AGH
CPAs & ADVISORS

June 10, 2020

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

Attention Board Members:

THE OBJECTIVE AND SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

You have requested that we audit the special purpose financial statements of Haysville Unified School District #261 (District), as of and for the year-ended June 30, 2020 with the option of the District renewing for one additional year. We will also report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

It is our understanding that management and the governing body have taken appropriate action through the adoption of a resolution pursuant to K.S.A. 75-1120a(c) to waive the statutory requirement to prepare its annual financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), and have elected to prepare the financial statements (special purpose financial statements) in accordance with a special purpose framework consistent with the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of the State of Kansas (Kansas Cash Basis Law, K.S.A. 10-1101 et seq., and the Kansas Budget Law, K.S.A. 79-2925 et seq.) as regulated by the State in the Kansas Municipal Accounting and Audit Guide (KMAAG regulatory basis).

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

We will also perform the audit of the District as of June 30, 2020 so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

REPORTING

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the governing board of the District. We will express an opinion whether the special purpose financial statements achieve fair presentation with regards to the KMAAG regulatory basis framework. Because the special purpose financial statements are intended for general use, we will also express an opinion as to the fair presentation of the financial statements in accordance with GAAP. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on the District's financial statements, we will also issue the following reports or types of reports:

1. A report on the fairness of the presentation of the District's schedule of expenditures of federal awards for the year ending June 30, 2020.

2. Reports on internal control related to the financial statements and major programs. These reports will describe the scope of testing of internal control and the results of our tests of internal controls.

3. Reports on compliance with laws, regulations, and the provision of contracts or grant agreements. We will report on any noncompliance which could have a material effect on the financial statements, and any noncompliance which could have a material effect, as defined by Subpart F, on each major program.

4. A schedule of findings and questioned costs.

We will prepare the District's Data Collection Form, which the District will be required to file. You acknowledge that you have the final responsibility for this form and, therefore, you should review it carefully before you sign and file it.

RESPONSIBILITIES OF THE AUDITOR AND MANAGEMENT, SPECIFIC TO KMAAG

In addition to the responsibilities outlined in the attached *Attest Services Conditions and Limitations*, the auditor and management have the following responsibilities as it pertains to preparation of the financial statements in accordance with KMAAG:

Management understands and acknowledges the following with regards to these special purpose financial statements:

- The special purpose financial statements are intended for general use;
- Management has taken appropriate steps to determine that the KMAAG regulatory basis framework is acceptable in the circumstances for meeting its annual financial statement reporting needs;
- Informative disclosures will be included in the financial statements that are appropriate to the KMAAG regulatory basis framework, including:
    - A description of the KMAAG regulatory basis framework, including a summary of significant accounting policies, and how the framework differs from GAAP
    - Informative disclosures similar to those required by GAAP for items contained in the special purpose financial statements that are the same as, or similar to, those in financial statements prepared in accordance with GAAP
    - Any additional disclosures beyond those specifically required by the KMAAG regulatory basis framework that may be considered necessary to achieve fair presentation of the special purpose financial statements

Additionally, the auditor is responsible evaluating whether the special purpose financial statements are suitably titled, adequately refer to or describe the KMAAG regulatory basis framework, include a summary of significant accounting policies, adequately describes how the KMAAG regulatory basis framework differs from GAAP in qualitative terms, and includes the appropriate informative disclosures as described under management's responsibilities above.

PROFESSIONAL FEES

Our charges for professional services will be made based on our regular hourly rates plus out-of-pocket expenses, which include reimbursements for travel subsistence, report reproduction, and computer time charges. We estimate the aggregate professional fees for the examination services discussed above, excluding out-of-pocket, will not exceed $49,080. This will include one major program per the requirements imposed by Subpart F of 2 CFR Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Additional major programs will be based on a blended rate of $125 per hour.

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

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

If any of the aforementioned criteria are not met, fees may increase. All other provisions of this letter will survive any fee adjustment.

