AGH
CPAs & ADVISORS

COPY

June 10, 2021

Board of Education
Haysville Unified School District #261
Education Foundation
1745 W. Grand Ave.
Haysville, KS 67060-1234

Dear Board Members:

Understanding of Engagement

THE OBJECTIVE AND SCOPE OF THE ENGAGEMENT

You have requested that we prepare the financial statements of Haysville Unified School District #261 Education Foundation (Foundation) which comprise of the Statement of Cash Receipts and Disbursements as of June 30, 2021, and perform a compilation engagement with respect to those financial statements.

We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

REPORTING

As part of our engagement, we will issue a report that will state that we did not audit or review the financial statements and that, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on them. There may be circumstances in which the report differs from the expected form and content.

Our report will disclose that the financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Our report will disclose that the Foundation's management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were to be included in the financial statements, they might influence the user's conclusion about the Foundation's financial condition. Accordingly, the financial statements will not be designed for those who are not informed about such matters.

You agree to include our accountant's compilation report in any document containing financial statements that indicates we have performed a compilation engagement on such financial statements and, prior to inclusion of the report, ask our permission to do so.

PROFESSIONAL FEES

Our charges for the above services will be included in the fees for the Haysville Unified School District's audit.

PARTIES' UNDERSTANDINGS CONCERNING SITUATION AROUND COVID-19

AGH and the Foundation acknowledge that, at the time of the execution of this arrangement letter, federal, state and local governments have restricted travel due to the ongoing and evolving situation around COVID-19. In addition, like many organizations and companies, AGH has placed restrictions on its employees from travel to protect the health of both AGH's and its clients' employees. Accordingly, to the extent that any of the services described in this arrangement letter requires us to travel and/or perform work onsite, either at the Foundation's or AGH's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, AGH and the Foundation acknowledge and agree that the performance of such work may be delayed, significantly or indefinitely, and thus certain services described herein may need to be rescheduled and/or suspended at either AGH's or the Foundation's sole discretion. AGH and the Foundation also acknowledge and agree that any delays or workarounds due to the situation surrounding COVID-19 may increase the cost of the services described herein. Any such change in the cost of these services will be discussed with the Foundation prior to the completion of the project.

CONDITIONS AND LIMITATIONS

To assist you in understanding the scope of our services and other matters related to the completion of these compilation services, we have attached a copy of the "*Allen, Gibbs & Houlik, L.C. Compilation Services Conditions and Limitations*". Our compilation services are expressly subject to these conditions and limitations and by signing below you will be agreeing to them.

OTHER SERVICES

It is understood that any non-attest services provided by AGH are in the nature of advisory service to the Foundation's management, and related recommendations, accordingly, are subject to management oversight. Further, in providing our current non-attest services or those we may provide in the future, it is agreed that AGH is not assuming any management responsibilities, decisions or functions for the Foundation. Management acknowledges its responsibilities to make all management decisions and perform all management functions for the Foundation, to oversee the services provided by AGH, to evaluate the adequacy and results of those services, and to accept management responsibility for the services rendered. In that regard, the Foundation agrees to designate a management employee to oversee services provided by AGH. Further, the undersigned hereby acknowledges that it is the responsibility of the Foundation's management to establish and maintain the Foundation's internal controls, including monitoring ongoing activities.

OTHER

As part of AGH's ongoing commitment to serve as a trusted advisor, we offer several other resources that provide additional value beyond this engagement itself. AGHUniversity.com offers a full schedule of complimentary education and other updates to clients throughout the year. AGH alerts and newsletters also include periodic mailings or emails to alert clients to new accounting, audit and tax standards or regulations. We appreciate our relationship with the Foundation and look forward to serving you in the future.

This letter constitutes the complete and exclusive statement of agreement between AGH and the Foundation, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our engagement to prepare the financial statements described herein and to perform a compilation engagement with respect to those same financial statements and our respective responsibilities.

