TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	November 2024 Finance Report
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Review November Financial Statements
FISCAL IMPACT **(**Current and Future)	N/A
PRIORITY/GOAL	N/A
ATTACHMENTS	Yes

Topeka Metropolitan Transit Authority

Balance Sheet

As of November 30, 2024

	This Month	Net Changes	Last Month
Assets and Deferred Outflows			
Current Assets			
Cash - Operating	781,928.38	120,712.08	661,216.30
Cash - Encumbered Funds	3,383,689.00	(228,000.00)	3,611,689.00
Cash - Designated	20,401,568.64	1,273,589.12	19,127,979.52
Accounts Receivable	31,860.54	2,905.76	28,954.78
Fuel Inventory	49,418.18	(11,935.12)	61,353.30
Prepaid Expenses	77,258.26	(12,568.81)	89,827.07
Prepaid Insurance	30,159.33	(20,161.73)	50,321.06
Prepaid Employee Benefits	2,672.95	(2,037.82)	4,710.77
Total Current Assets	24,758,555.28	1,122,503.48	23,636,051.80
Long-Term Assets			
Buildings - Net	1,078,609.40	(16,013.06)	1,094,622.46
Bus Shelters - Net	1,678,460.76	(28,979.37)	1,707,440.13
Communication Equipment - Net	12,407.45	(496.30)	12,903.75
Computers - Net	0.00	0.00	0.00
Farebox Equipment - Net	0.00	0.00	0.00
Office Furniture & Equipment - Net	1,515.70	(252.58)	1,768.28
Improvements - Net	1,323,811.50	(18,492.45)	1,342,303.95
Maintenance Equipment - Net	289,618.14	16,090.74	273,527.40
Revenue Vehicles - Net	6,193,916.21	(86,980.38)	6,280,896.59
Service Vehicles - Net	67,726.62	18,001.53	49,725.09
Projects in Process	945,709.31	9,860.79	935,848.52
Land	3,600,255.44	0.00	3,600,255.44
Total Long-Term Assets	15,192,030.53	(107,261.08)	15,299,291.61
Deferred Outflows			
KPERS Deferred Outflows	1,334,973.00	0.00	1,334,973.00
KPERS OPEB Deferred Outflows	55,675.00	0.00	55,675.00
Metro OPEB Deferred Outflows	2,055.00	0.00	2,055.00
Total Deferred Outflows	1,392,703.00	0.00	1,392,703.00
Total Assets and Deferred Outflows	41,343,288.81	1,015,242.40	40,328,046.41
Liabilities and Deferred Inflows			
Current Liabilities			
Accounts Payable	86,701.14	(2,863.98)	89,565.12
Accrued Payables	307,058.42	35,882.37	271,176.05
Payroll Taxes Payable	2,828.09	1,119.40	1,708.69
Payroll Liabilities Payable	(241.50)	(2,376.79)	2,135.29
Unearned Revenue	4,750.00	(350.00)	5,100.00
Other Current Liabilities	160,000.00	0.00	160,000.00
Total Current Liabilities	561,096.15	31,411.00	529,685.15

Topeka Metropolitan Transit Authority

Balance Sheet

As of November 30, 2024

Page 2

	This Month	Net Changes	Last Month
Long-Term Liabilities			
KPERS Pension Liability	3,917,019.00	0.00	3,917,019.00
KPERS OPEB Liability	91,557.00	0.00	91,557.00
Metro OPEB Liability	53,916.00	0.00	53,916.00
Total Long-Term Liabilities	4,062,492.00	0.00	4,062,492.00
Deferred Inflows			
Metro OPEB Deferred Inflows	28,649.00	0.00	28,649.00
KPERS OPEB Deferred Inflows	54,095.00	0.00	54,095.00
KPERS Deferred Inflows	363,026.00	0.00	363,026.00
Total Deferred Inflows	445,770.00	0.00	445,770.00
Total Liabilities and Deferred Inflows	5,069,358.15	31,411.00	5,037,947.15
Fund Balance			
Fund Balance - Non-Designated	(7,031,329.21)	0.00	(7,031,329.21)
Fund Balance - Designated	22,572,379.84	0.00	22,572,379.84
Investment in Capital Assets	15,862,421.31	0.00	15,862,421.31
YTD Excess/(Deficit)	4,870,458.72	983,831.40	3,886,627.32
Total Fund Balance	36,273,930.66	983,831.40	35,290,099.26
Total Liabilities, Deferred Inflows and Fund Balance	41,343,288.81	1,015,242.40	40,328,046.41

Topeka Metropolitan Transit Authority
Cash Balances
As of November 30, 2024

		This Month	Net Changes	Last Month
Cash Account Balances				
Operating				
Operating Cash	1100	260,140.15	(13,292.47)	273,432.62
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	25,932.67	(1,960.02)	27,892.69
MIP - General	1200	142,663.58	135,964.57	6,699.01
ST Investment - General Reserve	1230	352,391.98	0.00	352,391.98
Total Operating		781,928.38	120,712.08	661,216.30
Designated				
Cash - Encumbered Funds	1160	3,383,689.00	(228,000.00)	3,611,689.00
ST Investment - Insurance Reserve	1240	500,000.00	0.00	500,000.00
ST Investment - Capital Reserve	1250	19,901,568.64	1,273,589.12	18,627,979.52
Total Designated		23,785,257.64	1,045,589.12	22,739,668.52
Total Cash Account Balances		24,567,186.02	1,166,301.20	23,400,884.82

Topeka Metropolitan Transit Authority
Organization Overall
From 07/01/2024 through 11/30/2024

	YTD Actual	Annual Budget	$ Remaining	% Used	YTD Last Year
Operating Revenue					
Fares	341,055.73	688,080.00	(347,024.27)	49.56%	315,857.49
Advertising	34,391.50	81,666.68	(47,275.18)	42.11%	34,525.40
Product Sales	532.00	1,080.00	(548.00)	49.25%	565.00
Other Revenue	3,422.95	7,400.00	(3,977.05)	46.25%	3,596.00
Total Operating Revenue	379,402.18	778,226.68	(398,824.50)	48.75%	354,543.89
Operating Expense					
Salaries and Wages	1,734,020.05	4,145,568.00	2,411,547.95	41.82%	1,627,233.46
Payroll Taxes	205,859.74	513,111.00	307,251.26	40.11%	174,755.37
Paid Time Off	182,072.86	566,078.00	384,005.14	32.16%	198,018.67
Employee Insurance	319,372.92	810,975.54	491,602.62	39.38%	282,490.22
KPERS	196,220.82	483,267.00	287,046.18	40.60%	172,295.02
Other Benefits	12,470.48	35,455.00	22,984.52	35.17%	1,399.13
Legal Services	0.00	3,000.00	3,000.00	0.00%	1,290.00
Audit Services	13,000.00	16,200.00	3,200.00	80.24%	13,000.00
Maintenance Services	521,893.48	1,329,458.00	807,564.52	39.25%	180,322.68
Other Services	74,337.04	166,636.00	92,298.96	44.61%	63,703.80
Fuel, Lubricants and Tires	212,642.04	727,140.00	514,497.96	29.24%	247,053.36
Maintenance Supplies	120,023.18	399,600.00	279,576.82	30.03%	185,893.78
Other Supplies	120,008.20	293,049.00	173,040.80	40.95%	85,153.08
Utilities and Telephones	58,500.32	175,886.00	117,385.68	33.26%	60,770.70
Casualty Insurance	69,784.85	175,029.00	105,244.15	39.87%	66,929.57
Taxes	21,420.29	57,684.00	36,263.71	37.13%	23,195.51
Contracted Lift Service	118,652.50	360,000.00	241,347.50	32.95%	150,902.50
Continuing Education	3,813.19	14,820.00	11,006.81	25.73%	5,554.85
Advertising	2,367.20	19,200.00	16,832.80	12.32%	5,359.53
Equipment Leases	495.77	984.00	488.23	50.38%	492.00
Self-Insurance Payments	3,406.53	60,000.00	56,593.47	5.67%	560.00
Other Expenses	9,629.04	46,410.00	36,780.96	20.74%	9,018.70
Depreciation	785,175.40	1,886,820.00	1,101,644.60	41.61%	653,785.94
Total Operating Expense	4,785,165.90	12,286,370.54	7,501,204.64	38.95%	4,209,177.87
Operating Excess/(Deficit)	(4,405,763.72)	(11,508,143.86)	7,102,380.14	38.28%	(3,854,633.98)
Non-Operating Revenue					
Mill Levy	485,746.70	6,847,385.00	(6,361,638.30)	7.09%	582,802.79
Federal Operating Funds	871,188.00	2,900,000.00	(2,028,812.00)	30.04%	700,163.00
State Operating Funds	645,964.85	802,544.00	(156,579.15)	80.48%	476,003.00
MTPO & JEDO Grants	1,220.10	51,149.00	(49,928.90)	2.38%	20,703.29
Interest Earned	328,121.60	804,000.00	(475,878.40)	40.81%	216,031.69
Gain/(Loss) on Disposal	1,600.00	0.00	1,600.00	0.00%	0.00
Total Non-Operating Revenue	2,333,841.25	11,405,078.00	(9,071,236.75)	20.46%	1,995,703.77
Net Excess/(Deficit)	(2,071,922.47)	(103,065.86)	(1,968,856.61)	2,010.28%	(1,858,930.21)
Capital Items					
Capital Grants	30,974.36	0.00	30,974.36	0.00%	1,503,429.05
Total Capital Items	30,974.36	0.00	30,974.36	0.00%	1,503,429.05
Change in Net Assets	(2,040,948.11)	(103,065.86)	(1,937,882.25)	1,980.23%	(355,501.16)

Grant Status
Board Meeting
December 16, 2024

Grant	Project	Grant Amount	Amount Remaining	Status
FTA 5307	Bus Stops Phase 9 and Bike Stations Shifted remaining funds of $116,155 to purchase a back-up generator at QSS which was approved by the FTA on 2/28/24.	$739,634	$116,155	Drew funds for bike racks in inventory for $9,135 on 2/24.
FTA Low-No	Electric Bus Purchase (3)	$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	$7,305,526	Grant is open.
FTA 5339	Buses, Signs, Radios, Redundancy Shifted remaining funds of $532,508 from redundancy, radios, & bus signage to the purchase of 6 additional diesel buses. Budget Revision was approved by the FTA on 12/1/23. Second Budget Revision submitted on 11/8/24 to shift remaining funding of $115,017 from the purchase of buses to the purchase of HVAC Equipment and Controls at QSS.	$4,987,500	$115,017	Redundancy project in progress. Received funds for 6 diesel buses for $3,194,380 on 2/27.
FTA 5307	FY2022 Operating Funding	$2,992,021	$417,682	Grant is open. Received funds for Jul-Sept 24 for $543,203 on 11/4.
FTA 5307	FY2023 Operating Funding	$3,055,486	$2,214,851	Grant is open. Received funds for Jul-Sept 24 for $327,985 on 11/4.
FTA 5307	FY2024 Operating Funding	$2,940,580	$2,940,580	Grant is open.
KDOT PT-0726	FY2025 Operating Funding	$802,544	$156,579	Grant is open. Requested funds for Jul-Sept 24 for $645,965 on 10/31.
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 2024
December 16, 2024

<u>Received Notice To Proceed</u>
ADA Sidewalk Improvements - $222,156

January 16 – None

February 20 – None

March 18 – at board meeting
   a. Award the Bus Technology RFP Contract (complete)
   b. Approve the QSS Back-Up Generator RFB (complete)

April 15 – None

May 20 – at board meeting
   a. Award the Environmental Services RFB Contract (complete)
   b. Award the QSS Back-Up Generator RFB Contract (complete)

June 17 – at board meeting
   a. Approve the Asphalt Paving Project RFB(complete)

July 22 – at board meeting
   a. Approve the QSS HVAC System and HVAC Controls Projects RFBs(complete)

August 19 – at board meeting
   a. Approve the Uniform and Linen Service RFB(complete)

September 16 – at board meeting
   a. Award the Asphalt Paving Project RFB Contract(complete)
   b. Approve the purchase of 7 electric vans with 85% grant funding from the State of Oklahoma procurement contract.(complete)
   c. Award the QSS HVAC Controls RFB Contract(complete)
   d. Award the QSS HVAC Equipment Upgrade RFB Contract(complete)

October 21 – at board meeting
   a. Award the Disposal and Recycling Services RFB Contract(complete)

November 18 – None

December 16 – at board meeting
   a. Approve the Maintenance Building New Roof RFB
   b. Approve the 201 N Kansas North Wall Replacement RFB

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	Post the Maintenance Building New Roof RFB
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Replace the roof at our Maintenance Building located at 200 NW Crane. The existing roof is over 20 years old, began to leak during the past year, has suffered wind damage and tears, and needs to be replaced.
FISCAL IMPACT **(**Current and Future)	The architect's estimate from Theodore Demonchaux at Civium Architecture & Planning is $87,000. There are no grant funds to cover this project, but it has been included in the FY2025 budget.
PRIORITY/GOAL	This project is a priority as the roof will continue to deteriorate and leak and will only cost more to replace in the future.
ATTACHMENTS	None.

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	Post the 201 N. Kansas North Wall Replacement RFB
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Replace the north wall of the west addition at our Bus Garage Facility located at 201 N Kansas. The existing wall has damaged and rusted wall panels, lets in cold air, and needs to be replaced.
FISCAL IMPACT **(**Current and Future)	The architect's estimate from Theodore Demonchaux at Civium Architecture & Planning is $40,000. There are no grant funds to cover this project, but it has been included in the FY2025 budget.
PRIORITY/GOAL	This project is a priority as the wall will continue to deteriorate and will only cost more to replace in the future.
ATTACHMENTS	None.

