



MIZE & HOUSER
COMPANY P.A.

February 12, 2018

Board of Education
Unified School District No. 497
110 McDonald Drive
Lawrence, KS 66044

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for Unified School District No. 497.

We will apply the agreed upon procedures which you have specified, listed below to the activity fund Statements of Cash Receipts and Cash Disbursements for the year ended June 30, 2018 of Free State High School, Lawrence High School and one of the elementary schools and one of the junior high schools (to be selected later). This engagement is solely to assist Unified School District No. 497 in evaluating the effectiveness of the activity funds financial management. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed or to be performed is solely the responsibility of those parties specified in the report and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose

Because the agreed-upon procedures listed below do not constitute an examination or review, we will not express an opinion or conclusion on the effectiveness of the activity funds financial management. In addition, we have no obligation to perform any procedures beyond those listed below.

Procedures:

1. We will randomly select sixty students for each school from independently maintained files and for the months of August, September and March will trace cash receipts for these students from the receipt book to bookkeeping records. For all months, we will trace bookkeeping entries to the bank statement on a test basis. We will note any discrepancies.
2. For sixty randomly selected cash disbursements for each school, we will trace the disbursements from the bookkeeping records to the related invoice and to the bank statement and canceled check. We will also review the propriety of these disbursements. We will note any discrepancies.
3. We will examine the evidence for any outstanding encumbrances and accounts payable. We will report on the consistency of this evidence with the related amount shown on the financial statements.
4. We will perform a proof of cash for the year and tie the ending cash balance to the year-end bank reconciliation and other documents evidencing year-end cash. We will note any discrepancies.
5. We will compare total cash receipts, total cash disbursements, outstanding encumbrances and accounts payable, and ending unencumbered cash balances for the current year with the same financial statement items for the prior year. We will report on any unexplained variances exceeding 25 percent.
6. We will determine compliance with applicable Kansas statutes for the above items and report on any noncompliance.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the Board of Education. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. You understand that the report is intended solely for the information and use of management and the Board of Education of Unified School District No. 497, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters that might have come to our attention that would have been reported to you.

An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting the activity funds that come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict the activity funds, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

You are responsible for the activity funds and for selecting the criteria and procedures and determining that such criteria and procedures are appropriate for your purposes. You are also responsible for, and agree to provide us with, a written assertion about the activity funds. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of the engagement, we will require certain written representations in the form of a representation letter from management that, among other things, will confirm management's responsibility for the activity funds financial management in accordance with the Kansas regulatory basis of accounting.

You are responsible for establishing and maintaining internal controls, for monitoring ongoing activities and for the presentation of the activity fund statements of cash receipts and disbursements in accordance with the Kansas prescribed basis of accounting. You are also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, and/or experience to oversee any nonattest services that we may provide; and for evaluating the adequacy and results of those services and accepting responsibility for them. At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the accounting system of the activity funds.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. To mitigate these risks, we offer a method for you to send sensitive information to us securely and also one for us to securely send sensitive information to you. We strongly encourage the use of these secure methods, particularly for the transmission of Personally Identifiable Information (PII).

This engagement ends on delivery of our agreed-upon procedures report. Any follow-up services that might be required will be a new separate engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

The workpapers for this engagement are our property and constitute confidential information. However, we may be requested to make certain workpapers available to others pursuant to authority given by law, regulation or other legal process. If requested, access to such workpapers will be provided under the supervision of firm personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to governmental agencies who may intend or decide to distribute the photocopies or information contained therein to others, including other governmental agencies. You agree to reimburse us for our personnel and other costs associated with our compliance with such requests. Our policy is to retain workpapers for five years after the engagement.


Mize Houser & Company P.A. and the District agree that any dispute arising hereunder (other than our efforts to collect unpaid fees and expenses) will, prior to resorting to litigation, be submitted to mediation by the parties. The parties will engage in the mediation process in good faith and such process shall be commenced by the written request by either party to the other to mediate any such dispute or alleged breach of this Agreement. Any mediation initiated as a result shall be administered within the state and county of the Mize Houser & Company P.A. office servicing the District by a mutually agreed-upon mediator in accordance with generally accepted mediation rules. Such mediation shall be binding on both parties only after execution of a written agreement setting forth the terms and conditions agreed to pursuant to such mediation. Any and all costs of mediation shall be divided equally between the parties hereto.

Audrey M. Odermann, CPA is the engagement partner and is responsible for supervising the engagement and signing the report. We agree that our gross fee, including all expenses, for the above services shall not exceed \$3,490, except as noted above. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination.

The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

MIZE HOUSER & COMPANY P.A.
Certified Public Accountants

By 
Audrey M. Odermann, CPA

This letter correctly sets for the understanding of Unified School District No. 497.

By: _____

Title: _____

Date: _____