

**High Plains Educational Cooperative
District Number 611
Ulysses, Kansas**

June 30, 2018

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Financial Statement
For the Year Ended June 30, 2018

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Certified Public Accountants & Management Consultants

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INDEPENDENT AUDITOR'S REPORT

To Board Members and Management
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of High Plains Educational Cooperative, District Number 611, Ulysses, Kansas, a Municipality, as of and for the year ended June 30, 2018 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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. Accordingly, we express no such opinion. 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 statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U. S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by High Plains Educational Cooperative, District Number 611, Ulysses, Kansas to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U. S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of High Plains Educational Cooperative, District Number 611, Ulysses, Kansas as of June 30, 2018, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of High Plains Educational Cooperative, District Number 611, Ulysses, Kansas as of June 30, 2018, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters***Required Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of expenditures - actual and budget (budgeted funds only), schedule of receipts and expenditures - actual and budget (where applicable) and schedule of receipts and cash disbursements (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *KMAAG*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of High Plains Educational Cooperative, District Number 611, Ulysses, Kansas, as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated October 23, 2017, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2017 (Schedule 2 as listed on the table of contents) is presented for purposes of additional analysis and is not required part of the basic financial statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information as subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2017, on the basis of accounting described in Note 1.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

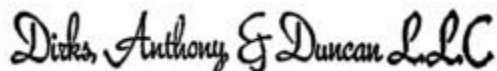
Our audit was conducted for the purpose of forming opinions on the regulatory basis financial statement of High Plains Educational Cooperative, District Number 611, taken as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statement.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statement. Such

information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018, on our consideration of the High Plains Educational Cooperative, District Number 611's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the High Plains Educational Cooperative, District Number 611's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the High Plains Educational Cooperative, District Number 611's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dirks, Anthony & Duncan LLC". The script is cursive and fluid.

Dirks, Anthony & Duncan, LLC
Certified Public Accountants

November 30, 2018

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Summary Statement of Receipts, Expenditures and Unencumbered Cash
 Regulatory Basis
 For the Year Ended June 30, 2018

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add: Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Fund	\$ 2,124,208	\$ 7,764,053	\$ 8,288,261	\$ 1,600,000	\$ -	\$ 1,600,000
Special Purpose Funds:						
Staff Development Fund	84,378	50	28,757	55,671	-	55,671
Audiology/Donations Fund	1,835	-	-	1,835	-	1,835
Alternative Assessment Project Fund	147,539	-	1,505	146,034	-	146,034
Early Intervention Fund	220,473	-	215	220,258	-	220,258
Targeted Improvement Plan	-	76,601	76,601	-	-	-
Community Based Curriculum	276,912	-	914	275,998	-	275,998
State Medicaid Reimbursement	-	159,817	159,817	-	-	-
Building & Equipment Fund	565,445	-	-	565,445	-	565,445
Board Meal Catering Fund	10,581	4,080	5,162	9,499	-	9,499
Computer Repair Fund	343,759	-	6,758	337,001	-	337,001
FY 2016 VI B Federal Flow Thru	-	-	-	-	-	-
FY 2017 VI B Federal Flow Thru	-	142,000	142,000	-	-	-
FY 2018 VI B Federal Flow Thru	-	1,830,223	1,830,223	-	-	-
Total Reporting Entity (Excluding Agency Funds)	\$ 3,775,130	\$ 9,976,824	\$ 10,540,213	\$ 3,211,741	\$ -	\$ 3,211,741

Composition Of Cash

Grant County Bank; Ulysses, Kansas

Checking Account	\$ (423,632)
Profit Planner Checking	3,635,373
Self-Insurance Checking	48,659
Self-Insurance Investments	1,185,128

American State Bank & Trust Company; Great Bend, Kansas

Self-Insurance Investments	321,450
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Valley State Bank; Syracuse, Kansas

Self-Insurance Investments	794,959
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Total Cash	5,561,937
Agency Funds - Per Schedule 3	(2,350,196)
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 3,211,741</u>

The notes to the financial statement are an integral part of this statement.

HIGH PLAINS EDUCATIONAL COOPERATIVE, DISTRICT NUMBER 611

Notes to the Financial Statement

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

High Plains Educational Cooperative, District Number 611 (District), Ulysses, Kansas operates as a municipal corporation in accordance with the laws of the State of Kansas. The District is governed by a seventeen-member board of directors. The governing board is composed of one school district board member from each of the member districts. Board members are elected by member school district. Member school districts include USD 200 Tribune, USD 209 Moscow, USD 210 Hugoton, USD 214 Ulysses, USD 215 Lakin, USD 216 Deerfield, USD 217 Rolla, USD 218 Elkhart, USD 363 Holcomb, USD 371 Montezuma, USD 374 Sublette, USD 452 Johnson, USD 466 Scott City, USD 467 Leoti, USD 476 Copeland, USD 494 Syracuse and USD 507 Satanta. The District provides a wide range of student support services for students with exceptionalities ages three through twenty-one. This regulatory financial statement presents High Plains Educational Cooperative, District Number 611.