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	Calendar Year 2025 Insurance Renewal
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Review Calendar Year 2025 Insurance Renewal Documents.
FISCAL IMPACT **(**Current and Future)	N/A
PRIORITY/GOAL	N/A
ATTACHMENTS	N/A

2025 INSURANCE PROPOSAL

TOPEKA METROPOLITAN TRANSIT AUTHORITY

12/16/2024

ABOUT IMA

EMPLOYEE-OWNED 50 FOR OVER YEARS

IMA Financial Group, Inc. (IMA) is a dynamic, integrated financial services company comprised of four entities: a retail insurance brokerage, a wholesale insurance brokerage, a financial management firm, and a program management firm.

Founded in Wichita in 1974, three companies merged, forming the foundation for our present employee-owned company.

After more than 50 years, IMA remains independent and employee-owned, still charged with the ambitions of loyal associates who see the company's future as their own. Due to the global reach of IMA, our team members have access to an incredibly wide range of products and services.

BUSINESS STRENGTH
Over $700 Million in Revenue

CARRIER RELATIONSHIPS
Over $8 Billion in Premium Placed Annually

CLIENT FOCUSED
96% Client Retention Rate

IMA FOUNDATION
Community Focused

EMPLOYEE OWNED
2,500+ Owners Focused on Clients' Success

GLOBAL REACH
Clients in all 50 states + Over 100 Countries

YOUR IMA TEAM

More Than Just Insurance.

Building, Developing & Maintaining **Relationships.**

Protecting Assets Is What We Do,

Making A Difference Is Who We Are.

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MARKET UPDATE

Property rates have been stabilizing from years past, but the hardened market has now shifted to the Casualty lines. Premiums rose by an average of 5.1% across all account sizes in Q3 2024. The data below shows the latest market trends that we look at when marketing risks.

PROPERTY	**Q3 2024 average rate increase of 7.9%.** Double digit increases are slowing down from +17% nine months ago. Inflation affecting building material & costs, higher reinsurance costs from natural disasters, high claim frequency and severity are among the leading causes. Carriers may still require both higher building value limits along with higher rates.
GENERAL LIABILITY	**Q3 2024 average rate increase of 4.8%.** While the frequency of claims is steady; it is the cost of litigation that is driving a higher severity or cost of a claim when they occur. Private Equity backed litigation is starting to take a toll on the marketplace.
AUTOMOBILE	**Q3 2024 average rate increase of 8.5%.** The two primary factors are vehicle repair costs & 'nuclear' verdicts. Additional items pushing up costs are more vehicles on the road, distracted driving, and higher medical costs on injuries. The type of vehicle and fleet size continue to be a concern & qualifier for carriers.
WORKERS' COMPENSATION	**Q3 2024 average rate increase of -1.4%.** Rates continue to remain consistent in 2024. Frequency of claims is lower based on better safety but being offset by an inflationary increase in the medical cost of claims.
UMBRELLA	**Q3 2024 average rate increase of 8.6%.** Carriers are reducing capacity. Many carriers have lowered the primary limit offered from $10M to $5M. Clients with larger auto fleets or perceived high-risk products are especially difficult to place. Like the reasons for auto and general liability, the increase is caused by 'social inflation' (litigation increases) and 'nuclear' verdicts.
CYBER LIABILITY	**Q3 2024 average rate increase of -1.5%.** Large rate increases in 2021 & 2022 have halted with the 2nd half of 2024 showing rate decreases. The change is based on improved risk management strategies and added competition among carriers. Ransomware, phishing, and social engineering attacks are still the primary causes of loss.

Source: CIAB, The Council of Insurance Agents & Brokers

With the exception of umbrella, all lines of business saw lower increases in premiums in this quarter than in Q2 2024. Similar to last quarter, three lines of business recorded premium decreases this quarter: Workers Compensation, Cyber, and D&O. Going forward, the commercial general liability market is anticipated to experience rising premiums and stricter terms and conditions, influenced by each organization's risk profile and loss history.

EXECUTIVE SUMMARY

After having early conversations with your incumbent carriers, IMA elected not to market your account again this year due to the strong relationship with Intact and Travelers. The account has performed very well over the years, and you continue to remain largely loss free. Intact's renewal came in right in line with the current property market conditions, a 5% rate increase with no change in coverage. Travelers originally indicated a 3% overall rate increase, but we were able to drive that down to an -11% decrease. Travelers also kept all coverages and deductibles per expiring.

The crime policy was renewed last year on a two-year term, so coverage is good through 2025. The law enforcement liability policy qualified for an automatic renewal with the carrier and will cover the new security guard's duties. We went out to market on the cyber policy after receiving early indications from At-Bay for a 10% rate increase. This line of coverage has stabilized over the years, so we knew that a marketing effort would leverage At-Bay's quote down, while also providing some additional options. We've put together a coverage comparison that will outline the differences in limits, deductibles, and premium.

Overall, IMA has successfully secured a **4% decrease** overall with the incumbent carriers, which comes out to a **$2,824 savings** in premium from last year.

IMA FEE

The fee for the upcoming year will be $20,000, per the agreement signed in 2022 - copy on page 13. Any commissions collected will be deducted from the fee.

TOPEKA METRO

PREMIUM & RATE COMPARISON

EXPOSURE				
COVERAGE	RATING BASIS	2024-25	2025-26	VARIANCE
Property	Per $100 in Values	$13,324,431	$13,324,431	**0%**
Inland Marine	Per $100 in Values	$18,429,634	$18,300,347	**-1%**
General Liability (Incl EBL)	Square-Footage	40,000	40,000	**0%**
Automobile	Number of Vehicles	12	12	**0%**
Workers Compensation	Per $100 Payroll	$3,865,236	$4,145,568	**7%**
Law Enforcement Liability	Number of Officers	2	1	**-50%**
Management Liability, EPL	Revenue	$11,192,392	$12,286,371	**10%**
Crime	Employees - Funds Access	10	10	**0%**
Cyber Liability	Revenue	$11,192,392	$12,286,371	**10%**

AVERAGE RATES				
AVERAGE RATES	RATING BASIS	2024-25	2025-26	VARIANCE
Property	Per $100 in Values	0.25	0.26	**5%**
Inland Marine	Per $100 in Values	0.43	0.45	**5%**
General Liability (Incl EBL)	Square-Footage	$164.63	$181.95	**11%**
Automobile	Number of Vehicles	$1,829	$2,009	**10%**
Workers Compensation	Per $100 Payroll	2.72	2.24	**-17%**
Experience Modification		0.88	0.74	**-16%**
Management Liability, EPL	Revenue	0.11	0.11	**1%**
Crime	Employees - Funds Access	395.20	395.20	**0%**
Cyber Liability	Revenue	0.036	0.030	**-17%**

PREMIUM				
COVERAGE	2024-25	ADJUSTED PREMIUM (RENEWAL EXPOSURE AT EXPIRING RATE)	2025-26	VARIANCE
Property	$32,828	$32,828	$34,425	**5%**
Inland Marine	$79,603	$79,045	$82,992	**5%**
General Liability (Incl EBL)	$6,585	$6,585	$7,278	**11%**
Automobile	$21,949	$21,949	$24,109	**10%**
Workers Compensation	$105,134	$112,759	$93,039	**-17%**
Law Enforcement Liability	$3,100	$3,100	$2,543	**-18%**
SL taxes, fees	$448	$448	$432	
Management Liability, EPL	$12,498	$13,720	$13,839	**1%**
Crime	$3,952	$3,952	$3,952	**0%**
Cyber Liability	$3,984	$4,373	$3,651	**-17%**
SL taxes, fees	$380	$262	$377	
TOTAL PREMIUM	**$288,461**	**$298,021**	**$285,637**	**-4%**

- TRIA premium not included
- Surplus Lines taxes & fees are estimated

DISCUSSION ITEMS

Property:

+ Update on new EV Buses
+ Replacing Gillig Buses

Casualty:

+ Abuse Coverage – currently excluded on the General Liability policy
    - Travelers quoted full $1M/$2M limits for $1,800 additional premium

+ Travelers Risk Control Recommendations
    - Update the Safety Data Sheets (SDS) and secure compressed gas cylinders - completed as of 12/13/2024

Cyber:

+ Multiple carrier and deductible options available – detailed comparison on the following pages

Subjectivities:

+ Accept/Reject TRIA
+ Signed Surplus Lines form
+ Signed and dated cyber application

COVERAGE COMPARISON - CYBER

	AT - BAY EXPIRING	AT-BAY - RENEWAL	COWBELL - P250	BEAZLEY	CFC	CORVUS	COALITION
QUOTE SUMMARY							
Issuing Paper			Obsidian Ins Co	Beazley	Lloyds	Travelers	Coalition
AM Best Rating	A- (Excellent)	A- (Excellent)	A- (Excellent)	A (Excellent)	A+ (Superior)	A++ (Superior)	A+ (Superior)
Admitted Status	Non-Admitted	Non-Admitted	Non-Admitted	Admitted	Non-Admitted	Non-Admitted	Non-Admitted
Quote Premium	**$3,984.00**	**$3,745.00**	**$1,831.00**	**$3,740.00**	**$5,540.00**	**$6,511.00**	**$7,879.00**
Quoted Policy Term	Annual	Annual	Annual	Annual	Annual	Annual	Annual
THIRD PARTY COVERAGES							
Information Privacy Liability	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Network Security Liability	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Regulatory Liability	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
PCI DSS Liability	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Media Liability	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Bodily Injury	$250,000	$250,000	-	$250,000	$250,000	$250,000	-
FIRST PARTY COVERAGES							
Data Breach Event Response & Recovery	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Data Breach Event Response & Management	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Direct Business Interruption	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Contingent Business Interruption	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Direct System Failure Coverage	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Contingent System Failure Coverage	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Cyber Extortion	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Reputational Harm Coverage	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Cyber Crime	$250,000	$250,000	$250,000 / $10,000	$250,000	$250,000	$250,000	$250,000
Social Engineering	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
Invoice Manipulation Coverage	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000	$250,000
CryptoJacking	$1,000,000	$1,000,000	$100,000 / $25,000	$1,000,000	$250,000	$1,000,000	-

COVERAGE COMPARISON – CYBER (CONTINUED)

	AT - BAY EXPIRING	AT-BAY - RENEWAL	COWBELL - P250	BEAZLEY	CFC	CORVUS	COALITION
FIRST PARTY COVERAGES (CONTINUED)							
Utility Fraud	$1,000,000	$1,000,000	$100,000	$1,000,000	$250,000	$250,000	$250,000
Client Funds	$250,000	$250,000	-	-	$250,000	-	$250,000
Bricking Coverage	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Breach Costs Outside the Limits	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	-	$1,000,000
RETENTION							
Retention	$5,000	$5,000	$5,000	$2,500	$5,000	$5,000	$10,000
LIMITS							
Policy Limit	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Per Occurrence Limit	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Aggregate Limit	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000
PREMIUM, TAX & FEES							
Quote Status	Expiring	Quoted	Quoted	Quoted	Quoted	Quoted	Quoted
Policy Premium	$3,984.00	$3,651.00	$1,793	$3,740.00	$5,540.00	$6,511.00	$7,879.00
Surplus Lines Tax (KS)	$119.52	$117.33	$53.79	-	$173.70	$195.33	$236.37
Carrier Fee	$260.00	$260.00	$300.00	$200.00	$250.00	$0.00	$0.00
TOTAL	**$4,363.52**	**$4,028.33**	**$2,146.79**	**$3,940.00**	**$5,963.70**	**$6,706.33**	**$8,115.37**
ADDITIONAL OPTIONS:							
Retention Option		**$2,500**	**$2,500**				
Premium		$3,745.00	$1,831.00				
Taxes		$120.15	$549.30				
Carrier Fees		$260.00	$300.00				
TOTAL:		**$4,125.15**	**$2,680.30**				

**SLT Estimated*

PROPERTY SCHEDULE

Location Number	Building Number	Location Address	Building Description	Building Amount	BI Amount	BPP Amount	Total Insured Value
1	4	201 North Kansas Avenue	Gasoline Tanks/Pumps	$80,000	Included	$75,000	$155,000
1	3	201 North Kansas Avenue	Storage	$25,000	Included	$25,000	$50,000
1	2	201 North Kansas Avenue	Storage	$40,000	Included	$40,000	$80,000
1	1	201 North Kansas Avenue	Office/Bus Storage	$3,980,866	$250,000	$1,030,000	$5,260,866
2	1	200 NW Crane Street	Maintenance Building	$2,248,565	Included	$1,250,000	$3,498,565
3	1	820 Quincy	Bus Terminal	$3,780,000	Included	$500,000	$4,280,000
				$10,154,431	$250,000	$2,920,000	$13,324,431