PARTIES' UNDERSTANDINGS CONCERNING SITUATION AROUND COVID-19

AGH and the District 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 District's or AGH's facilities, including, but not limited to, maintaining business operations and/or IT infrastructure, AGH and the District 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 District's sole discretion. AGH and the District 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 District prior to the completion of the project.

PROGRESS BILLINGS

We will make progress billings of charges incurred to date with a final billing on completion of the work. Invoices not paid within 30 days will be charged a service fee of 1½% per month.

CONDITIONS AND LIMITATIONS

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

In connection with our audit, you have requested us to perform certain non-audit services necessary for the preparation of the financial statements, including assistance in preparation of the special purpose financial statements and compiling the Education Foundation statement of cash receipts and disbursements. The independence standards of the "Government Auditing Standards" issued by the Comptroller General of the United States (GAS) 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 District, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. The District has agreed that Dr. Clint Schutte, Assistant Superintendent for Business & Finance, possesses suitable skill, knowledge, or experience and that the individual understands the preparation of the special purpose financial statements and compilation of the Education Foundation's statement of cash receipts and disbursements services to be performed sufficiently to oversee them. Accordingly, the management of the District agrees to the following:

1. The District has designated Dr. Clint Schutte, Assistant Superintendent for Business & Finance and a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services.

2. Dr. Clint Schutte, Assistant Superintendent for Business & Finance, will assume all management responsibilities for subject matter and scope of the preparation of the special purpose financial statements and compilation of the Education Foundation's statement of cash receipts and disbursements.

3. The District will evaluate the adequacy and results of the services performed.

4. The District accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the District's management (and those charged with governance) of the District of the objectives of the non-audit service, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit service. We believe this letter documents that understanding.

This letter constitutes the complete and exclusive statement of agreement between Allen, Gibbs & Houlik, L.C. and the District, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

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

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 Haysville Unified School District #261 and look forward to serving you in the future.

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

Respectfully,

ALLEN, GIBBS & HOULIK, L.C.

Tara J. Laughlin
Vice President, Assurance

TJL:jai

Enclosure

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

_____ _____

Signature Date

Attest Services Conditions and Limitations

In the course of providing attest 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 attest 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 attest services. By signing the preceding Arrangement Letter, you are agreeing to the conditions and limitations described below.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), *Government Auditing Standards* issued by the Comptroller General of the United States, the provisions of the audit requirements contained in the Single Audit Act Subpart F of Title 2 U.S. CFR Part 200, *Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the U.S. Office of Management and Budget's (OMB) Compliance Supplement Title 2 U.S. CFR Part 200 Appendix XI, and the *Kansas Municipal Audit and Accounting Guide (KMAAG)*. Those standards, supplements or guides require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to the District's preparation and fair presentation of the financial statements 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

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

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

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

The federal financial assistance programs and awards that you told us that the District participates in and that are to be included as a part of the single audit will be provided by the District in form of a schedule of expenditures of federal awards.

The funds that you have told us are maintained by the District and that are to be included as part of our audit are the same as those included in the previous year's audited financial statements.

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

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

a. For the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed by the State of Kansas to demonstrate compliance with cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America;

b. To evaluate subsequent events through the date the financial statements are issued or available to be issued, and to disclose in the financial statements any subsequent events that have occurred through the date which subsequent events were evaluated. Management also agrees that it will not conclude on subsequent

events earlier than the date of the management representation letter referred to below;

c. 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;

d. For establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;

e. For identifying and ensuring that the entity 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 or abuse, and for informing us about all known or suspected fraud or abuse affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud or abuse could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or abuse, or suspected fraud or abuse, affecting the entity received in communications from employees, former employees, analysts, regulators or others;

f. for report distribution;

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

h. To provide us with:

(1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
(2) Additional information that we may request from management for the purpose of the audit;
(3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
(4) When applicable, a summary schedule of prior audit findings for inclusion in the single audit reporting package;
(5) If applicable, responses to any findings reported on the schedule of findings and questioned costs; and
(6) When applicable, a corrective action plan for inclusion in the single audit reporting package.