Regulatory Basis Fund Types

General Fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose Fund – used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Contingency Reserve Fund - to account for monies deposited in reserve to be used for financial contingencies as designated in K.S.A 72-6426.

Bond and Interest Fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund, etc.).

Trust Fund – funds used to report assets held in trust for the benefit of the municipal financial reporting entity (i.e. pension funds, investment trust funds, private purpose trust funds which benefit the municipal reporting entity, scholarship funds, etc.).

Agency Fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the regulatory basis of accounting.

HIGH PLAINS EDUCATIONAL COOPERATIVE, DISTRICT NUMBER 611

Notes to the Financial Statement

June 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgetary Information

The High Plains Educational Cooperative, District Number 611 prepares a budget under the Kansas cash basis and budget laws to determine assessments to member Districts and other financial planning purposes.

The Kansas cash basis and budget laws permit transferring budgeted amounts between line items within an individual fund. However, such laws prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

The High Plains Educational Cooperative, District Number 611 does not have authority to levy taxes. The District is funded by member assessments approved by the District's Board of Directors.

NOTE 2 – DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of June 30, 2018 is as follows:

Investments	Percentage of Investments
Grant County Bank	81.6%
Valley State Bank	13.1%
American State Bank & Trust Company	5.3%

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka except during designated "peak periods" when required coverage is 50%. The District does not use designated "peak periods".

At June 30, 2018, the carrying amount of the District's deposits, was \$3,211,741 and the bank balance was \$3,689,913. The bank balance was held by three (3) banks resulting in a concentration of credit risk. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by pledged securities in the District's name.

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments of this type at June 30, 2018.

HIGH PLAINS EDUCATIONAL COOPERATIVE, DISTRICT NUMBER 611

Notes to the Financial Statement

June 30, 2018

NOTE 3 – RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. The District participates in the Kansas Public Employees Retirement System (KPERS), a cost sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. Seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of July 1, 2017 through September 30, 2017 for the Death and Disability Program) was 10.81% for the fiscal year ended June 30, 2017. The actuarially determined employer contribution rate was 12.01% for the fiscal year ended June 30, 2018. Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$92,917,091 for the fiscal year ended June 30, 2016 and the anticipated repayments per SB249 were nullified per HB2052 during fiscal year 2017.

The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2017, received as of June 30th was \$304,596,361. Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS was decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in the fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion for the cost for retired District employees.

Net Pension Liability

At June 30, 2018, the District's proportionate share of the collective net pension liability reported by KPERS was \$1,258,799. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the ratio of the District's contribution to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2017. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in the financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

HIGH PLAINS EDUCATIONAL COOPERATIVE, DISTRICT NUMBER 611

Notes to the Financial Statement

June 30, 2018

NOTE 4 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Compensated Absences

Emergency Leave. The District's policies regarding emergency leave pay permits employees who regularly work more than thirty-five hours per week, who are considered full-time, may accumulate leave days at a maximum rate of between 80 and 90 days for certified personnel based on contract days. Part-time employees and full-time employees that begin halfway through the year receive the same emergency leave days but on a prorated basis according to number of work days remaining and number of hours worked a day. Emergency leave is granted to certified staff on his/her first day, while a para educator receives his/her emergency leave on the employee's 21st day of "on-the-job employment."

Use of Emergency Leave. Emergency leave may be used for sick and bereavement leave, both of which is to be used for immediate family only. Para educators may use up to 2 days for personal leave.

Payment for Emergency Leave. Certified staff who end the year more than 80 accumulated days of emergency leave and continue employment in the next school year will receive \$18 per day reimbursement up to 20 days.

Discretionary Leave. Certified staff is given five days of personal leave per year with no deduction in pay. Additional personal leave may be granted and approved at the discretion of the Director or his/her designee. Personal leave is not accrued each year. Instead, the remaining number of personal leave at the end of each contract year will be added to the certified staff's total accumulated emergency leave.

Professional Leaves and Absences. The Director may grant permission and authorize full or partial payment of expenses to certified teachers attending professional meetings. There will be no deduction from the teacher's salary for the time missed while attending such meetings.

Termination Benefits. Upon retirement, resignation or death of a certified staff member with 10 years of continuous service will be reimbursed at \$18 per day for accumulated emergency leave over 50 days. Para educators have no termination benefits.