Respectfully,

ALLEN, GIBBS & HOULIK, L.C.

Tara J. Laughlin
Vice President, Assurance Services

TJL:lmb

Enclosure

Acceptance: Your signature below confirms your acceptance of the preceding information and your receipt and acceptance of the "*Allen, Gibbs & Houlik, L.C. Compilation Services Conditions and Limitations*".

Signature

7-12-21
Date

Allen, Gibbs & Houlik, L.C.
Compilation Services Conditions and Limitations
Cash Basis

In the course of providing compilation services, Allen, Gibbs & Houlik, L.C. (AGH) applies customary practices intended to fulfill our professional responsibilities in a cost-effective manner. This document defines our professional responsibilities and the standards that we employ in providing you with our compilation services. We find that by more clearly defining our professional service responsibilities, and your responsibilities as a client of AGH, we can prevent any uncertainties in providing our compilation services. By signing the "Understanding of Engagement", you are agreeing to the conditions and limitations described below.

The Responsibilities of AGH

The objective of our engagement is to:

a. Prepare financial statements in accordance with the cash basis of accounting based on information provided by you; and

b. Apply accounting and financial reporting expertise to assist you in the presentation of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the income tax basis of accounting.

We will conduct our compilation engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's Code of Professional Conduct, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

We will communicate to the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our compilation procedures that fraud or an illegal act may have occurred. We need not report any matters regarding illegal acts that may have occurred that are clearly inconsequential and may reach agreement in advance with you on the nature of any such matters to be communicated.

The Responsibilities of Foundation Management

The engagement to be performed is conducted on the basis that you acknowledge and understand that our role is to prepare financial statements in accordance with the cash basis of accounting and assist you in the presentation of the financial statements in accordance with the cash basis of accounting. You have the following overall responsibilities that are fundamental to our undertaking the engagement in accordance with SSARSs:

a. The selection of the cash basis of accounting as the financial reporting framework to be applied in the preparation of the financial statements;

b. The preparation and fair presentation of the financial statements in accordance with the cash basis of accounting;

c. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements;

d. The prevention and detection of fraud;

e. To ensure that the entity complies with the laws and regulations applicable to its activities;

f. The accuracy and completeness of the records, documents, explanations and other information, including significant judgments, you provide to us for the engagement; and

g. To provide us with:

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

ii. Additional information that we may request from you for the purpose of the compilation engagement; and

iii. Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities, and for designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements. You are responsible for evaluating the adequacy and results of services performed and accepting responsibility for such services.

Management is responsible for identifying and ensuring that the Foundation complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for 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 the financial statements. Management is also responsible for 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.

Management is responsible for the preparation of the supplementary information in accordance with the cash basis of accounting. Management agrees to include the accountant's report on the supplementary information in any document that contains the supplementary information and indicates that the accountant has reported on such supplementary information. Management also agrees to present the supplementary information with the compiled financial statements or, if the supplementary information will not be presented with the compiled financial statements, to make the compiled 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 accountant's report thereon.

Professional Fees

In determining our fees, the factors having a direct impact on our time and billings include the timely closing and overall condition of the accounting records and the extent to which we must compile information or make bookkeeping adjustments to the Foundation's records to conform to appropriate accounting rules. In that regard, we have or will furnish the Foundation's personnel with a listing of the routine accounting records and schedules we will normally need in connection with our services. In order to keep our charges to a minimum, we suggest the Foundation's personnel provide us with these records, schedules, and other assistance from time to time by compiling necessary information and locating supporting documents. This assistance enables us to spend a minimum amount of time performing routine clerical tasks and thus concentrate more strictly on accounting related services.