AUTO SCHEDULE

Year	Make	Model	VIN	Cost New	Comprehensive Deductible	Collision Deductible
2005	Ford	F450	1FDXF47Y85KB85646	$42,600	$1,000	$1,000
2011	Chevrolet	Impala	2G1WF3EK4B1214831	$20,517	$1,000	$1,000
2011	Chevrolet	Suburban	1GNSC5E02BR25409	$33,001	$1,000	$1,000
2005	Chevy	Silverado	1GCEC19Z25Z297201	$10,180	$1,000	$1,000
2006	Chevy	Silverado 1500	1GCEC14XX6Z300630	$21,375	$1,000	$1,000
2019	Chevrolet	Equinox	3GNAXSEV8KS587857	$26,477	$1,000	$1,000
2019	Chevrolet	Equinox	3GNAXSEV2KS589149	$26,477	$1,000	$1,000
2019	Ford	Transit	NM0LS7E28K1417869	$24,585	$1,000	$1,000
2019	Ford	F150	1FTEX1CP4KKD76028	$30,000	$1,000	$1,000
2019	Ford	Super Duty	1FT7X2B60K5007996	$37,384	$1,000	$1,000
2020	Ram	ProMaster Cargo	3C6TRVAG7KE539034	$74,531	$1,000	$1,000
2020	Ram	ProMaster Cargo	3C6TRVAG0KE539036	$74,531	$1,000	$1,000

BUSES & EQUIPMENT SCHEDULE

Vehicle Number	Vehicle Type	Vehicle ID	Odometer Reading	Replacement Cost
Fixed Route Buses				
366	2011 Gillig 35'	15GGB2712B1180249	470,369	$633,858
369	2011 Gillig 35'	15GGB2712B1180252	445,637	$633,858
370	2011 Gillig 35'	15GGB2714B1180253	460,939	$633,858
375	2011 Gillig 35'	15GGB2713B1180258	460,078	$633,858
379	2011 Gillig 35'	15GGB2715B1180262	478,434	$633,858
380	2011 Gillig 35'	15GGB2717B1180263	455,179	$633,858
381	2011 Gillig 35'	15GGB2719B1180264	474,830	$633,858
382	2014 Gillig 35'	15GGB2715E1184266	345,197	$633,858
383	2014 Gillig 35'	15GGB2715E1184267	342,317	$633,858
384	2014 Gillig 35'	15GGB2715E1184268	326,509	$633,858
385	2014 Gillig 35'	15GGB2715E1184269	353,347	$633,858
386	2014 Gillig 35'	15GGB2715E1184270	356,140	$633,858
387	2014 Gillig 35'	15GGB2715E1184271	349,744	$633,858
388	2014 Gillig 35'	15GGB2715E1184272	359,167	$633,858
389	2014 Gillig 35'	15GGB2715E1184273	362,687	$633,858
390	2014 Gillig 35'	15GGB2715E1184274	363,745	$633,858
391	2014 Gillig 35'	15GGB2715E1184275	354,041	$633,858
392	2023 Gillig G27B	15GGB2718P3198587	32,666	$633,858
393	2023 Gillig G27B	15GGB271XP3198588	36,198	$633,858
394	2023 Gillig G27B	15GGB2711P3198589	44,758	$633,858
395	2023 Gillig G27B	15GGB2716P3200028	26,124	$634,187
396	2023 Gillig G27B	15GGB2718P3200029	25,827	$634,187
397	2023 Gillig G27B	15GGB2714P3200030	23,625	$634,187
398	2023 Gillig G27B	15GGB2716P3200031	26,782	$634,187
399	2023 Gillig G27B	15GGB2718P3200032	26,930	$634,187
400	2023 Gillig G27B	15GGB271XP3200033	22,384	$634,187
Paratransit Buses - Active Fleet				
241	2013 Glaval Cutaway	1FDXE4FS8DDA30955	175,816	$150,000
243	2013 Glaval Cutaway	1FDXE4FS1DDA30957	174,112	$150,000
244	2013 Glaval Cutaway	1FDXE4FS3DDA30958	180,120	$150,000
246	2013 Glaval Cutaway	1FDXE4FS1DDA30960	184,350	$150,000
247	2013 Glaval Cutaway	1FDXE4FS3DDA30961	191,809	$150,000
249	2013 Glaval Cutaway	1FDXE4FS6DDA36138	185,623	$150,000
251	2021 Arboc Spirit of Independence	1FDEU6PG9LKB55117	47,143	$150,000
252	2021 Arboc Spirit of Independence	1FDEU6PG9LKB55120	48,816	$150,000
253	2021 Arboc Spirit of Independence	1FDEU6PG0LKB55119	48,343	$150,000
254	2021 Arboc Spirit of Independence	1FDEU6PG0LKB55118	45,455	$150,000
255	2021 Arboc Spirit of Independence	1FDEU6PG0LKB55121	42,192	$150,000
Paratransit Buses - Contingency Fleet				
Equipment				
510	2003 Tennant 6400 Sweeper	6400-3428		$40,000
513	2011 Doosan Forklift	G30P-5DF		$55,090
514	2022 S76 Skid Steer Loader	B4CD21143		$54,236
516	2024 Noblelift AWP Scissor Lift	91230800033		$18,739
		Total Active Fixed Route	**7,023,654**	**$16,482,282**
		Total Active Paratransit	**1,323,779**	**$1,650,000**
		Total Active Fleet	**8,347,433**	**$18,132,282**
		Total Contingency		
		Total Equipment		**$168,065**
		Grand Total	**8,347,433**	**$18,300,347**

POLICY DIGEST

COVERAGE TYPE	CARRIER	POLICY TERM	COVERAGES	RETENTIONS	PREMIUM
Property	Intact	1/1/2025 - 1/1/2026	Total Insurable Values $13,324,431 Business Income & Extra Expense $250,000 Flood $1,000,000 Earthquake Limit Not Included	Basic Deductible $10,000 Flood Deductible $100,000 Bus Stop Deductible $500 Per Location / $10,000 Max	**$34,425**
Inland Marine	Intact	1/1/2025 - 1/1/2026	Total Fleet Limit $18,132,282 Equipment $168,065 Flood Limit $1,000,000 Earthquake Limit Included	Basic Deductible $15,000 Equipment $1,000 Flood Deductible $100,000 Phys. Damage Deductible (Buses in Motion) Less Than $250,000 is $25,000 Phys. Damage Deductible (Buses in Motion) More Than $250,000 is $50,000	**$82,992**
General Liability	Travelers	1/1/2025 - 1/1/2026	Each Occurrence $1,000,000 Personal & Advertising Injury $1,000,000 Damage to Rented Premises $300,000 Medical Expense $5,000 General Aggregate $2,000,000 Products/Completed Operations $2,000,000 Employee Benefits Each Occurrence $1,000,000 Employee Benefits Aggregate $3,000,000	Per Injury NIL Deductible $1,000	**$7,278**
Auto Liability	Travelers	1/1/2025 - 1/1/2026	Per Occurrence $1,000,000 Symbols - Liability 7,8,9 Physical Damage 7	Comprehensive $2,000 Collision $2,500	**$24,109**
Workers' Compensation	Travelers	1/1/2025 - 1/1/2026	Work Comp Statutory EL, accident $1,000,000 EL, Disease, each employee $1,000,000 EL, Disease, aggregate $1,000,000	Deductible $5,000 KS	**$93,039**
Law Enforcement Liability	Indian Harbor Insurance Co.	1/1/2025 - 1/1/2026	Max Limit of Liability - Each Occurrence $1,000,000 Max Aggregate Limit of Liability $2,000,000	Retention $10,000	**$2,975**
Management Liability	Travelers	1/1/2025 - 1/1/2026	**Public Entity Management Liability** Each Wrongful Act Limit $1,000,000 Aggregate Limit $1,000,000 Retroactive Date 1/1/2016 **Employment Related Practices Liability** Each Wrongful Employment Practices Offense Limit $1,000,000 Aggregate Limit $1,000,000 Retroactive Date 3/3/2011	Public Entity Mgmt. Liability $10,000 Each Wrongful EPL (Damage & Expense) $15,000	**$13,839**
Crime	Travelers	1/1/2024 - 1/1/2026	Computer Fraud $50,000 Funds Transfer Fraud $50,000 Forgery or Alteration $50,000 Money Orders & Conterfeit Money $50,000	Deductible $1,000	**$3,952**
Cyber	At-Bay	1/1/2025 - 1/1/2026	Each Claim or Event $1,000,000 Aggregate Limit $1,000,000	Retention $5,000	**$4,028**
					$285,636.97

FEE AGREEMENT

Schedule B – Compensation for Services

1. Client shall pay to IMA as compensation for the Services provided by IMA to Client for the annual period described above the sum of $95,000.00. Such annual fee shall be due and payable annually commencing 04/01/2022 per the following schedule:

4/1/2022-23	$17,000
4/1/2023-24	$18,000
4/1/2024-25	$19,000
4/1/2025-26	$20,000
4/1/2026-27	$21,000

Said fee is deemed fully earned upon execution of this Agreement and Client agrees that such fee is for fees in lieu of commissions for the services described in Schedule A. Client further acknowledges and agrees that because such fee is in lieu of any commission Client will be paying a premium amount on the Schedule A insurance policies on a net of commission basis that takes into account that the insurance carrier is not paying a commission to IMA.

All efforts will be made to negotiate placements for the Schedule A insurance policies on a net of commission basis. If IMA is unable to negotiate placements on a net of commission basis, IMA will notify the Client and apply the amount of commission to the fee due hereunder to be set forth on the invoice statement.

2. Payment of all invoices submitted to the Client will be made pursuant to the invoice due date. In the event Client does not remit timely payment, IMA reserves the right to terminate this Agreement. Upon such termination, all further obligations of IMA are terminated automatically, and this Agreement is void and has no further force or effect.

3. It is understood that other benefit management or insurance services may be undertaken by IMA from time to time by mutual agreement of the parties. The parties agree to amend this Agreement as necessary to describe the additional services and compensation payable to IMA for such services.

There are numerous factors contributing to our success, some of which we believe include:

EXPERIENCE

IMA has over 50 years of proven experience within the insurance brokerage industry.

EMPLOYEE OWNED

IMA is proud to be employee-owned.

MARKET CLOUT

IMA places over $8 billion in insurance premiums annually.

REACH

IMA has relationships with insurance carriers with extensive expertise.

CLIENT SERVICE

In today's turbulent insurance market, we believe that IMA provides the right products at a competitive price and with superior service.

CLAIMS

We are your advocate. Prompt reporting, early intervention, aggressive investigation, timely settlements and excellent communication are the foundation of our Claims Management philosophy.

RISK CONTROL

IMA's Risk Control Department is staffed with experienced professionals. From strategic planning to implementation, our Risk Control services are designed around your needs.

SPECIALTY PRACTICES

IMA's industry practices are the foundation of our growth and our knowledge in these unique market segments is unequaled amongst our peers.

> "PROTECTING ASSETS IS WHAT WE DO,
> **MAKING A DIFFERENCE IS WHO WE ARE.**
>
> - **ROB COHEN**, Chairman & CEO, IMA Financial Group

About IMA Financial Group

Based in North America, IMA Financial Group, Inc. is an integrated financial services company focused on protecting the assets of its widely varied client base through insurance, risk management, employee benefits, and wealth management solutions. As an employee-owned company, IMA's 2,500-plus associates are empowered to provide customized solutions for their clients' unique needs.

Please visit http://imacorp.com/terms-service/ to review our full privacy and compensation disclosure statements.

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Board of Directors Meeting – Agenda Item

ITEM	Fiscal Year 2024 Audit Report
CONTACT	Richard Appelhanz
RECOMMENDATION	Approve
SUMMARY	Review Fiscal Year 2024 Audit Report
FISCAL IMPACT (Current and Future)	N/A
PRIORITY/GOAL	N/A
ATTACHMENTS	Yes

Certified Public Accountants

TOPEKA METROPOLITAN TRANSIT AUTHORITY

Report to the Board of Directors
December 10, 2024

BT&Co. P.A.

Certified Public Accountants

December 10, 2024

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

Attention: Board of Directors

We are pleased to present this report related to our audit of the basic financial statements and compliance of Topeka Metropolitan Transit Authority (the Authority) as of and for the year ended June 30, 2024. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial and compliance reporting process.

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

BT&Co., P.A.

4301 SW Huntoon St. Topeka, KS 66604 | t:785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcocpa.com

Required Communications

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement and Compliance Audit	Our responsibilities under auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; the Single Audit Act; Subpart F of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance); the U.S. Office of Management and Budget's Compliance Supplement; and the Kansas Municipal Audit and Accounting Guide (the KMAAG) have been described to you in our engagement letter dated June 25, 2024. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated July 8, 2024 regarding the planned scope and timing of our audit and identified significant risks.
Accounting Policies and Practices	**Preferability of Accounting Policies and Practices** Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. **Adoption of, or Change in, Accounting Policies** Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies, nor have there been any changes in existing

TOPEKA METROPOLITAN TRANSIT AUTHORITY
Report to the Board of Directors
December 10, 2024

TABLE OF CONTENTS

Area	Comments
	significant accounting policies during the current period. **Significant Accounting Policies** We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. **Significant Unusual Transactions** We did not identify any significant unusual transactions. **Management's Judgments and Accounting Estimates** Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Uncorrected Misstatement	An uncorrected misstatement is summarized in the attached representation letter. An uncorrected misstatement or matters underlying this uncorrected misstatement could potentially cause future-period financial statements to be materially misstated, even if we have concluded that the uncorrected misstatement is immaterial to the financial statements under audit.
Observations About the Audit Process	**Disagreements With Management** We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements. **Consultations With Other Accountants** We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Area	Comments
	Significant Issues Discussed With Management No significant issues arising from the audit were discussed or were the subject of correspondence with management. **Significant Difficulties Encountered in Performing the Audit** We did not encounter any significant difficulties in dealing with management during the audit. **Difficult or Contentious Matters That Required Consultation** We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
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. **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. **The Authority's 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.