NOTE 5 – CLAIMS, JUDGEMENTS AND RISK MANAGEMENT

The District participates in federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the District believes that any disallowed expenditures or overpayments, if any, will not have a material effect on the individual governmental funds or the overall financial position of the District.

During the ordinary course of its operation the District is a party to various claims, legal actions and complaints. It is the opinion of the District's management and legal counsel that these matters are not anticipated to have a material impact on the District.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2017 to 2018, and there were no settlements that exceeded insurance coverage in the past three years.

HIGH PLAINS EDUCATIONAL COOPERATIVE, DISTRICT NUMBER 611

Notes to the Financial Statement

June 30, 2018

NOTE 6 – SELF-FUNDED HEALTH INSURANCE FUND

High Plains District, District Number 611, participates in a self-insurance fund program for medical insurance, which covers full-time administration, certified teachers, para educators, and office staff working at least thirty (30) hours per week or 1,200 hours per employment year and is on the regular payroll of the District. These individuals are eligible for coverage the first of the month following sixty days. The plan also covers retired employees (K.S.A. 12-5040) who are individuals who have terminated employment with the District and is receiving retirement or disability benefit for services to the District when employment is terminated.

Premiums from the employees and the District are paid to the Health insurance bank account. The premiums are available to pay claims and administrative costs of the program by the third-party administrator (EBMS employee Kevin Larson). The agreement to participate provides that the District will be self-sustaining through member's premiums. The District purchases secondary insurance (reinsurance), from Optum, for claims in excess of an annual stop loss deductible of \$50,000 per person.

NOTE 7 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There were no budget or cash law violation for the year ending June 30, 2018.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of this report. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in this financial statement.

HIGH PLAINS EDUCATIONAL COOPERATIVE

DISTRICT NUMBER 611

ULYSSES, KANSAS

REGULATORY REQUIRED SUPPLEMENTAL INFORMATION

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Summary of Expenditures - Actual and Budget (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended June 30, 2018

Fund	<u>Certified Budget</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over (Under)</u>
General Fund	\$ 11,720,159	\$ 11,720,159	\$ 8,288,261	\$ (3,431,898)
	<u>\$ 11,720,159</u>	<u>\$ 11,720,159</u>	<u>\$ 8,288,261</u>	<u>\$ (3,431,898)</u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

		Current Year		Variance
	Prior Year	Actual	Budget	Over
	Actual	Actual	Budget	(Under)
Receipts				
District Revenue	\$ 7,380,735	\$ 7,703,904	\$ 8,115,676	\$ (411,772)
Interest	16,342	31,572	6,000	25,572
Transfer In	66,781	6,340	-	6,340
Miscellaneous	30,088	22,237	-	22,237
Total Receipts	<u>7,493,946</u>	<u>7,764,053</u>	<u>\$ 8,121,676</u>	<u>\$ (357,623)</u>
Expenditures				
Instruction	6,796,365	7,447,006	10,659,524	\$ (3,212,518)
Administration	683,138	690,548	769,999	(79,451)
Accounting	72,006	75,123	82,686	(7,563)
Plant Operations/Maintenance	19,962	42,854	63,700	(20,846)
Central Support Services	28,809	32,043	44,250	(12,207)
Capital Outlay	-	687	100,000	(99,313)
Total Expenditures	<u>7,600,280</u>	<u>8,288,261</u>	<u>\$ 11,720,159</u>	<u>(3,431,898)</u>
Receipts Over (Under) Expenditures	(106,334)	(524,208)		<u>\$ 3,074,275</u>
Unencumbered Cash, July 1	<u>2,230,542</u>	<u>2,124,208</u>		
Unencumbered Cash, June 30	<u>\$ 2,124,208</u>	<u>\$ 1,600,000</u>		