During the term of this agreement, and for a period of one year after the termination of this agreement, the Foundation will not knowingly employ, solicit for employment, or otherwise engage any of AGH's employees without AGH's prior written approval. If the Foundation breaches the foregoing provision, Foundation agrees to pay AGH within thirty (30) days after demand a placement fee of fifty thousand dollars ($50,000) to partially compensate AGH for the significant replacement costs, staff development costs, and lost business opportunities.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Foundation agrees it will compensate AGH for any additional costs incurred as a result of the Foundation's employment of a partner or professional employee of AGH.

Other Terms and Conditions

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

For continuing clients, AGH shall maintain the compilation working papers for a period of three years after the date of the compilation report. For terminated services, AGH shall maintain the compilation working papers for a period of one year after the date of the compilation report.

If, in connection with our compilation, you request us to perform accounting services necessary for the preparation of the financial statements (such as maintaining depreciation schedules, computing the provision for income taxes, drafting the financial statements, etc.), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.

The financial statements and our report on them are not to be modified in any manner. The final version supersedes all prior drafts. Any preliminary draft version of the financial statements previously provided to you in an electronic format should be deleted from your computer, and all printed copies of any superseded preliminary draft versions should likewise be destroyed. If any term or provision of this agreement is determined to be invalid or unenforceable, such term provision will be deemed stricken and all other terms

and provisions will remain in full force and effect.

This agreement also sets forth the terms and conditions agreed to by AGH and the Foundation for the transmittal of data through the Internet into or from AGH's e-mail system. Internet data transfers are susceptible to security breaches. You agree that AGH shall not have any liability for lost data, unauthorized access to records, data or files, destruction of records, data or files, viruses, delays or failure of performance or suitability. You agree that data transmitted by the Foundation to AGH will not include a) any employee personal information such as social security numbers or dates of birth, or b) bank or investment account identification numbers. You agree to hold harmless AGH, its shareholders, agents or employees from any damages or expenses arising out of or resulting from any use of AGH's e-mail system, whether or not authorized. AGH agrees that it will provide reasonable alternatives that are more secure than e-mail for the transmittal of data, upon request.

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

It is understood that services provided by AGH necessarily rely, to some extent, on information provided by the Foundation, including management representations, as well as other information and documents. Accordingly, the Foundation hereby indemnifies AGH and its shareholders and employees, and holds them harmless from all claims, liabilities, losses, and costs in connection with any services provided by AGH that are in any way related to erroneous, misleading, or incomplete information furnished by the Foundation. This indemnification shall survive any terminations under this letter.

The Foundation understands compiled financial statements are not appropriate for inclusion in a public or private offering of debt or equity securities. Accordingly, the Foundation agrees not to include our reports or make reference to us in any way in any public or private securities offering.

If the Foundation intends to publish or otherwise reproduce the financial statements and make reference to us in any other manner, the Foundation agrees to provide us with the printer's proofs or masters for our review and approval before printing.

The Foundation also agrees to provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for review and approval of such proofs or masters, and any related services to be provided to the Foundation in connection therewith, will be established with the Foundation at the time such services are determined to be necessary or appropriate.

The working papers for this engagement are the property of AGH and constitute confidential information. However, as may be required by certain laws or regulations, we may be required to make certain working papers available to regulators upon request for their regulatory oversight purposes. Access to the requested working papers will be provided to the regulators under our personnel supervision and at a location designated by AGH.

AGH acknowledges that it has access to nonpublic information of the Foundation and its customers, and such information constitutes valuable and proprietary assets of the Foundation. AGH also acknowledges that the Foundation has a responsibility to its own customers and employees to keep records and information confidential and proprietary. AGH agrees that it shall maintain confidentiality of any nonpublic personal information about consumers or customers of the Foundation obtained by AGH in the course of its performing services for the Foundation.

From time to time, and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

AGH may mention the Foundation's name and provide a general description of the engagement in AGH's client lists and marketing materials.

We agree any dispute arising out of or relating to this agreement or an interpretation of this agreement that we are not able to resolve ourselves shall be submitted to mediation under the American Arbitration Association Rules for Professional Accounting and Related Services Disputes before resorting to arbitration, litigation, or some other dispute resolution procedure.