Area	Comments
	– Changes in corporate structure impacting affiliates such as add-on acquisitions or exits. – 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.
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Authority, including the representation letter provided to us by management, are attached.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
Summary of Significant Accounting Estimates
Year Ended June 30, 2024

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

Significant Accounting Estimates

Fair Value of Investments	
Accounting policy	The fair value of investments is computed by the custodian of the Authority's investments.
Management's estimation process	Management of the Authority obtained and reviewed the year-end valuations prepared by the custodian.
Basis for our conclusion on the reasonableness of the estimate	Review of the investment information prepared by the custodian resulted in our conclusion that the estimates appear reasonable.

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

Net Pension Liability and Related Deferred Outflows and Deferred Inflows of Resources	
Accounting policy	The net pension liability and related deferred outflows and deferred inflows of resources are computed by an independent actuarial firm hired by KPERS.
Management's estimation process	Management of the Authority obtained and reviewed the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2023 that were audited by other auditors. Management compared their employee contributions as shown on these schedules to the Authority's actual contributions and recalculated its allocated percentage and its share of the collective net pension liability.
Basis for our conclusion on the reasonableness of the estimate	Review of management's analysis resulted in our conclusion that the estimate appears reasonable.

TOPEKA METRO

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

This representation letter is provided in connection with your audit of the basic financial statements of Topeka Metropolitan Transit Authority (the Authority), as of and for the year ended June 30, 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 25, 2024 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.

4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.

7. The financial statements include all fiduciary activities required by GASB Statement No. 84, *Fiduciary Activities*, as amended.

8. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

9. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

10. Management has followed applicable laws and regulations in adopting, approving, and amending budgets.

11. Risk disclosures associated with deposit and investment are presented in accordance with GASB requirements.

12. Capital assets, including, if applicable, infrastructure, intangible assets, and right-to-use assets, are properly capitalized, reported and, if applicable, depreciated.

13. Components of net position (net investment in capital assets and unrestricted) are properly classified and, if applicable, approved.

14. The government disclosed tax abatements entered into by other governments that affect its revenues, including the names of the governments that entered into the agreements, the specified taxes being abated, and the gross dollar amount of taxes abated during the period, as required by GASB Statement No. 77.

15. In the audit engagement letter dated June 25, 2024, we requested that you perform the following nonaudit services in connection with your audit:

    a. Drafting the financial statements;

    b. Assisting with the single audit submission to the Federal Audit Clearinghouse

    With respect to these services:

    a. We have made all management decisions and performed all management functions;

    b. We assigned an appropriate individual to oversee the services;

    c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

    d. We have accepted responsibility for the results of the services; and

    e. We have accepted responsibility for all significant judgments and decisions that were made.

16. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.

17. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.

18. We have reviewed the GASB Statements effective for the fiscal year ending June 2024, and concluded the implementation of the following Statements did not have a material impact on the basic financial statements:
    a. GASB Statement No. 99, *Omnibus 2022*

    b. GASB Statement No. 100 *Accounting Changes and Error Corrections*

19. We have informed you of all uncorrected misstatements.

    As of and for the year ended June 30, 2024, we believe that the effect of the uncorrected misstatement aggregated by you and summarized in the attached schedule is quantitatively and qualitatively immaterial to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Information Provided

20. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters.

    b. Additional information that you have requested from us for the purpose of the audit.

    c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

    d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

21. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.

22. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.

23. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of an entity's system of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

24. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's basic financial statements involving:

    a. Management.

    b. Employees who have significant roles in internal control.

    c. Others where the fraud could have a material effect on the basic financial statements.

25. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.

26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

27. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

28. We have disclosed to you the identity of all of the Authority's related parties and all the related-party relationships and transactions of which we are aware.

29. We are aware of no deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.

30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

TOPEKA METRO

31. It is our responsibility to inform you of all current and potential affiliates of the Authority as defined by the "State and Local Government Client Affiliates" interpretation (ET sec. 1.224.020). Financial interests in, and other relationships with, affiliates of the Authority may create threats to independence. We have:

    a. Provided you with all information we are aware of with respect to current and potential affiliates, including degree of influence assessments and materiality assessments.

    b. Notified you of all changes to relevant considerations that may impact our determination of the existence of current or potential affiliates involving (i) changes in the determination of the materiality of an entity to the Authority's financial statements as a whole, (ii) the level of influence the Authority has over an entity's financial reporting process or (iii) the level of control or influence the Authority or a potential or current affiliate has over an investee that is not trivial or clearly inconsequential, sufficiently in advance of their effective dates to enable the Authority and BT&Co., P.A. to identify and eliminate potential impermissible services and relationships between BT&Co., P.A. and those potential affiliates, prior to the effective dates.

    c. Made you aware, to the best of our knowledge and belief, of any nonaudit services that the Authority or any of our affiliates has engaged BT&Co., P.A. to perform.

32. We agree with the findings of the specialists in evaluating the fair value of investments and the KPERS OPEB plan and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give instructions, or cause any instructions to be given, to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

33. We believe that the actuarial assumptions and methods used by the Authority's OPEB plan actuary for funding purposes and for determining accumulated plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the actuary with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan's actuary.

34. We believe that the information obtained from the audited financial statements of and other participant information provided by Kansas Public Employees Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the plan or its auditor.

35. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

36. With respect to supplementary information presented in relation to the basic financial statements as a whole:

    a. We acknowledge our responsibility for the presentation of such information.

    b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

    d. When supplementary information is not presented with the basic financial statements, we will make the audited basic financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditors' report thereon.

37. With respect to supplementary presented as required by GASB to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

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

38. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

39. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.

40. Is not aware of any instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that have a material effect on the financial statements.

41. Is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

42. Acknowledges its responsibility for the design, implementation, and maintenance of controls to prevent and detect fraud.

43. Has a process to track the status of audit findings and recommendations.

44. Is not aware of any investigations or legal proceedings that have been initiated with respect to the period under audit.

In connection with your audit of federal awards conducted in accordance with 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), we confirm:

45. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.

46. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.

47. Management is responsible for the design, implementation, and maintenance, and has designed, implemented and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

48. Management is responsible for the preparation of the schedule of expenditures of federal awards; acknowledges and understands its responsibility for the presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; believes the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

49. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.

50. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

51. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.

52. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was no such noncompliance.

53. Management believes that the auditee has complied with the direct and material compliance requirements.

54. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

55. Management is aware of no communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.

56. There are no findings or related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.

57. Management is responsible for taking corrective action on audit findings of the compliance audit that meets the requirements of the Uniform Guidance.

58. There are no subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.

59. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditors' report or stated that there were no such known instances.

60. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect the entity's system of internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.

61. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.

62. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.

63. Management has charged costs to federal awards in accordance with applicable cost principles.

64. The reporting package does not contain protected personally identifiable information.

65. Management has accurately completed the appropriate sections of the data collection form.

66. Management has disclosed all contracts or other agreements with service organizations.

67. Management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

TOPEKA METRO

TOPEKA METROPOLITAN TRANSIT
AUTHORITY

Robert Nugent, General Manager

Date Signed 12-10-24

Richard Appelhanz, Chief Financial Officer

Date Signed 12/10/2024

Topeka Metropolitan Transit Authority
201 N. Kansas Avenue – Topeka, KS 66603
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TOPEKA METROPOLITAN TRANSIT AUTHORITY
Summary of Passed Adjustments
Year Ended June 30, 2024

Description	Effect on Assets	Effect on Liabilities	Effect on Net Position	Effect on Revenues	Effect on Expenditures
Reversal of prior year passed adjustments:					
To waive new GASB 96 SBITA standard			$ 40,355		$ (40,355)
Current year passed adjustments:					
To waive GASB 96 SBITA standard	$ 50,893	$ (29,489)	(71,645)		$ 50,241
	$ 50,893	$ (29,489)	(31,290)	$ -	$ 9,886

BT & Co. P.A.

Certified Public Accountants

TOPEKA METROPOLITAN TRANSIT AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

TOPEKA METROPOLITAN TRANSIT AUTHORITY
FINANCIAL STATEMENTS
Year Ended June 30, 2024

TABLE OF CONTENTS

BT&Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Topeka Metropolitan Transit Authority
Topeka, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Topeka Metropolitan Transit Authority (the Authority) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority as of June 30, 2024 and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate 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 within one year after the date that the financial statements are issued or available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives 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 opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. 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. Misstatements 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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. Accordingly, no such opinion is expressed.
- 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.
- conclude whether, in our judgment, 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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the additional required supplementary information listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary schedules listed in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* *for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BT&Co., P.A.

December 10, 2024
Topeka, Kansas

Topeka Metropolitan Transit Authority
Management Discussion and Analysis
Annual Financial Report
Year Ended June 30, 2024

BOARD OF DIRECTORS
Scott Tummons, Chair
Candis Meerpohl, Vice Chair
Alan Bearman
Beverly Hall
Rodd Miller
Fatima Perez-Luthi

EXECUTIVE STAFF
Robert Nugent, GM
Richard Appelhanz, CFO
John Cassidy, General Counsel

INTRODUCTION

This discussion and analysis is intended to serve as an introduction to Topeka Metro's basic financial statements for the year ending June 30, 2024, with selected comparative information for the year ending June 30, 2023. Topeka Metro uses an accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto.

OVERVIEW OF THE FINANCIAL STATEMENTS

The **Statement of Net Position** presents information regarding Topeka Metro's assets, liabilities, deferred outflows and deferred inflows. The difference between these is reported as net position. The increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The **Statement of Revenues, Expenses and Changes in Net Position** presents information showing how Topeka Metro's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Notes to the Financial Statements provide additional information that is essential to obtain a full understanding of the data provided in the financial statements.

Other Supplementary Information includes the budgetary schedule and the schedule of expenditures of federal awards and related compliance reports.

OPERATIONAL HIGHLIGHTS

Topeka Metro started a high school students ride free program during the 2023-2024 academic year. High School students may ride for free with a valid student ID. Topeka Metro also continued its contract with Washburn University to allow over 6,000 students, faculty and staff to ride during the school year.

During fiscal year 2024, Topeka Metro continued the "Kids Ride Free" and the "Lift to Fixed Route" programs.

Topeka Metro discontinued the Freedom Pass Program during FY2024. Topeka Metro removed peak service on the #12 Huntoon and #17 West 17th bus routes, removed the Rice Road leg of the #6 East 6th route, and adjusted time points on most routes.

Topeka Metro Financial Management

This financial report is designed to provide the Topeka Metro Board of Directors, management, stakeholders, funding sources and other interested parties with a general overview of Topeka Metro's finances, and to demonstrate Topeka Metro's accountability for the funds it receives and expends. For additional information about this report:

Robert Nugent, GM
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Various attributes are summarized on the following pages for each type of service offered by Topeka Metro.

Activity Highlights

Ridership

Fiscal Year	Fixed Route	Lift	Total
2020	1,089,149	44,770	1,133,919
2021	764,567	35,966	800,533
2022	606,383	41,792	648,175
2023	831,107	44,135	875,242
2024	935,459	41,710	977,169

Service Hours

Fiscal Year	Fixed Route	Lift	Total
2020	61,570	14,907	76,477
2021	54,410	10,927	65,337
2022	53,285	7,689	60,974
2023	53,457	13,879	67,336
2024	43,672	15,018	58,690

Service and Ridership Changes

Topeka Metro removed peak service on the #12 Huntoon and #17 West 17th bus routes, removed the Rice Road leg of the #6 East 6th route, and adjusted time points on most routes in FY2024. Fixed route ridership increased in FY2024 while Paratransit ridership decreased in FY2024.

FINANCIAL HIGHLIGHTS

SUMMARY OF NET POSITION

	2024	2023
Assets and Deferred Outflows		
Current Assets	$ 26,492,521	$ 23,362,253
Capital Assets, Net	15,860,088	11,402,879
Total Assets	42,352,609	34,765,132
Deferred Outflows (KPERS)	1,334,973	1,475,012
Deferred Outflows (OPEB)	57,730	96,712
Total Assets and Deferred Outflows	$ 43,745,312	$ 36,336,856
Total Liabilities, Deferred Inflows and Net Position		
Current Liabilities	$ 922,172	$ 413,051
Long-Term Liabilities	4,062,492	4,062,700
Total Liabilities	4,984,664	4,475,751
Deferred Inflows (KPERS)	363,026	353,420
Deferred Inflows (OPEB)	82,744	104,215
Total Liabilities and Deferred Inflows	5,430,434	4,933,386
Net Investment in Capital Assets	15,860,088	11,402,879
Unrestricted	22,454,790	20,000,591
Total Net Position	38,314,878	31,403,470
Total Liabilities, Deferred Inflows and Net Position	$ 43,745,312	$ 36,336,856

CURRENT ASSETS

Cash and Cash Equivalents are those funds kept on hand for operating and reserve funds. Investments and Board Designated Investments include certificates of deposit, U.S. Treasuries and funds invested in the State of Kansas Municipal Investment Pool. As of June 30, 2024, $500,000 of Designated Investment is for the self-insurance program, and $12,671,794 was designated by the Topeka Metro Governing Board for capital improvements.

Receivables consist of:

- Accounts Receivable consists of billings to third parties who have purchased some type of fare medium (tickets or passes), and reimbursement due for federal tax paid on gasoline purchases;
- Grants Receivable are funds due at the close of the fiscal year from funding agencies based on the allowable expenditures within a grant; and,

Accounts Receivable maintained a consistent balance throughout the period. The age of an account receivable rarely exceeds 30 days – the majority of accounts are paid promptly and uncollectible accounts are negligible. Grants Receivable is requested on a reimbursement basis, usually within ninety (90) days of the expenditure. The balance at the end of any year varies depending upon the capital procurements in process, operating expenses incurred, and timing of the availability of grant funds.

