regarding screen and privacy fencing. (complete)

February 18 – at board meeting

- a. Approve the Demand Response Service RFP (complete)

March 17 – at board meeting

- a. Award the Uniform and Linen Services RFB Contract (complete)
- b. Award the Maintenance Facility Roof Replacement RFB Contract (complete)

April 21 – None

May 19 – at board meeting

- a. Award the Transit Bus and Van Tire Lease RFB Contract (complete)
- b. Award the Audit Services RFB Contract (complete)

June 23 – at board meeting

- a. Award the Demand Response Service RFP Contract (complete)
- b. Approve the Janitorial Services RFB (complete)

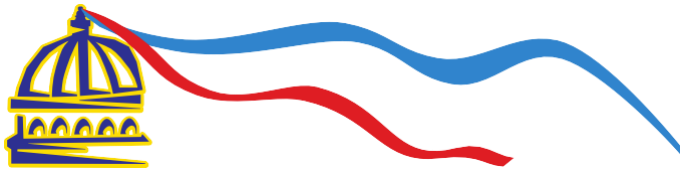
July 21 – None

August 18 – at board meeting

- a. Approve the Courier Service RFB (complete)

September 15 – at board meeting

- a. Award the Janitorial Services RFB contract



TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	Award the Janitorial Services Contract
CONTACT	Richard Appelhantz
RECOMMENDATION	Approve
SUMMARY	Metro would like to award a contract to provide janitorial services on a Monday-Friday basis at our 3 locations: Administration 201 N Kansas, Maintenance 200 NW Crane, and Quincy Street Station 820 SE Quincy per the attached recommendation.
FISCAL IMPACT (Current and Future)	N/A
PRIORITY/GOAL	N/A
ATTACHMENTS	One



Janitorial Services RFB TO-26-02

Publication Date: July 28, 2025
Proposal Due Date: August 28, 2025
Contract Term: Three Years
Bids Received: Four

Specifications of Service

This contract will be to provide Janitorial Services at the following Metro locations in Topeka, Kansas: Administration 201 N. Kansas, Maintenance 200 NW Crane, and our Quincy Street Station 820 SE Quincy. Our current contract expires September 18, 2025.

Evaluation

The evaluation committee reviewed the bids individually, then met on August 28, 2025, to discuss. After review, all bids were deemed to be responsive and all bidders to be responsible and qualified. The ICE (Independent Cost Estimate) for this project is \$157,680.00 and all bidders were below the ICE. Therefore, the committee decided to award the contract to the lowest bidder.

<u>Bidder</u>	<u>3-Year Bid Price</u>
Peyton Place Janitorial	\$127,104.00
Sanchez Professional Cleaning Services LLC	150,150.00
Shawnee Building Maintenance & Janitorial Services Inc.	126,720.00
Southwest Janitorial Services, LLC	129,600.00

Recommendation

We recommend awarding the contract to Shawnee Building Maintenance & Janitorial Services Inc. Their bid met all specifications, they had the lowest bid price, their bid price was below the ICE, and their references are excellent.



September 4, 2025

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, 2025.

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 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, statutes, regulations, rules, provisions of contracts or grant agreements or abuse that is likely to have a material effect on the financial statements. We will also communicate illegal acts, instances of noncompliance or fraud 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. Additionally, we will communicate significant unusual transactions, matters that are difficult or contentious for which we consulted outside the engagement team, and circumstances that affect the form and content of the auditor's report. 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.

Shared Responsibilities for Independence

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 *Government Accountability Office* (GAO) independence rules. For BT&Co., P.A. to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and BT&Co., P.A. each play an important role.



Board of Directors
Topeka Metropolitan Transit Authority
September 4, 2025
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Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. BT&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.
- Maintain a system of quality management over compliance with independence rules and firm policies.

Your Responsibilities

- Timely inform BT&Co., P.A., before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
 - 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.
- 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.
- 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&Co., P.A.
- Not entering into arrangements of nonaudit services resulting in BT&Co., P.A. being involved in making management decisions on behalf of the Authority.
- Not entering into relationships resulting in close family members of BT&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.

Our Independence Policies and Procedures

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, our partners and professional employees are restricted in their ability to own a 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 prohibit us from providing certain non-attest services and require audit clients to accept certain responsibilities in connection with the provision of permitted non-attest services.



Board of Directors
Topeka Metropolitan Transit Authority
September 4, 2025
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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 your objectives, strategies, risks and performance.

As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of your system 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.