Costs and Expenses of the mediation shall be borne equally by each of us. Mediation shall take place within two weeks after notification by the aggrieved party of a request for mediation unless extended by the mediator and shall not subject to pre-hearing discover except as

specifically authorized by the mediator. If the mediation does not result in an agreement acceptable to all sides, any party may take such other further action as he, she, or it deems advisable under law or equity. In the event any party takes such legal action without first submitting the issue(s) to mediation as required by this clause, that party shall pay the legal expenses of the responding party plus all court costs incurred by said action.

Any claim arising out of services rendered pursuant to this agreement shall be resolved in accordance with the laws of the State of Kansas. It is agreed by the Foundation and AGH or any successors in interest that no claim by or on behalf of either party arising out of services rendered pursuant to this agreement shall be asserted more than two years after the date of the last compilation report issued by AGH or one year after the date of termination of AGH's services, whichever date occurs first.

Other Services

It is understood that, from time to time, Allen, Gibbs & Houlik, L.C. (AGH) may provide other services that are not contemplated hereby or are not otherwise encompassed in this understanding of arrangements for services. Such other services may be the subject of a separate letter addressing the arrangements for those services. However, in some cases, such other services may not be specifically addressed by a separate arrangement letter. In the event that AGH provides other services not encompassed by this arrangement letter, or another arrangement letter, engagement letter, or contract, it is understood and agreed that any such services will be expressly subject to then current "*Allen, Gibbs & Houlik, L.C. Other Services Conditions and Limitations*", in effect when the service is provided, which are located at www.aghlc.com/otherservices/terms. You may contact AGH to request a printed copy. It is further agreed that any services provided by AGH prior to the date of this letter, and not subject to a written arrangement letter, engagement letter, or similar contractual arrangement, shall be subject to this "Other Services" provision, in this arrangement letter, and the referenced Other Services Conditions and Limitations as of that date.

AGH
CPAs & ADVISORS

June 10, 2021

Board of Education
Haysville Unified School District #261
1745 W. Grand Ave.
Haysville, KS 67060-1234

Dear Board Members:

This letter is intended to communicate certain matters related to the planned scope and timing of our audit of Haysville Unified School District #261's (District) financial statements and compliance as of and for the year ending June 30, 2021.

Communication

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

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

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

Independence

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

The Audit Planning Process

Our audit approach places a strong emphasis on obtaining an understanding of how your entity functions. This enables us to identify key audit components and tailor our procedures to the unique aspects of your operations. The development of a specific audit plan will begin by meeting with you and with management to obtain an understanding of business objectives, strategies, risks and performance. As part of obtaining an understanding of your organization and its environment, we will obtain an understanding of internal control. We will use this understanding to identify risks of material misstatement and noncompliance, which will provide us with a basis for designing and implementing responses to the assessed risks of material misstatement and noncompliance. We will also obtain an understanding of the users of the financial statements in order to establish an overall materiality level for audit purposes. We will conduct formal discussions among engagement team members to consider how and where your financial statements might be susceptible to material misstatement due to fraud or error or to instances of noncompliance, including abuse.

The Concept of Materiality in Planning and Executing the Audit

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

Significant Risks of Material Misstatement

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

Our Approach to Internal Control and Compliance Relevant to the Audit

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

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

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

Timing of the Audit

We have scheduled our preliminary audit work to take place the week of June 14th and we have scheduled field work for the weeks of July 12th and 19th. Management's adherence to its closing schedule and timely completion of information used by us in performance of the audit is essential to timely completion of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the Haysville Unified School District #261.

This communication is intended solely for the information and use of the Board of Education and is not intended to be, and should not be, used by anyone other than this specified party.

Respectfully,

ALLEN, GIBBS & HOULIK, L.C.

Tara J. Laughlin
Vice President, Assurance

TJL:lmb

cc: Dr. John Burke
Dr. Clint Schutte