Inventory consists of diesel fuel, unleaded gasoline and several types of oil – all are used in the buses and service vehicles and kept in storage tanks on the property. These items are expensed monthly based on use.

Prepaid Expenses include employee benefits and a variety of operating expenditures. Prepaid Insurance (property, liability and workers' compensation) is also included in this category.

CAPITAL ASSETS

Topeka Metro's capital assets include land, buildings and improvements, bus shelters, buses, service vehicles, and other various equipment. The net value of Topeka Metro's property and equipment increased by $4,457,209 during fiscal year 2024. The increase was due to the net effect of (1) the purchase and disposal of various assets, and (2) normal and customary depreciation. Additional information on Topeka Metro's capital assets can be found in the notes of this report.

Major capital asset events during FY2024 included the following:

Asset purchases:
a) Bus stops (13)
b) QSS South Office Remodel
c) Ryan Electrical Upgrade
d) Ryan Air Compressor
e) Maintenance Air Compressor
f) Fixed Route Diesel Buses (9)

Asset disposals:
a) Ryan APC Wireless & Software
b) Air Compressors (2)
c) Fixed Route Diesel Buses (9)
d) Paratransit Bus (1)
e) Lawn Mower

Capital Assets (net of depreciation)

	6/30/2024	6/30/2023
Buildings	$ 1,158,675	$ 1,350,830
Bus Shelters	1,827,798	2,089,226
Communication Equipment	14,889	20,844
Farebox Equipment	-	22,470
Furniture and Office Equipment	2,778	5,810
Improvements	1,416,274	1,193,741
Shop and Garage Equipment	287,748	317,450
Revenue Equipment	6,628,818	1,933,982
Services Equipment	55,542	89,404
Construction in Process	867,311	778,867
Land	3,600,255	3,600,255
Total	$ 15,860,088	$ 11,402,879

DEFERRED OUTFLOWS

Deferred Outflows relate to the KPERS Net Pension Liability, the KPERS OPEB Liability and Metro's OPEB liability. The Pension Deferred Outflows consist of (1) Topeka Metro's contributions made to the KPERS retirement program during fiscal year 2024, and (2) Topeka Metro's share of KPERS Deferred Outflows as of June 30, 2023. The KPERS OPEB Deferred Outflows are an estimate of Topeka Metro's contributions made to the KPERS Long-Term Disability program during fiscal year 2024; this estimate is based on the actual contribution percentage in FY2023. Metro's OPEB Deferred Outflows are related to health insurance as of June 30, 2024.

LIABILITIES

Accounts Payable remained fairly consistent throughout the year; any fluctuations were due to the timing of invoices.

Accrued Payroll and Related Liabilities include all wages payable, payroll taxes (both withheld and the employer share), accrued vacation, PTO and accrued contracted sick leave.

Unearned Revenue is comprised of pre-sold bus passes and tickets.

Settlements Payable consists of expected liability expenses incurred during the current fiscal year.

The Long-Term Liability consists of (1) Topeka Metro's share of the KPERS Net Pension Liability as of June 30, 2023, (2) Topeka Metro's share of the KPERS OPEB Liability as of June 30, 2023 and (3) Topeka Metro's estimated post-employment benefit liability related to health insurance as of June 30, 2024.

DEFERRED INFLOWS

Deferred Inflows consist of (1) Topeka Metro's share of KPERS Net Pension Deferred Inflows as of June 30, 2023, (2) Topeka Metro's share of KPERS OPEB Deferred Inflows as of June 30, 2023, and (3) Topeka Metro's OPEB Deferred Inflows related to health insurance as of June 30, 2024.

NET POSITION

Net Investment in Capital Assets is the book value of Topeka Metro's assets (purchase price less accumulated depreciation) net of related debt. Unrestricted Net Position is the balance of net position. Of the unrestricted net position, the Board has designated $500,000 for the Self Insurance Fund and $12,671,794 for capital improvements.

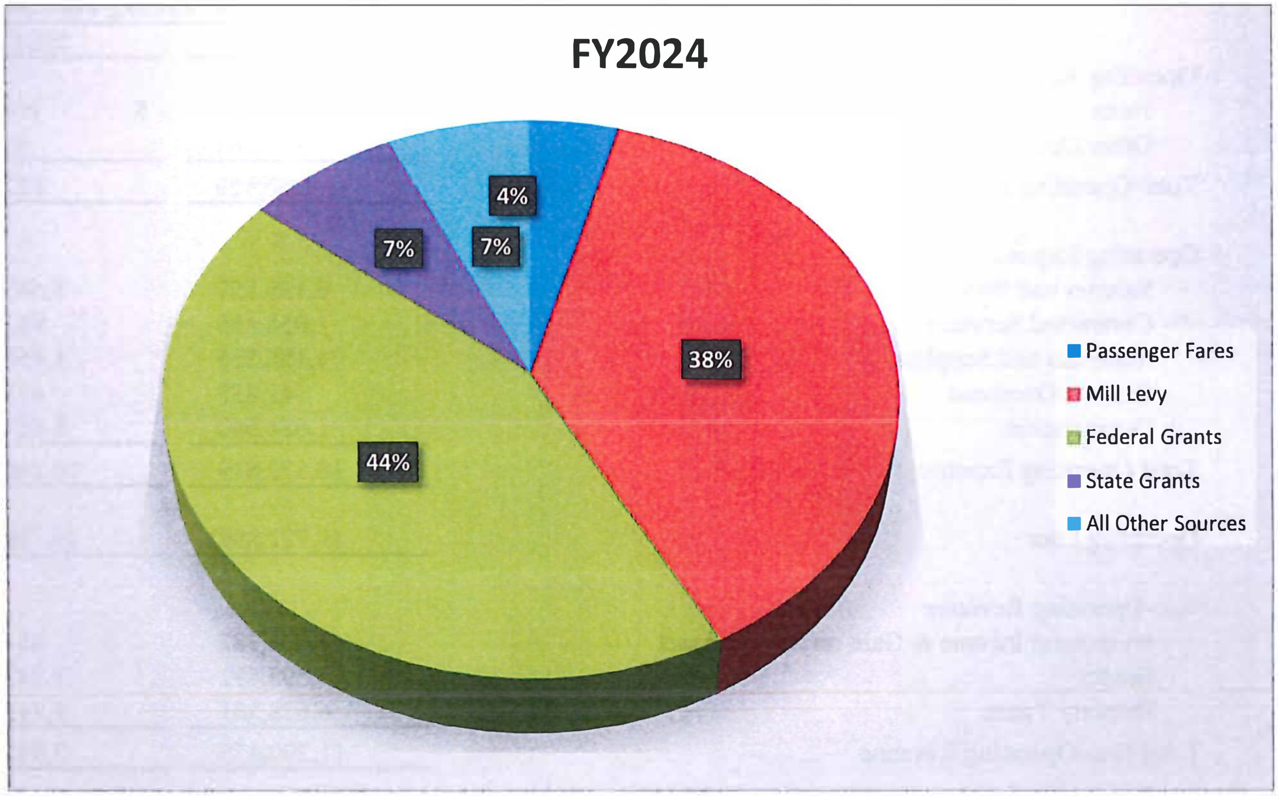
SUMMARY OF OPERATIONS AND CHANGE IN NET POSITION

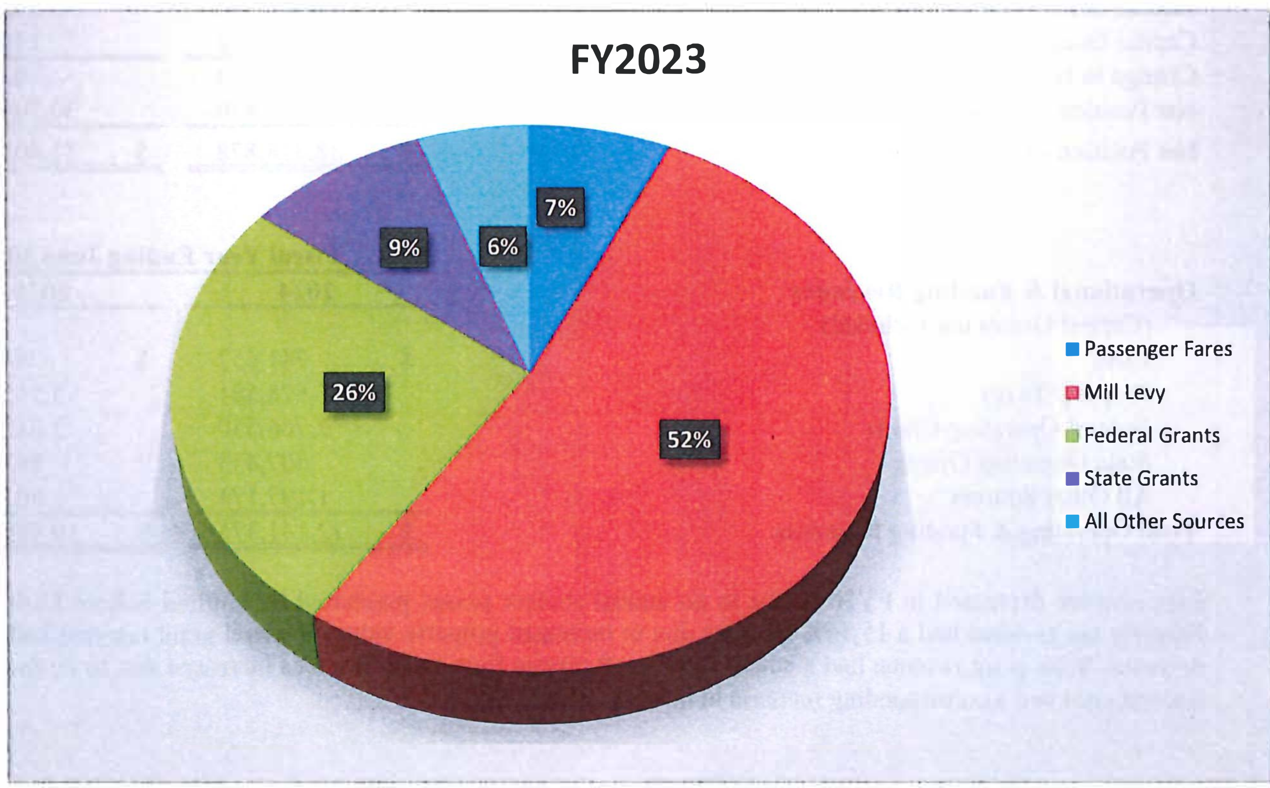
	Fiscal Year Ending June 30	
	2024	2023
Operating Revenue		
Fares	$ 741,657	$ 764,206
Other Operating	109,263	93,732
Total Operating Revenue	850,920	857,938
Operating Expense		
Salaries and Benefits	6,136,157	5,549,510
Contracted Services	1,054,435	963,075
Materials and Supplies	1,156,255	1,450,198
General Overhead	542,432	419,743
Depreciation	1,684,540	1,864,147
Total Operating Expense	10,573,819	10,246,673
Operating Loss	(9,722,899)	(9,388,735)
Non-Operating Revenue		
Investment Income & Gain on Sale of Asset	1,066,382	454,582
Grants	3,595,492	3,742,212
Property Taxes	6,628,581	5,745,836
Total Non-Operating Revenue	11,290,455	9,942,630
Income before Capital Grants	1,567,556	553,895
Capital Grants	5,343,852	148,989
Change in Net Position	6,911,408	702,884
Net Position - Beginning Balance	31,403,470	30,700,586
Net Position - Ending Balance	$ 38,314,878	$ 31,403,470

	Fiscal Year Ending June 30	
Operational & Funding Revenues	2024	2023
(Capital Grants not Included)		
Fares	$ 741,657	$ 764,206
Property Taxes	6,628,581	5,745,836
Federal Operating Grants	2,766,530	2,845,370
State Operating Grants	807,433	843,589
All Other Sources	1,197,174	601,567
Total Operating & Funding Revenues	$ 12,141,375	$ 10,800,568

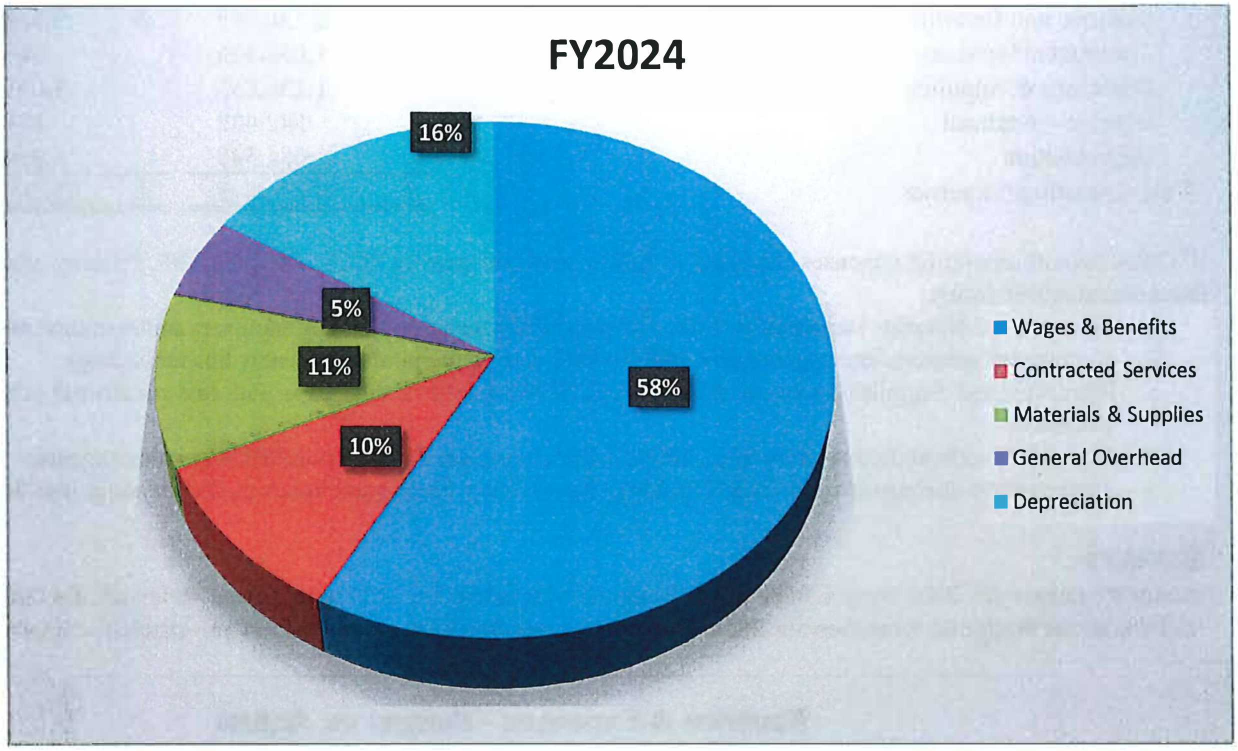
Fare revenue decreased in FY2024 due to no annual student passes purchased by Unified School District 501. Property tax revenue had a 15.36% increase due to increased property values. Federal grant revenue had a small decrease. State grant revenue had a small decrease. Revenue from Other Sources increased due to an increase in interest rates and a corresponding increase in investment income.