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 risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk due to the degree to which inherent risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement should that misstatement occur, or that is to be treated as a significant risk in accordance with auditing standards generally accepted in the United States of America. As part of our initial risk assessment procedures, we identified fraudulent revenue recognition, management override of controls, and significant estimates as significant risks. Additional significant risks may be identified as we perform additional audit procedures.



Board of Directors
Topeka Metropolitan Transit Authority
September 4, 2025
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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 over financial reporting and compliance 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 over financial reporting and compliance or to identify significant deficiencies or material weaknesses. Our review and understanding of the entity's internal control over financial reporting and compliance is not undertaken for the purpose of expressing an opinion on the effectiveness of internal control.

We will issue a report on internal control over financial reporting and compliance and other matters related to the financial statements. This report describes the scope of testing of internal control over financial reporting and compliance and the results of our tests of internal control over financial reporting and compliance. Our report on internal control over financial reporting and compliance and other matters 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 over financial reporting and compliance and other matters consistent with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States.

We will also issue a report on compliance for each major federal program and on internal control over compliance; consistent with the requirement of the *Single Audit Act and Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance). This report describes the scope of testing of internal control and compliance and the results of our tests of internal control and compliance, consistent with the Single Audit Act; and Uniform Guidance. We 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 over each major program, report any noncompliance that could have a direct and material effect on each major program and report any known or likely fraud affecting a federal award consistent with the Single Audit Act and Uniform Guidance.

Timing of the Audit

We have scheduled audit work to commence the week of September 29, 2025. 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 4, 2025
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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 black ink, appearing to read "Emily R. Sheldon". The signature is fluid and cursive, with a large, stylized "E" and "S".

Emily R. Sheldon
Principal

ERS:tls



September 4, 2025

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

Auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States require us to specifically communicate with management of the audited entity, those charged with governance, and the individuals contracting for or requesting audit services, as applicable, 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 engagement letter which was signed by Robert Nugent and Richard Appelhanz on September 4, 2025.

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

Very truly yours,

BT&CO., P.A.

Emily R. Sheldon
Principal

ERS:tls



Certified Public Accountants

September 3, 2025

Chief Financial Officer Richard Appelhanz
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 BT&Co., P.A. ("BT&Co.", "we", "us", or "our") audit the Topeka Metropolitan Transit Authority's (the "Authority", "you", or "your") business-type activities as of and for the year ended June 30, 2025, which collectively comprise the basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter ("Engagement 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 auditors' 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 controls.

You have also requested that BT&Co. perform the audit of the Authority as of June 30, 2025 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* ("Uniform Guidance").

The Responsibilities of the Auditor

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the Authority and its environment, the applicable financial reporting framework, and the Authority's system of internal control, 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.



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2. Consider the Authority's system of internal control 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.
3. 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.
4. 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 controls, 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 Board of Directors (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 over financial reporting and over compliance for major programs will include any significant deficiencies and material weaknesses in internal control over financial reporting and over compliance for major programs of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and over compliance for major programs 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.

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



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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, vendors, customers or others.

Management is responsible for the preparation of the required supplementary information ("RSI") which accounting principles generally accepted in the United States of America ("U.S. GAAP").

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 auditors' report on the supplementary information in any document that contains the supplementary information and will indicate 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 auditors' report thereon.

The Board of Directors 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 U.S. GAAP;
2. To evaluate subsequent events through the date the financial statements are issued. 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 report distribution; and
5. 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;



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- 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.

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 Engagement Letter; and
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 Board of Directors 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 auditors' 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:

- A report on the fairness of the presentation of the Authority's schedule of expenditures of federal awards for the year ending June 30, 2025;
- 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;



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- Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; and
- An accompanying schedule of findings and questioned costs

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 Chief Financial Officer Richard Appelhanz. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Non-Audit Services

In connection with our audit, you have requested us to perform the following non-audit services:

1. Drafting the financial statements
2. Assisting with the single audit submission to the Federal Audit Clearinghouse

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 Chief Financial Officer Richard Appelhanz possesses suitable skill, knowledge, or experience and that the individual understands the non-audit services to be performed and described above, sufficiently to oversee them. Accordingly, the management of the Authority agrees to the following:

1. The Authority has designated Chief Financial Officer Richard Appelhanz as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services;
2. Chief Financial Officer Richard Appelhanz 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 or 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 Engagement 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 engagement, which includes out-of-pocket expenses, will be \$ 28,750. 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 \$ 4,500 per major program. All matters related to the Authority's adoption of GASB Statement No. 102, *Compensated Absences*, will be accounted for and billed separately. The quoted fee for the year ended June 30, 2025 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 to the fee without discussion with you regarding the proposed change. All other provisions of this letter will survive any fee adjustment.

