

May 13, 2025

The Honorable Mayor and City Council Members
City of Bel Aire, Kansas
7651 E. Central Park Ave
Bel Aire, Kansas 67226-7600

Attention: Mayor and City Council Members

This letter is to explain Allen, Gibbs & Houlik, L.C.'s ("AGH", "we", "us", or "our") understanding of the arrangements regarding our engagement to examine the City of Bel Aire, Kansas' (the "Entity") compliance with "activities allowed or unallowed" and "allowable cost/cost principles" (the "Specified Requirements") as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2024 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended December 31, 2024. We ask that you confirm this understanding. We are pleased to confirm our acceptance and our understanding of this examination engagement by means of this letter ("Engagement Letter").

Engagement Services

We will examine the Entity's compliance with the Specified Requirements in accordance with attestation standards established by the American Institute of Certified Public Accountants ("AICPA"); the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement."

The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the Entity, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. Because it could impact our independence with respect to the Entity, any requests by you to provide non-audit services in connection with this examination must be in writing.

At the conclusion of our engagement, we will issue a written report of our examination of compliance with the Specified Requirements in relation to stated or established criteria. Our report will be addressed to the Mayor and City Council Members of the City of Bel Aire, Kansas. We cannot guarantee that an unmodified opinion on compliance with the Specified Requirements will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, or withdraw from the engagement.

The attestation standards require that we perform our examination engagement only if we have reason to believe that the compliance with the Specified Requirements is capable of consistent measurement or evaluation against criteria that are suitable and available to users. If circumstances arise relating to the condition of the Entity's records, the availability of appropriate evidence or indications of a

significant risk of material misstatement of compliance with the Specified Requirements because of error, fraudulent financial reporting or misappropriation of assets that, in our professional judgment, prevent us from completing the engagement or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with the attestation standards.

The services that we will perform are not designed and cannot be relied upon to disclose errors, fraud or illegal acts, should any exist. However, to the extent permissible under applicable law, regulation, or professional or ethical standards, we will inform the appropriate level of management and the Mayor and City Council Members of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential.

Furthermore, the services were not designed to provide assurance on internal control. However, we will communicate to management and the Mayor and City Council Members any internal control deficiencies that become known to us during the course of the engagement.

However, as specifically required by GAS, significant deficiencies; material weaknesses; instances of fraud; noncompliance with provisions of laws, regulations, contracts or grant agreements; or abuse that come to our attention and that warrant the attention of those charged with governance will be communicated to management, the Mayor and City Council. If we detect any instances of fraud; noncompliance with provisions of laws, regulations, contracts or grant agreements; or abuse that do not warrant the attention of those charged with governance, our determination of whether and how to communicate such instances to management, the Mayor and City Council is a matter of professional judgment.

We will maintain our independence in accordance with the standards of the AICPA and GAS.

Entity's Responsibilities

Management and the Mayor and City Council Members are responsible for:

1. identifying applicable compliance requirements;
2. selecting the Criteria for the purposes of evaluating compliance with the Specified Requirements;
3. determining that the stated or established Criteria is suitable and appropriate for the purposes of evaluating compliance with the Specified Requirements, and will be available to the intended users or our report;
4. establishing and maintaining effective internal control over compliance with the Specified Requirements;
5. evaluating and monitoring the Entity's compliance with the Specified Requirements and providing us with a written assertion thereon;
6. specifying reports that satisfy legal, regulatory or contractual requirements;

7. making all records and related information available to us;
8. providing us with a written management representation letter confirming certain representations made during the course of the engagement;
9. the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on compliance with the Specified Requirements; and
10. informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers or others.

Records and Assistance

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

The assistance to be supplied by Entity personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Barry Smith, Director of Finance. The timely and accurate completion of this work is an essential condition to our completion of our services and issuance of our report.

Fees and Costs

Our fees for the services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement plus expenses, including report processing, travel, meals, fees for services from other professionals, if applicable, and technology, research and library databases, communications, photocopying, postage and clerical assistance. Our fee estimate will be subject to adjustments based on unanticipated changes in the scope of our work and/or incomplete or untimely receipt by us of the information on the client participation list. All other provisions of this Engagement Letter will survive any fee adjustment. Interim billings will be submitted as work progresses and as expenses are incurred. Payment is due upon invoice delivery. Fees for this service will not exceed \$7,000.

Terms and Conditions

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

For other terms and conditions related to this engagement, refer to communication sent regarding engagement terms and conditions laid forth on April 11, 2025.

Electronic Signatures and Counterparts

This Engagement Letter may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which taken together will constitute one and the same instrument. Each party agrees that any electronic signature of a party to this Engagement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect as a manual signature.

Acknowledgement and Acceptance

Each party acknowledges that it has read and agrees to all of the terms contained herein, including any exhibits, policies, schedules, and/or other documents expressly incorporated herein by reference or attached hereto. Each party and its signatory below represent that said signatory is a duly authorized representative of such party and has the requisite power and authority to bind such party to the undertakings and obligations contained herein.

Management's Assertion

By signing this agreement, management asserts that the Entity is in compliance with "activities allowed or unallowed" and "allowable cost/cost principles" (the "Specified Requirements") as described in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement."

AGREED TO AND ACKNOWLEDGED BY:

ALLEN, GIBBS & HOULIK, L.C.



Tara Laughlin
Senior Vice President, Assurance Services

TJL:cdf

Attachment: Peer Review Report

Confirmed on behalf of the City of Bel Aire, Kansas:

Mayor

Date



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REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

December 6, 2022

To the Shareholders and Officers of Allen, Gibbs & Houlik, L.C.
and the Peer Review Committee of the Oklahoma Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Allen, Gibbs & Houlik, L.C. (the firm) in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

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

Firm's Responsibility

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

Peer Reviewer's Responsibility

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

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; audits of employee benefit plans; audits performed under FDICIA; and an examination of a service organization (SOC 2 engagement).

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

Shareholders and Officers of Allen, Gibbs & Houlik, L.C.
and the Peer Review Committee of the Oklahoma Society of CPAs

December 6, 2022

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Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Allen, Gibbs & Houlik, L.C. in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Allen, Gibbs & Houlik, L.C. has received a peer review rating of *pass*.

Baker Tilly US, LLP