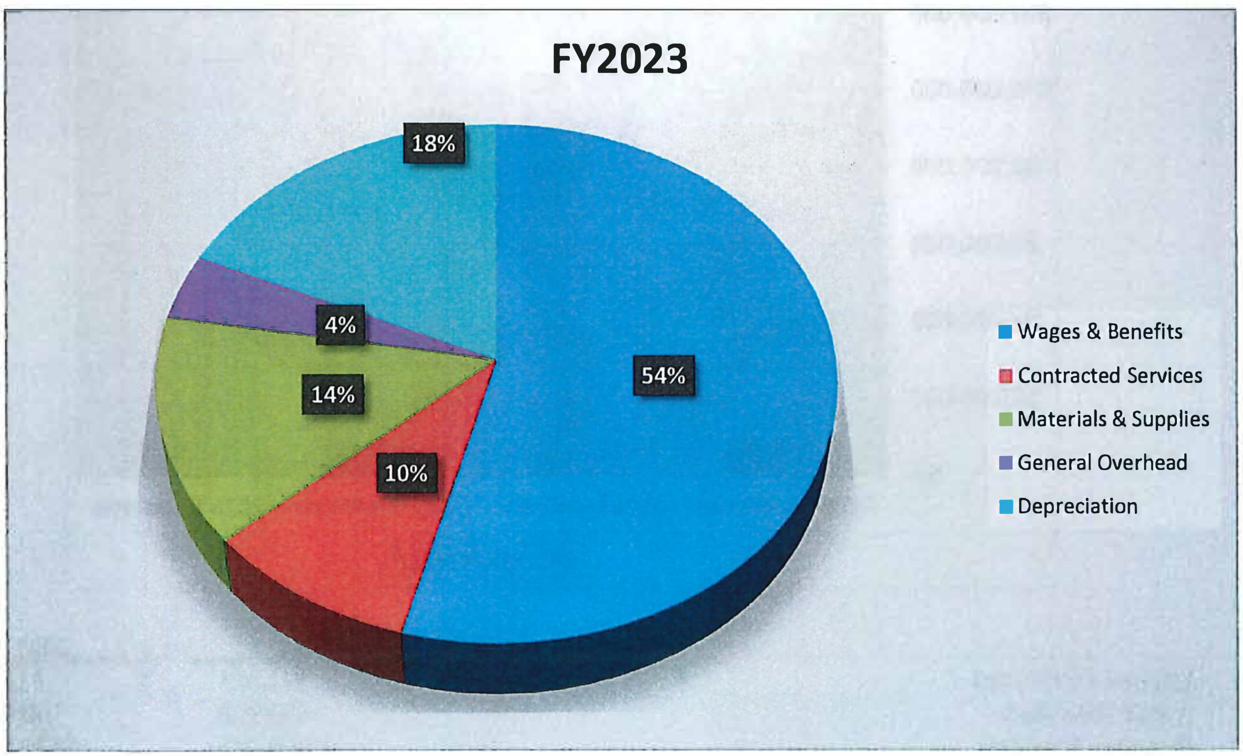
REVENUE & FUNDING





Operating Expenses





Operating Expenses

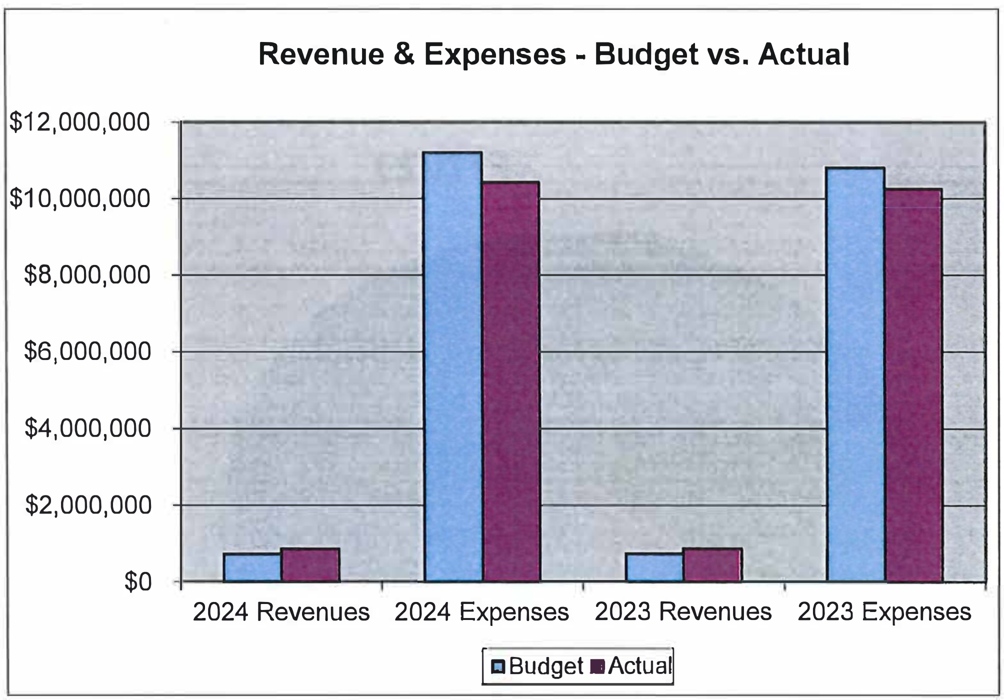
	Fiscal Year Ending June 30	
	2024	2023
Salaries and Benefits	$ 6,136,157	$ 5,549,510
Contracted Services	1,054,435	963,075
Materials & Supplies	1,156,255	1,450,198
General Overhead	542,432	419,743
Depreciation	1,684,540	1,864,147
Total Operating Expenses	$ 10,573,819	$ 10,246,673

FY2024 overall operating expenses increased from the previous year by $327,146, or 3.19%. Primary changes in expense categories were:

1. Salaries and Benefits increased by $586,647 (10.57%) due to annual pay increases and operator overtime.
2. Contracted services increased by $91,360 (9.49%) due to the purchase of new bus technology.
3. Materials and Supplies decreased $293,943 (20.27%) due to decreases in fuel and paratransit scheduling software.
4. General Overhead increased by $122,689 (29.2%) due to an increase in KPERS pension expense.
5. Depreciation decreased by $179,607 (9.63%) due to fewer fixed route buses to depreciate in the fleet.

BUDGET

Actual Expenses for 2024 were 6.96% below Budgeted Expenses for 2024 and Actual Revenues for 2024 were 16.22% above Budgeted Revenues for 2024. Actual Revenues for 2024 are still below pre-pandemic levels.



	2024	2023
Budgeted Revenues	$ 712,925	$ 731,547
Actual Revenues	850,920	857,938
Budgeted Expenses	11,192,392	10,803,459
Actual Expenses	10,573,819	10,246,673

TOPEKA METROPOLITAN TRANSIT AUTHORITY
STATEMENT OF NET POSITION
June 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	$ 331,260
Investments:	
Operating	2,494,065
Designated	22,571,501
Accounts receivable	21,052
Grants receivable	734,667
Inventory	61,091
Prepaid items	278,885
Total current assets	26,492,521
Noncurrent assets:	
Capital assets not being depreciated	4,467,567
Capital assets, net of depreciation	11,392,521
Total noncurrent assets	15,860,088
Total assets	42,352,609
Deferred outflows of resources:	
OPEB related	57,730
Pension related	1,334,973
Total deferred outflows of resources	1,392,703
Total assets and deferred outflows of resources	$ 43,745,312

See accompanying notes to financial statements.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
STATEMENT OF NET POSITION
(Continued)
June 30, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

Current liabilities:		
Accounts payable	$	449,957
Accrued payroll and benefits		101,015
Accrued vacation		196,456
Other payables		160,000
Unearned revenue		14,744
Total current liabilities		922,172
Long-term liabilities:		
Total OPEB liability		145,473
Net pension liability		3,917,019
Total long-term liabilities		4,062,492
Total liabilities		4,984,664
Deferred inflows of resources:		
OPEB related		82,744
Pension related		363,026
Total deferred inflows of resources		445,770
Net position:		
Net investment in capital assets		15,860,088
Unrestricted		22,454,790
Total net position		38,314,878
Total liabilities, deferred inflows of resources, and net position	$	43,745,312

See accompanying notes to financial statements.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2024

Operating revenues:	
Passenger fares	$ 741,657
Advertising and other revenue	109,263
Total operating revenues	850,920
Operating expenses:	
Salaries and benefits	6,136,157
Contracted services	729,815
Materials and supplies	1,156,255
Depreciation	1,684,540
Utilities	124,833
Insurance	123,811
Taxes	56,750
Taxi service	324,620
Continuing education	34,429
Advertising	11,925
Leases	919
Self-insurance damage claims	162,997
Other expenses	26,768
Total operating expenses	10,573,819
Operating loss	(9,722,899)
Nonoperating revenues:	
Investment income	991,087
Gain on sale of assets	75,295
Property taxes	6,628,581
Federal grants	2,766,530
State grants	807,433
Planning grants	21,529
Total nonoperating revenues	11,290,455
Income before capital grants	1,567,556
Capital grants	5,343,852
Change in net position	6,911,408
Net position, beginning of year	31,403,470
Net position, end of year	$ 38,314,878

See accompanying notes to financial statements.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
STATEMENT OF CASH FLOWS
Year Ended June 30, 2024

Cash flows from operating activities:		
Cash received from customers	$	850,218
Cash paid to suppliers		(2,327,444)
Cash paid to employees		(5,940,951)
Net cash from operating activities		(7,418,177)
Cash flows from noncapital financing activities:		
Property taxes and operating grants		10,180,538
Cash flows from capital and related financing activities:		
Capital grants		5,408,513
Proceeds from sale of assets		75,295
Purchase of capital assets		(6,141,750)
Net cash from capital and related financing activities		(657,942)
Cash flows from investing activities:		
Proceeds from investments		13,450,879
Purchase of investments		(18,973,867)
Interest received		866,888
Net cash from investing activities		(4,656,100)
Net decrease in cash		(2,551,681)
Cash and cash equivalents, beginning of year		2,882,941
Cash and cash equivalents, end of year	$	331,260
RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES:		
Operating loss	$	(9,722,899)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation		1,684,540
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable		595
Inventory		(14,771)
Prepaid items		(41,711)
Deferred outflows of resources - OPEB related		38,982
Deferred outflows of resources - pension related		140,039
Accounts payable		322,160
Accrued payroll and benefits		24,186
Accrued vacation		4,072
Unearned revenue		(1,297)
Claims payable		160,000
Total OPEB liability		1,288
Net pension liability		(1,496)
Deferred inflows of resources - OPEB related		(21,471)
Deferred inflows of resources - pension related		9,606
Net cash from operating activities	$	(7,418,177)

See accompanying notes to financial statements.

1 - Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity

The Topeka Metropolitan Transit Authority (the Authority) was created in 1973 by Kansas statutes and a City of Topeka (City) ordinance. The Authority's primary function is to plan, develop, finance and operate transit facilities serving the City. In evaluating the Authority's financial reporting entity, management has considered all potential component units and has determined there are no component units over which the Authority is financially accountable. Financial accountability is based primarily on non-operational or financial relationships with the Authority (as distinct from legal relationships). These financial statements include all the accounts for which the Authority is considered to be financially accountable.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the Authority is considered a proprietary entity engaged only in business-type activities. The financial statements are prepared on the accrual basis of accounting and on an economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budget

In accordance with Kansas statutes, the Authority must establish and approve an annual operating budget. This budget is considered to be a flexible, non-appropriated budget.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consists of checking accounts and petty cash.

Investments

Investments include U.S. Treasury obligations, certificates of deposit, and money deposited in the State of Kansas Municipal Investment Pool (MIP). The certificates of deposit are recorded at cost because they are not affected by market rate changes. The U.S. Treasury obligations and the MIP are recorded at fair value. The fair value of the Authority's position in the MIP is the same as the value of the pool shares.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded as revenue when received. Management has determined that no allowance is necessary as of June 30, 2024.