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. Payment will be applied first to the accrued finance charges and then to outstanding invoices.

Use of Subcontractors and Third-Party Products

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 Confidential Information and Personal Information (as such terms are defined below) to them. We may share your information, including Confidential Information and Personal Information, with these third-party service providers; provided that such recipients are bound by written obligations of confidentiality. You acknowledge and agree that our use of a third-party service provider may involve the processing, input, disclosure, movement, transfer, and storage of your information and data, including Confidential Information and Personal Information, outside of the United States and outside of our technology infrastructure. We will be responsible to you for the performance of our third-party service providers, solely as related to the services performed under this Engagement Letter, subject to all limitations and disclaimers set forth herein.



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We also may provide services to you using certain third-party hardware, software, equipment, or products (collectively, "Third-Party Products" and each, individually, a "Third-Party Product"). You acknowledge that the use of a Third-Party Product may involve the processing, input, disclosure, movement, transfer, and storage of information provided by or on behalf of you to us, including Confidential Information and Personal Information, within the Third-Party Product's infrastructure and not ours which may result in the access, transfer, disclosure, storage or processing of such information and data outside of the United States. You further acknowledge that the terms of use and service, including, but not limited to, applicable laws, set forth in the end-user license, end-user subscription agreement, or other end-user agreement for such Third-Party Product (collectively, "EULA(s)") will govern all obligations of such the licensor of such Third-Party Product 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 and you acknowledge and agree that such Authority-provided data and information may be collected, processed, stored, and used by such licensors for benchmarking, analytics, marketing, and other business purposes in support of the Third-Party Product.

To the extent BT&Co. gives the Authority access to a Third-Party Product in connection with the services contemplated herein, the Authority agrees to comply with the terms of any applicable EULA for such Third-Party Product, and the Authority shall be solely responsible for the improper use of a Third-Party Product or a violation of the applicable EULA for such Third-Party Product by the Authority or any user to whom the Authority grants access to such Third-Party Product. The Authority agrees to indemnify and hold BT&Co. harmless from and against any claims, actions, lawsuits, proceedings, judgments, liens, losses, damages, costs, expenses, fees (including reasonable legal fees, expenses, and costs), and other liabilities relating to, or arising from or out of, the improper use of a Third-Party Product, or a violation of the terms of the applicable EULA for such Third-Party Product by the Authority or any user to whom the Authority grants access to such Third-Party Product.

You acknowledge that the 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, or maintenance. We will not be liable for any damages relating to such limitations, delays, delivery failures, interruptions, errors, or other problems. 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 the 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. For the purposes of this Engagement Letter, the term "Audit Documentation" shall mean the confidential and proprietary records of BT&Co.'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. for the Authority under this Engagement Letter, or any documents belonging to the Authority or furnished to BT&Co. by the Authority.

Review of Audit Documentation by a successor auditor or as part of due diligence is subject to applicable BT&Co. policies, and will be agreed to, accounted for and billed separately. Any such access to our Audit Documentation is



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subject to a successor auditor signing the Access & Release Letter provided by BT&Co., without substantive modifications thereto. substantially in BT&Co.'s form. BT&Co. reserves the right to decline a successor auditor's request to review our Audit Documentation.

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.

The documentation for this engagement is the property of BT&Co. However, 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 audit personnel and at a location designated by BT&Co.

Indemnification, Limitation of Liability, and Claim Resolution

Because BT&Co. will rely on the Authority and its management and Board of Directors to discharge the foregoing responsibilities, the Authority agrees to indemnify, hold harmless, and release BT&Co. and its partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, Subcontractors, agents, representatives, successors, or assigns from all third-party 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. agree that no claim arising out, from, or relating to the services rendered pursuant to this Engagement Letter shall be filed more than two years after the date of the audit report issued by BT&Co. or the date of this Engagement Letter if no report has been issued. In no event shall BT&Co. or the Authority, or any of their respective partners, principals, officers, directors, employees, affiliates, subsidiaries, contractors, subcontractors, agents, representatives, successors, or assigns (collectively, the "covered parties" and each individually, a "covered party"), be liable for the interruption or loss of business, any lost profits, savings, revenue, goodwill, software, hardware, or data, or the loss of use thereof (regardless of whether such losses are deemed direct damages), or incidental, indirect, punitive, consequential, special, exemplary, or similar such damages, even if advised of the possibility of such damages. Except for a covered party's indemnification obligations under this Engagement Letter, to the fullest extent permitted by law, the total aggregate liability of the covered parties arising out of, from, or relating to this Engagement Letter, or the report issued or services provided hereunder, regardless of the circumstances or nature or type of claim, including, without limitation, claims arising from a covered party's negligence or breach of contract or warranty, or relating to or arising from a government, regulatory or enforcement action, investigation, proceeding, or fine, will not exceed the total amount of the fees paid by the Authority to BT&Co. under this Engagement Letter. Notwithstanding the foregoing, nothing in this limitation of liability provision shall, or shall be interpreted or construed to, relieve the Authority of its payment obligations to BT&Co. under this Engagement 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