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

a. That management has fulfilled its responsibilities as set out in the terms of this letter; and

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

Management is responsible for the preparation of the supplementary information in accordance with accounting practices prescribed by the State of Kansas. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

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

You have informed us that you may issue public debt in the future and that you may include our report on your financial statements in the offering statement. You have further informed us that you do not intend that we be associated with the proposed offering.

We agree that our association with any proposed offering is not necessary, providing the Government agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The Government agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

> *Allen, Gibbs & Houlik, L.C., our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Allen, Gibbs & Houlik, L.C. also has not*

performed any procedures relating to this [official statement] [memorandum].

You have informed us that you desire us to issue a report on the special purpose financial statements of the District as of and for the year ended June 30, 2020 conforming only to the requirements of auditing standards generally accepted in the United States of America (for example, for use in an official statement). This reporting will not be used for purposes to comply with a requirement calling for an audit in accordance with Government Auditing Standards.

Other Terms and Conditions

If circumstances arise relating to the conditions of your records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets or noncompliance which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

The working papers for this engagement are the property of AGH and constitute confidential information. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least five years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested workpapers will be provided under the supervision of AGH audit personnel and at a location designated by our firm.

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 your records to conform to appropriate accounting rules. In that regard, we have or will furnish your personnel with a listing of the routine accounting records and schedules we normally need in connection with our services. In order to keep our charges to a minimum, we suggest that your 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 accounting or clerical tasks and thus concentrate more strictly on audit services. If delays in the timing of our receipt of these records, incompleteness or errors cause us to spend extra time to complete the above services, this will result in increased fees. We will, of course, make every effort to minimize any unnecessary disruption of your staff's schedule.

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

If you intend to publish or otherwise reproduce the financial statements and/or make reference to us or our audit in a document other than an official statement, you agree to provide us with the printer's proofs or a master for our review and consent before reproduction and/or release occurs. You also agree to provide us with a copy of the final reproduced material for our consent before it is distributed or released. Our fees for any additional services that may be required under our quality assurance system as a result of the above will be established with you at the time such services are determined to be necessary. In the event our auditor/client relationship has been terminated when the District seeks such consent, we will be under no obligation to grant such consent or approval.

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

Both parties to this agreement have made a substantial investment in their respective employees and depend upon them for the future operations of the District. Because of this, we agree that neither party (including related affiliates) shall hire, nor solicit for hire, any person employed by the other during the term of the service relationship and for a period of one year after the termination of services. Since our professional standards require that we perform certain additional procedures on current and previous years engagements whenever a shareholder or professional employee leaves the firm and is subsequently employed by or associated with a client, you agree to compensate AGH for any additional costs incurred as a result of the District's employment of a shareholder or professional employee of AGH.

We agree that 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 be subject to pre-hearing discovery 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 received pursuant to this agreement shall be resolved in accordance with the laws of the State of Kansas. It is agreed by the ~~District~~ 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 audit report issued by AGH or one year after the date of termination of AGH's services, whichever date occurs first.

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

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession. We shall maintain the audit working papers for a period of five years after the date of the audit report or after the termination of service.

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.

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

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.

Information Security

AGH is committed to the safe and confidential treatment of the District's proprietary information. AGH is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The District agrees that it will not provide AGH with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of the District's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

This agreement also sets forth the terms and conditions agreed to by AGH and the District 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 District 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.

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

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 services 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.

Arnett Carbis Toothman llp
CPAs & Advisors

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SYSTEM REVIEW REPORT

October 20, 2016

To the Shareholders and Officers of
Allen, Gibbs & Houlik, L.C.
and the Peer Review Committee of the Kansas 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, 2016. 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. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*; audits of employee benefit plans, audits performed under FDICIA, and examinations of service organizations [Service Organizations Control (SOC) 1 and SOC 2 engagements].

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, 2016, 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*.

ARNETT CARBIS TOOTHMAN LLP

Arnett Carbis Toothman LLP