Inventory

Inventory consists of fuel and is stated at cost, which has been determined using the first-in, first-out (FIFO) method of accounting.

Capital Assets

Capital assets are defined as assets with an initial individual cost of more than $ 5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions or improvements are capitalized. When assets used in the operation of the Authority are sold, the gain or loss on the sale is recorded as nonoperating revenue or expense.

Depreciation is computed using the straight-line method. Buildings are being depreciated over a period of five to 30 years. Buses and other equipment are depreciated over a period of two to 15 years.

The City deeded to the Authority the land and building at 201 North Kansas in October 1981. The Authority is to hold title to the property as long as it remains a Transit Authority. If the Authority ceases to exist, the property will revert to the City. The City also deeded to the Authority land located at the northeast corner of Crane and Van Buren streets in July 1996.

The Authority evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Compensated Absences

Employees are granted vacation and sick leave in varying amounts, based on length of service. In the event of termination or separation, an employee is generally paid for all accumulated vacation. It is the policy of the Authority to record vacation pay as an expense as it is earned.

Retiring union employees with 15 to 24 years of service are paid one half of their accumulated sick leave up to a maximum of 60 days and retiring employees with at least 25 years of service are paid one half of their accumulated sick leave up to a maximum of 70 days.

Net Position

The Authority's net position is displayed in two components as follows:

Net investment in capital assets - This consists of capital assets, net of accumulated depreciation.

Unrestricted - This consists of net position that does not meet the definition of "net investment in capital assets."

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority has two items that qualify for reporting in this category – deferred outflows for OPEB and pension. See Note 5 for more information on the deferred outflows for OPEB and Note 6 for more information on the deferred outflows for the pension.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has two items that qualify for reporting in this category – deferred inflows for OPEB and pension. See Note 5 for more information on the deferred inflows for OPEB and Note 6 for more information on the deferred inflows for pension.

Pension

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred outflows, and deferred inflows at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Standards

The following accounting standards have been recently issued and will be adopted as applicable by the Authority. Management has not yet determined the impact of these Statements on the Authority's financial statements.

GASB Statement No. 101, "Compensated Absences" – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for the Authority in the fiscal year ended June 30, 2025.

GASB Statement No. 102, "Certain Risk Disclosures" – The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. That objective is achieved by assessing whether a concentration or constraint makes the primary government reporting units vulnerable to the risk of substantial impact. This Statement will become effective for the Authority in the fiscal year ended June 30, 2025.

GASB Statement No. 103, "Financial Reporting Model Improvements" – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement will become effective for the Authority in the fiscal year ended June 30, 2026.

GASB Statement No. 104, "Disclosure of Certain Capital Assets" – The objective of this Statement is to improve financial reporting by providing users of the financial statement with essential information about certain types of capital assets in order to make informed decisions and assess accountability. In addition, the disclosure requirements will improve consistency and comparability between governments. The requirements of this statement will become effective for the Authority in the fiscal year ended June 30, 2026.

2 - Deposits and Investments

A summary of the deposits and investments at June 30, 2024 is as follows:

Cash on hand	$ 800
Deposits	330,460
Investments	25,065,566
	$ 25,396,826

These deposits and investments are reflected on the financial statements as follows:

Cash and cash equivalents	$ 331,260
Investments:	
Operating	2,494,065
Designated	22,571,501
	$ 25,396,826

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the Authority. The statute requires banks eligible to hold the Authority's funds have a main or branch bank in the county in which the Authority is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the Authority. At June 30, 2024, the Authority's deposits were not exposed to custodial credit risk.

Investments

As of June 30, 2024, the Authority had the following investments and related maturities:

			Investment Maturities (in Years)			
Investment Type	Fair Value	Rating	Less than 1	1 - 5	6 - 10	More Than 10
U.S. Treasury securities	$ 22,423,893	AA+	$ 22,423,893	$ -	$ -	$ -
Certificates of deposit	500,000	N/A	500,000	-	-	-
Kansas Municipal Investment Pool	2,141,673	N/A	2,141,673	-	-	-
	$ 25,065,566		$ 25,065,566	$ -	$ -	$ -

Credit Risk – K.S.A. 12-1675 limits the Authority's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the MIP. The Authority's investments in the MIP were not rated by a rating agency as of June 30, 2024. Maturities of the above investments may not exceed two years by statute.

The MIP is under the oversight of the Pooled Money Investment Board (the Board). The Board is comprised of the State Treasurer and four additional members appointed by the State Governor. The Board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority is not exposed to significant interest rate risk.

Concentrations of Credit Risk – The Authority has a policy that limits to $ 500,000 the amount that the Authority may invest in any one issuer.

Custodial Credit Risk (Investments) – For an investment, custodial credit risk is the risk that, in the event of the failure of the issuer or counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2024, the Authority's investments were not exposed to custodial credit risk.

Fair Value Measurement – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. For the year ended June 30, 2024, the U.S. Treasury obligations were valued with quoted prices on the active market (Level 1 input). Fair value measurement hierarchy information is not provided to the Authority for its deposits in the MIP.

3 - Board Designated Assets

The Board has established a capital and insurance reserve for the replacement of mini-buses and buses and to help maintain an adequate and modern transportation system and for the payment of future insurance claims or premiums totaling $ 500,000. Cash totaling $ 879 and investments totaling $ 13,170,915 have been designated by the Board for these purposes as of June 30, 2024.

4 - Capital Assets

Capital asset activity for the year ended June 30, 2024 is as follows:

Description	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024
Capital assets not being depreciated:				
Construction in progress	$ 778,867	$ 6,148,184	$ (6,059,739)	$ 867,312
Land	3,600,255	-	-	3,600,255
Total capital assets not being depreciated	4,379,122	6,148,184	(6,059,739)	4,467,567
Capital assets being depreciated:				
Revenue equipment	11,791,959	5,503,656	(3,464,575)	13,831,040
Service equipment	371,982	-	(6,900)	365,082
Shop and garage equipment	710,044	12,854	(24,622)	698,276
Computer hardware and software	141,974	-	-	141,974
Farebox equipment	702,498	-	-	702,498
Communications equipment	304,146	-	(88,418)	215,728
Improvements	3,276,133	419,580	-	3,695,713
Buildings	6,717,130	-	-	6,717,130
Bus shelters	3,797,822	117,214	-	3,915,036
Furniture and office equipment	9,093	-	-	9,093
Total capital assets being depreciated	27,822,781	6,053,304	(3,584,515)	30,291,570
Less accumulated depreciation for:				
Revenue equipment	(9,857,977)	(808,820)	3,464,575	(7,202,222)
Service equipment	(282,578)	(33,863)	6,900	(309,541)
Shop and garage equipment	(392,594)	(42,556)	24,622	(410,528)
Computer hardware and software	(141,973)	-	-	(141,973)
Farebox equipment	(680,028)	(22,470)	-	(702,498)
Communications equipment	(283,302)	(5,956)	88,418	(200,840)
Improvements	(2,082,392)	(197,047)	-	(2,279,439)
Buildings	(5,366,300)	(192,157)	-	(5,558,457)
Bus shelters	(1,708,596)	(378,640)	-	(2,087,236)
Furniture and office equipment	(3,284)	(3,031)	-	(6,315)
Total accumulated depreciation	(20,799,024)	(1,684,540)	3,584,515	(18,899,049)
Total capital assets being depreciated, net	7,023,757	4,368,764	-	11,392,521
Total capital assets	$ 11,402,879	$ 10,516,948	$ (6,059,739)	$ 15,860,088

Depreciation expense for the year ended June 30, 2024 was $ 1,684,540.

5 - Other Postemployment Benefits (OPEB)

Health Insurance

Description. The Authority offers postemployment health insurance to retired employees in accordance with Kansas law (K.S.A. 12-5040). The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the Authority. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The medical insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. A retiring employee who waives continuing participation in the Authority's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Funding Policy. The Authority provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The Authority requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage.

The Authority appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis. For the year ended June 30, 2024, the Authority contributed $ 0 to the plan and participating retirees contributed $ 0.

Employees Covered by Benefit Terms. At June 30, 2024, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefit payments	1
Active plan members	72
	73

Total OPEB Liability. The Authority's total OPEB liability of $ 53,916 was measured as of June 30, 2024 and was determined by an actuarial valuation performed as of June 30, 2024

Actuarial Assumptions and Other Inputs. The total OPEB liability at June 30, 2024 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.21 percent
Salary inflation	3.50 percent per year
Healthcare cost trend rates	7.00 percent for 2024 decreasing to 6.50 percent, then decreasing by 0.10 percent per year to an ultimate rate of 4.50 percent
Retirees' share of benefit-related costs	Retirees are responsible for the full premium rates up to 125% of the premium.
Actuarial cost method	Entry Age Normal - Level Percent of Salary

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on the RP-2014 mortality tables projected with mortality improvements using the fully generational MP-2016 projection scale.

Actuarial assumptions were based on an experience study conducted in 2020 using Kansas Public Employees Retirement System experience from 2016 through 2018

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	$ 51,193
Changes for the year:	
Service cost	2,990
Interest	2,239
Differences between expected and actual experience	(4,047)
Changes in assumptions or other inputs	1,541
Employer contribution (benefit payments)	-
Net changes	2,723
Balance at June 30, 2024	$ 53,916

Changes of assumptions and other inputs reflect a change in the discount rate from 4.25 percent in 2023 to 4.21 percent in 2024.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (3.21%)	Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	$ 57,713	$ 53,916	$ 50,293

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the Authority as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.0% decreasing to 4.5%)	1% Increase (8.0% decreasing to 5.5%)
Total OPEB liability	$ 48,684	$ 53,916	$ 59,938

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Authority recognized OPEB expense of $ 19,723. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions or other inputs	$ 2,055	$ 14,273
Differences between expected and actual experience	-	14,376
	$ 2,055	$ 28,649

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,		
2025	$	(15,268)
2026		(9,354)
2027		(1,470)
2028		(502)
	$	(26,594)

Disability Benefits and Life Insurance

Plan Description. The Authority participates in a single employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-4927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2024 totaled $ 7,396.

Benefits. Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66⅔ percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $ 100 and a maximum of $ 5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees. The Authority has the following employees covered by the Plan as of June 30, 2024:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active plan members	72
	73

Total OPEB Liability. The Authority's total OPEB liability of $ 91,557 reported as of June 30, 2024 was measured as of June 30, 2023 (the measurement date), and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023, using the following actuarial assumptions:

Implicit inflation rate	2.75%
Payroll growth	3.00%
General wage increases	3.50%
Discount rate (based on the Bond Buyer General Obligation 20-Bond Municipal Index)	3.65%
Actuarial cost method	Entry Age Normal
Mortality rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using Projection Scale MP-2021. Post-disability mortality rates are included in long-term disability claim termination rates.

The actuarial assumptions used in the December 31, 2022 valuation were based on the actual KPERS experience.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The disability rates, estimated offsets, waiver mortality rates, and claim cost assumption were updated based on recent experience.

Changes in Total OPEB Liability

Balance at June 30, 2023	$	92,992
Changes for the year:		
Service cost		10,727
Interest on total OPEB liability		3,553
Effect of economic/demographic gains or losses		(8,630)
Changes in assumptions or other inputs		(316)
Benefit payments		(6,769)
Net changes		(1,435)
Balance at June 30, 2024	$	91,557

Sensitivity Analysis. The following presents the Authority's total OPEB liability calculated using the discount rate of 3.65%, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	$ 94,377	$ 91,557	$ 88,639

OPEB Expense

For the year ended June 30, 2024, the Authority recognized OPEB expense of $ 12,061, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 44,996	$ 38,663
Changes in assumptions	3,283	15,432
Contributions subsequent to the measurement date	7,396	-
Total	$ 55,675	$ 54,095

The deferred outflow of resources related to the Authority's contributions subsequent to the measurement date totaling $ 7,396 consist of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2024	$ (2,219)
2025	(2,219)
2026	(2,152)
2027	(1,811)
2028	(970)
Thereafter	3,555
	$ (5,816)

6 - Defined Benefit Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The Authority participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the Authority are included in the Local employee group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees with ten or more years of credited service may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employees. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.20% of total payroll for the KPERS fiscal year ended June 30, 2022.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.43% for the fiscal year ended June 30, 2024. Contributions to the Pension Plan from the Authority were $ 363,813 for the year ended June 30, 2024.

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u>

At June 30, 2024, the Authority reported a liability of $ 3,917,019 for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2023, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The Authority's proportion of the collective net pension liability was based on the ratio of the Authority's actual contributions to KPERS, relative to the total employer and nonemployer contributions of the Local group within KPERS for the KPERS fiscal year ended June 30, 2024. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2024, the Authority's proportion was 0.186711%, which was a decrease of 0.010393% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the Authority recognized pension expense of $ 628,923. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 325,617	$ 552
Changes in assumptions	415,149	-
Net difference between projected and actual earnings on pension plan investments	228,776	-
Changes in proportionate share	1,616	362,474
Contributions subsequent to measurement date	363,815	-
Total	$ 1,334,973	$ 363,026

The $ 363,815 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	$ 196,015
2025	89,055
2026	295,269
2027	26,981
2028	812
	$ 608,132

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Payroll growth	3.00 percent
Salary increases, including price inflation	3.50 to 12.00 percent, including inflation
Long-term rate of return, net of investment expense, including price inflation	7.00 percent

Mortality rates were based on the RP-2014 Mortality Tables with future mortality improvements based on Scale MP-2016.