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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. both agree that any dispute over fees charged by BT&Co. 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., 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. and the Authority may, from time to time, disclose Confidential Information (as defined below) to one another. Accordingly, BT&Co. 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 Engagement Letter. 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 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. is permitted to disclose the Authority's Confidential Information to BT&Co.'s personnel, agents, Subcontractors, and representatives (collectively, the "BT&Co. Parties" and each, individually, a "BT&Co. Party") for the purpose of exercising its rights and fulfilling its obligations hereunder and to comply with applicable laws and professional, regulatory, and/or ethical standards.

"Confidential Information" means, information in any form, consisting of: (i) any nonpublic information provided by the Disclosing Party; (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 Engagement Letter. Without limiting the generality of the foregoing, the Authority acknowledges and agrees that Audit Documentation constitutes Confidential Information of BT&Co.

"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 Disclosing Party's 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.



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Notwithstanding anything stated to the contrary in this Engagement Letter, the Authority consents to the BT&Co. Parties using any information or data, including Confidential Information and Personal Information, provided by or on behalf of the Authority, or otherwise obtained by BT&Co., in connection with: (i) the services provided under this Engagement Letter, to provide the Authority with professional services under any other professional services agreement the Authority enters into or has entered into with a BT&Co. Party; and (ii) those professional services provided by a BT&Co. Party under another professional service agreement with the Authority to provide the services under this Engagement Letter to the Authority.

The Authority consents to the BT&Co. Parties using Confidential Information and Personal Information provided by or on behalf of the Authority to: (i) improve the quality of our services and offerings; and/or (ii) develop or perform internal data analysis, business analytics or insights, or other internal insight generation. Information developed in connection with these purposes may be used or disclosed to current or prospective clients to provide services or offerings. The BT&Co. Parties will not use or disclose such Confidential Information or Personal Information in a way that would permit the Authority or an individual to be identified by third parties without your prior written consent.

Data Protection Compliance

Prior to disclosing to a BT&Co. Party or the granting of access to a BT&Co. Party, you will identify in writing any personal, technical, or other data, information, or items provided or made accessible to a BT&Co. Party pursuant to this Engagement Letter that may be subject to heightened protections under applicable statutes, regulations, governmental directives or guidance documents, or other legally binding standards relating to privacy, cybersecurity, export controls, controlled unclassified information, and/or data protection, and will ensure compliance with all such requirements. This includes, but is not limited to, protected health information pursuant to the Health Information Portability and Accountability Act of 1996 ("HIPAA"), classified or controlled unclassified information subject to the National Industrial Security Program Operating Manual ("NISPOM") (which classified information shall not be provided to any BT&Co. Party unless appropriate security clearances have been obtained prior to any such access), marked or unmarked controlled unclassified information ("CUI") (subject to any provisions of the NISPOM, the Federal Acquisition Regulation ("FAR") or any FAR supplement, DoD Instruction 5200.48, requirements of the National Archives and Records Administration, or those of the General Services Administration or any other federal government agency), unclassified nuclear technology pursuant to 10 C.F.R. Parts 110 and 810, and exports controlled by the NISPOM, or the Defense Federal Acquisition Regulation Supplement ("DFARS"), data, information, or items subject to the Export Administration Regulations ("EAR"), or International Traffic in Arms Regulations ("ITAR") controlled data. Unless otherwise expressly agreed upon and specified in writing by BT&Co. and the Authority, you shall not disclose to a BT&Co. Party, or provide any BT&Co. Party access to, such data, information, and items, and you shall be responsible for the handling of all such data, information, and items in connection with the performance of the services requested hereunder, including, but not limited to, the scrubbing, de-identification, de-aggregation, protection, encryption, transfer, movement, input, storage, migration, deletion, copying, processing, and modification of such data.