The actuarial assumptions used in the December 31, 2022 and 2021 valuations were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of the most recent experience study, dated January 7, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.5%	5.20%
Non-U.S. Equities	23.5%	6.40%
Private Equity	8.0%	9.50%
Private Real Estate	11.0%	4.45%
Yield Driven	8.0%	4.70%
Real Return	11.0%	3.25%
Fixed Income	11.0%	1.55%
Cash	4.0%	0.25%
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the Authority's proportionate share of the collective net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the collective net pension liability	$ 5,616,587	$ 3,917,019	$ 2,501,102

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

7 - Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters other than those related to comprehensive general liability claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have been no significant reductions in insurance coverage from the previous year.

Self-Insurance

Under the Kansas Tort Claims Act, K.S.A. 75-6101 to 75-6115, general liability claims against the Authority are limited within the scope of the act to an occurrence aggregate of $ 500,000. The Authority self-insures for general liability claims up to this statutory dollar limit. A liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Other non-incremental costs are not included in the basis for estimating the liability.

8 - Commitments and Contingencies

Litigation

The Authority has certain contingent liabilities and is a party to various claims and legal actions arising in the ordinary course of business. In the opinion of management and legal counsel, all such matters are adequately covered by insurance or self-insurance reserves, or if not so covered, are without merit or are of such kind, or involve such amounts that unfavorable disposition would not have a material effect on the financial position of the Authority.

Grants

Grantor agencies reserve the right to conduct audits of the Authority's grant programs for economy and efficiency and program results that may result in disallowed costs to the Authority. Management does not believe such audits, if any, would result in any disallowed costs that would be material to the Authority's financial position at June 30, 2024.

9 - Property Taxes and Significant Concentrations

The City of Topeka, Kansas (the City) has adopted the provisions of the metropolitan transit authority act contained in K.S.A. 12-2801 through 12-2840.

The City may levy a tax as approved by the City election on April 3, 1973. The mill levy shall be upon the taxable property within the City, as authorized by ordinance of the City. The mill levy rate was $ 4.20 per $ 1,000 assessed valuation for the fiscal year ending June 30, 2024. The moneys derived from such tax levy shall be for the benefit of the Authority for the purpose of providing funds for the operation of the Authority.

The Authority received $ 6,628,581 from the City for the fiscal year ended June 30, 2024. The Authority also receives a significant amount of funding through grants from the State of Kansas and the U.S. Department of Transportation.

A significant reduction in funding from these sources could materially affect the operations of the Authority.

10 - Tax Abatements

The City of Topeka, Kansas and Shawnee County, Kansas enter into property tax abatement agreements with local businesses for the purpose of attracting businesses within their jurisdictions. These agreements impact local municipalities, including the Authority. For the calendar year ended December 31, 2023, abated property taxes that impacted the Authority totaled $ 525,410, including the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement to a retail corporation. The Authority's portion of the abatement amounted to $ 212,494.

- A property tax abatement to a medical facility. The Authority's portion of the abatement amounted to $ 79,054.
- A property tax abatement to a food manufacturer and distributor. The Authority's portion of the abatement amounted to $ 70,453.
- A property tax abatement to a food processor and distributor. The Authority's portion of the abatement amounted to $ 53,649.

11 - Subsequent Events

The Authority has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOPEKA METROPOLITAN TRANSIT AUTHORITY
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios - Health Insurance
Last Seven Fiscal Years*

	2024	2023	2022	2021
Total OPEB liability:				
Service cost	$ 2,990	$ 3,177	$ 6,147	$ 6,015
Interest	2,239	1,866	1,962	2,300
Changes of assumptions	1,541	(2,656)	(30,771)	2,470
Differences between expected and actual experience	(4,047)	(2,177)	(9,908)	(977)
Benefit payments	-	(1,458)	(2,973)	(4,496)
Net change in total OPEB liability	2,723	(1,248)	(35,543)	5,312
Total OPEB liability, beginning	51,193	52,441	87,984	82,672
Total OPEB liability, ending	$ 53,916	$ 51,193	$ 52,441	$ 87,984
Covered payroll	$ 3,872,900	$ 3,722,739	$ 3,451,734	$ 3,978,641
Authority's total OPEB liability as a percentage of covered payroll	1.4%	1.5%	1.5%	2.2%

	2020	2019	2018
Total OPEB liability:			
Service cost	$ 8,497	$ 10,473	$ 13,611
Interest	4,119	5,729	5,688
Changes of assumptions	(2,230)	2,504	(12,568)
Differences between expected and actual experience	(33,259)	(40,950)	(10,341)
Benefit payments	(6,546)	(6,420)	(1,811)
Net change in total OPEB liability	(29,419)	(28,664)	(5,421)
Total OPEB liability, beginning	112,091	140,755	146,176
Total OPEB liability, ending	$ 82,672	$ 112,091	$ 140,755
Covered payroll	$ 3,844,098	$ 4,223,949	$ 3,464,914
Authority's total OPEB liability as a percentage of covered payroll	2.2%	2.7%	4.1%

Benefit Changes. No significant changes.

Changes of Assumptions. No significant changes.

* GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2018. Therefore, 10 years of data is unavailable.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios -
Disability Benefits and Life Insurance
Last Seven Fiscal Years*

	2024	2023	2022	2021
Total OPEB liability:				
Service cost	$ 10,727	$ 19,611	$ 17,406	$ 15,874
Interest	3,553	1,591	1,957	2,831
Effect of economic/ demographic gains or losses	(8,630)	56,162	(16,216)	(17,295)
Changes of assumptions	(316)	(17,892)	83	4,712
Benefit payments	(6,769)	(40,831)	-	-
Net change in total OPEB liability	(1,435)	18,641	3,230	6,122
Total OPEB liability, beginning	92,992	74,351	71,121	64,999
Total OPEB liability, ending	$ 91,557	$ 92,992	$ 74,351	$ 71,121
Covered payroll	$ 3,723,970	$ 3,668,676	$ 4,315,440	$ 3,926,375
Authority's total OPEB liability as a percentage of covered payroll	2.46%	2.53%	1.72%	1.81%

	2020	2019	2018
Total OPEB liability:			
Service cost	$ 14,291	$ 14,096	$ 15,107
Interest	2,930	2,894	2,652
Effect of economic/ demographic gains or losses	(14,494)	(5,670)	-
Changes of assumptions	851	(634)	(2,053)
Benefit payments	-	(31,689)	(22,264)
Net change in total OPEB liability	3,578	(21,003)	(6,558)
Total OPEB liability, beginning	61,421	82,424	88,982
Total OPEB liability, ending	$ 64,999	$ 61,421	$ 82,424
Covered payroll	$ 3,912,624	$ 3,634,818	$ 3,655,711
Authority's total OPEB liability as a percentage of covered payroll	1.66%	1.69%	2.25%

Benefit Changes. No significant changes.

Changes of Assumptions. The discount rate was updated in accordance with the requirements of GASB 75. The disability rates, estimated offsets, waiver mortality rates, and claim cost assumption were updated based on recent experience.

* GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2018. Therefore, 10 years of data is unavailable.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
Schedule of the Authority's Proportionate Share of the Collective Net Pension Liability -
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the collective net liability	0.186711%	0.197104%	0.221674%	0.221780%	0.235040%	0.228898%	0.233894%	0.227267%	0.207658%	0.192612%
Authority's proportionate share of the collective net pension liability	$ 3,917,019	$ 3,918,515	$ 2,659,991	$ 3,844,898	$ 3,284,384	$ 3,190,357	$ 3,387,851	$ 3,518,888	$ 2,726,641	$ 2,370,694
Authority's covered payroll	$ 4,233,703	$ 3,874,773	$ 3,894,315	$ 4,270,202	$ 4,082,002	$ 4,078,993	$ 3,956,145	$ 3,906,175	$ 3,740,294	$ 3,528,031
Authority's proportionate share of the collective liability as a percentage of its covered payroll	92.52%	101.13%	68.30%	90.04%	80.46%	78.21%	85.64%	90.09%	72.90%	67.20%
Plan fiduciary net position as a percentage of the total pension liability	70.70%	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

TOPEKA METROPOLITAN TRANSIT AUTHORITY
Schedule of the Authority's Contributions -
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 363,813	$ 350,966	$ 351,982	$ 373,631	$ 366,942	$ 375,735	$ 345,045	$ 365,848	$ 363,537	$ 317,558
Contributions in relation to the contractually required contribution	(363,813)	(350,966)	(351,982)	(373,631)	(366,942)	(375,735)	(345,045)	(365,848)	(363,537)	(317,558)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 4,233,703	$ 3,874,773	$ 3,894,315	$ 4,270,202	$ 4,082,002	$ 4,078,993	$ 3,956,145	$ 3,906,175	$ 3,740,294	$ 3,528,031
Contributions as a percentage of covered payroll	8.59%	9.06%	9.04%	9.00%	9.00%	9.00%	9.00%	9.00%	10.00%	9.00%

SUPPLEMENTARY INFORMATION

TOPEKA METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL
Year Ended June 30, 2024

	Budget	Actual	Variance
Operating revenues:			
Passenger fares	$ 627,192	$ 741,657	$ 114,465
Advertising and other revenue	85,733	109,263	23,530
Total operating revenues	712,925	850,920	137,995
Operating expenses:			
Salaries and benefits	6,088,894	6,136,157	47,263
Contracted services	839,573	729,815	(109,758)
Materials and supplies	1,431,019	1,156,255	(274,764)
Depreciation	1,984,402	1,684,540	(299,862)
Utilities	167,688	124,833	(42,855)
Insurance	139,263	123,811	(15,452)
Taxes	39,319	56,750	17,431
Taxi service	360,000	324,620	(35,380)
Continuing education	14,220	34,429	20,209
Advertising	20,800	11,925	(8,875)
Leases	984	919	(65)
Self-insurance damage claims	60,000	162,997	102,997
Other expenses	46,230	26,768	(19,462)
Total operating expenses	11,192,392	10,573,819	(618,573)
Operating loss	(10,479,467)	(9,722,899)	756,568
Nonoperating revenues:			
Investment income	360,000	991,087	631,087
Gain on sale of assets	-	75,295	75,295
Property taxes	6,319,144	6,628,581	309,437
Federal operating grants	2,900,000	2,766,530	(133,470)
State operating grants	807,433	807,433	-
Planning grants	51,900	21,529	(30,371)
Total nonoperating revenues	10,438,477	11,290,455	851,978
Income (loss) before capital grants	(40,990)	1,567,556	1,608,546
Capital grants	-	5,343,852	5,343,852
Change in net position	$ (40,990)	6,911,408	$ 6,952,398
Net position, beginning of year		31,403,470	
Net position, end of year		$ 38,314,878	

TOPEKA METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2024

Federal Grantor/Pass-Through Entity/Program Title	Federal Assistance Listing Number	Identifying Number	Award Amount	Total Federal Expenditures
U.S. Department of Transportation:				
Passed through City of Topeka:				
Planning Grant	20.505	None	$ 21,529	$ 21,529
Passed through Kansas Department of Transportation:				
Federal Transit Metropolitan Planning Grant	20.505	PT-0904-24	120,000	72,818
Planning Grant subtotal				94,347
Federal Transit Cluster:				
Bus Stops Phase 9 & Bike Stations	20.507	KS-2019-001	690,112	9,135
Operating Assistance - FY2021	20.507	KS-2021-008	2,325,096	594,111
Operating Assistance - FY2022	20.507	KS-2022-009	2,992,021	1,659,769
Operating Assistance - FY2023	20.507	KS-2023-002	3,055,486	512,650
Operating Assistance subtotal				2,775,665
Capital Funds - 5339	20.526	KS-2021-010	4,987,500	4,872,483
Passed through Kansas Department of Transportation:				
Capital Funds - 5339	20.526	PT-5339-18	1,121,574	38,764
Capital Funds - 5339	20.526	PT-5339-21	1,304,840	373,257
Capital Funds subtotal				5,284,504
Federal Transit Cluster subtotal				8,060,169
Total expenditures of federal awards				$ 8,154,516

See accompanying notes to schedule of expenditures of federal awards.

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Authority under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the net position, changes in net position, or cash flows of the Authority.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3 - Indirect Cost Rate

The Authority has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4 - Relationship to Financial Statements

Federal awards received are reported in the Authority's financial statements as grants on the statement of revenues, expenses, and changes in net position.

5 - Difference in Presentation of Capital Assets

The accompanying schedule of expenditures of federal awards presents capital asset acquisitions as expenditures under the definition of the Uniform Guidance. The financial statements present capital asset acquisitions as assets in accordance with accounting principles generally accepted in the United States of America.

TOPEKA METROPOLITAN TRANSIT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2024

Section I. Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None

Federal Awards

Type of auditors' report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weaknesses identified	None
Significant deficiencies identified that are not considered to be material weaknesses	None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)	None

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program
20.507/20.526	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as a low-risk auditee	Yes

Section II. Financial Statement Findings

None.

Section III. Federal Awards Findings and Questioned Costs

None.

BT&Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Topeka Metropolitan Transit Authority
Topeka, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities of Topeka Metropolitan Transit Authority (the Authority), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BT&Co., P.A.

December 10, 2024
Topeka, Kansas

BT&Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Topeka Metropolitan Transit Authority
Topeka, Kansas

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Topeka Metropolitan Transit Authority's (the Authority's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2024. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BT & Co., P.A.

December 10, 2024
Topeka, Kansas