Personal Information

As used herein, the term "Personal Information" means any personal information or data, as may be defined by applicable privacy, data protection, or cybersecurity laws, that directly or indirectly identifies a natural person.



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Each party agrees to transmit Personal Information consistent with applicable laws and any other obligations the respective party may have. We are permitted to use all such Personal Information to perform our obligations and exercise our rights under this Engagement Letter.

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 a BT&Co. Party of such Personal Information and shall take reasonable steps to ensure that such Personal Information does not include irrelevant or unnecessary information about individuals.

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 Engagement 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 or to exercise our rights under this Engagement Letter. 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 Engagement Letter. We will not be liable to you for any loss, damage or expense arising out of or from, or relating to, such termination or suspension of our services.

Either party hereto may terminate this Engagement Letter for any reason upon fifteen (15) days' prior written notice to the other party. 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.

Either party may terminate this Engagement Letter upon written notice if: (i) circumstances arise that in its judgment would cause its continued performance to result in a violation of law, a regulatory requirement, a legal process, a contractual obligation with a third party, applicable professional or ethical standards, or, in the case of BT&Co., our client acceptance or retention standards; or (ii) if the other party, or any director, executive, partner or principal thereof, is placed on a Sanctioned List (as defined herein), or if any director or executive of, or other person closely associated with such other party or its affiliate, is placed on a Sanctioned List (as defined below).

Neither BT&Co. nor the Authority shall be responsible for any delay or failure in its performance resulting from acts beyond its reasonable control (each, a "Force Majeure Event"). Force Majeure Events include, but are 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 Engagement Letter where our services are delayed more than 120 days by a Force Majeure



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Event; however, you are not excused from paying us for all amounts owed for services rendered and deliverables provided prior to the termination of this Engagement 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 Engagement 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 Engagement Letter. Accordingly, the scope, timing and fee arrangement discussed in this Engagement Letter will no longer apply. In order for us to recommence work, the execution of a new Engagement Letter will be required.

The parties agree that those provisions of this Engagement 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 Engagement 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 BT&Co. 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.

Each party hereto affirms it has not been placed on a Sanctioned List (as defined below) and will promptly notify the other party upon becoming aware that it has been placed on a Sanctioned List at any time throughout the duration of this Engagement Letter. The Authority shall not, and shall not permit third parties to, access or use any of the deliverables provided for hereunder, or Third-Party Products provided hereunder, in violation of any applicable sanctions laws or regulations, including, but not limited to, accessing or using the deliverables provided for hereunder or any Third-Party Products from any territory under embargo by the United States. The Authority shall not knowingly cause BT&Co. to violate any sanctions applicable to BT&Co. As used herein "Sanctioned List" means any sanctioned person or entity lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the Consolidated Canadian Autonomous Sanctions List, the United Nations Security Council, the European Union, and the United Kingdom.

Any term of this Engagement Letter that would be prohibited by or impair our independence under applicable law or regulation shall not apply, to the extent necessary only to avoid such prohibition or impairment.

Entire Agreement

This Engagement Letter including any exhibits, policies, schedules, and/or other documents expressly incorporated herein by reference or attached hereto, constitutes the entire of agreement between BT&Co. and the Authority, and supersedes all prior agreements, understandings, and proposals, whether oral or written, relating to the subject matter of this Engagement Letter including any separate nondisclosure agreement executed between the parties.



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If any term or provision of this Engagement 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 Engagement Letter may be amended or modified only by a written instrument executed by both parties.

Electronic Signatures and Counterparts

This Engagement Letter may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which taken together will constitute one and the same instrument. Each party agrees that any electronic signature of a party to this Engagement 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.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms contained herein, including any exhibits, policies, schedules, and/or other documents expressly incorporated herein by reference or attached hereto. Each party and its signatory below represent 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.

Agreed to and acknowledged by:

BT&CO., P.A.

Emily Sheldon
Principal

ERS:tls

Confirmed on behalf of Authority:

Robert Nugent, General Manager

Richard Appelhanz, Chief Financial Officer

9-4-25

Date

9/4/2025

Date

A signed copy of this Engagement Letter will be forwarded to the following parties pursuant to GAS.

- Board of Directors



Report on the Firm's System of Quality Control

December 18, 2023

To the Directors of
BT & Co., P.A.
and the Peer Review Committee of the Oklahoma 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, 2023. 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 and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit 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, 2023, 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*.

A handwritten signature in dark ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino, LLP