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Staff Development Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	\$ 266	\$ 50
	<u>266</u>	<u>50</u>
Total Receipts		
	<u>266</u>	<u>50</u>
Expenditures		
Staff Development Materials	24,528	28,757
Registration Fees/Travel	1,581	-
	<u>26,109</u>	<u>28,757</u>
Total Expenditures		
	<u>26,109</u>	<u>28,757</u>
Receipts Over (Under) Expenditures	(25,843)	(28,707)
Unencumbered Cash, July 1	110,221	84,378
	<u>110,221</u>	<u>84,378</u>
Unencumbered Cash, June 30	<u>\$ 84,378</u>	<u>\$ 55,671</u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Audiology/Donations Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Other	<u>\$ -</u>	<u>\$ -</u>
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Supplies	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>-</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>1,835</u>	<u>1,835</u>
Unencumbered Cash, June 30	<u><u>\$ 1,835</u></u>	<u><u>\$ 1,835</u></u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Alternative Assessment Project Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Transfer In	\$ -	\$ -
	<hr/>	<hr/>
Total Receipts	-	-
	<hr/>	<hr/>
Expenditures		
Supplies	57	-
Equipment	94	1,505
	<hr/>	<hr/>
Total Expenditures	151	1,505
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(151)	(1,505)
	<hr/>	<hr/>
Unencumbered Cash, July 1	147,690	147,539
	<hr/>	<hr/>
Unencumbered Cash, June 30	<u>\$ 147,539</u>	<u>\$ 146,034</u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Early Intervention Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	\$ -	\$ -
	<hr/>	<hr/>
Total Receipts	-	-
	<hr/>	<hr/>
Expenditures		
Supplies/Materials	1,835	215
Transfer to General Fund	56,960	-
	<hr/>	<hr/>
Total Expenditures	58,795	215
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	(58,795)	(215)
Unencumbered Cash, July 1	279,268	220,473
	<hr/>	<hr/>
Unencumbered Cash, June 30	\$ 220,473	\$ 220,258
	<hr/> <hr/>	<hr/> <hr/>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Targeted Improvement Plan
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Federal Grant	<u>\$ 90,130</u>	<u>\$ 76,601</u>
Total Receipts	<u>90,130</u>	<u>76,601</u>
Expenditures		
General Operating Cost	6,265	-
Contractual Services	4,500	-
Supplies	24,495	-
Travel	-	7,401
Stipends/Substitutes	9,801	5,620
LOD	3,053	2,471
General Office/Administration	3,526	35,399
Supervisor/Coordinator	6,300	8,552
Equipment	<u>24,455</u>	<u>17,158</u>
Total Expenditures	<u>82,395</u>	<u>76,601</u>
Receipts Over (Under) Expenditures	7,735	-
Unencumbered Cash, July 1	<u>(7,735)</u>	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Community Based Curriculum
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Supplies	<u>917</u>	<u>914</u>
Total Expenditures	<u>917</u>	<u>914</u>
Receipts Over (Under) Expenditures	(917)	(914)
Unencumbered Cash, July 1	<u>277,829</u>	<u>276,912</u>
Unencumbered Cash, June 30	<u><u>\$ 276,912</u></u>	<u><u>\$ 275,998</u></u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 State Medicaid Reimbursement
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Reimbursement Received	<u>\$ 204,157</u>	<u>\$ 159,817</u>
Total Receipts	<u>204,157</u>	<u>159,817</u>
Expenditures		
Payroll Expenses	<u>204,157</u>	<u>159,817</u>
Total Expenditures	<u>204,157</u>	<u>159,817</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	-	-
Unencumbered Cash, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Building & Equipment Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	\$ -	\$ -
	<hr/>	<hr/>
Total Receipts	-	-
	<hr/>	<hr/>
Expenditures		
Equipment	-	-
	<hr/>	<hr/>
Total Expenditures	-	-
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
	<hr/>	<hr/>
Unencumbered Cash, July 1	565,445	565,445
	<hr/>	<hr/>
Unencumbered Cash, June 30	\$ 565,445	\$ 565,445
	<hr/> <hr/>	<hr/> <hr/>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Board Meal Catering Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Transfer In	\$ 4,080	\$ 4,080
	<hr/>	<hr/>
Total Receipts	4,080	4,080
	<hr/>	<hr/>
Expenditures		
Catered Food Services	3,535	5,162
	<hr/>	<hr/>
Total Expenditures	3,535	5,162
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	545	(1,082)
Unencumbered Cash, July 1	10,036	10,581
	<hr/>	<hr/>
Unencumbered Cash, June 30	<u>\$ 10,581</u>	<u>\$ 9,499</u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Computer Repair Fund
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Transfers	<u>\$ -</u>	<u>\$ -</u>
Total Receipts	<u>-</u>	<u>-</u>
Expenditures		
Computer Equipment	2,049	6,083
Supplies/Materials	-	114
Repairs	1,283	561
Computer Service	<u>124</u>	<u>-</u>
Total Expenditures	<u>3,456</u>	<u>6,758</u>
Receipts Over (Under) Expenditures	(3,456)	(6,758)
Unencumbered Cash, July 1	<u>347,215</u>	<u>343,759</u>
Unencumbered Cash, June 30	<u>\$ 343,759</u>	<u>\$ 337,001</u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 FY 2016 VI B Federal Flow Thru
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	\$ 144,814	\$ -
Total Receipts	<u>144,814</u>	<u>-</u>
Expenditures		
Instruction	23,591	-
Training/Tuition	126	-
Contractual Service	132	-
Materials/Supplies	1,769	-
Workshop Expenses	32,076	-
Equipment	6,491	-
Private School	-	-
Total Expenditures	<u>64,185</u>	<u>-</u>
Receipts Over (Under) Expenditures	80,629	-
Unencumbered Cash, July 1	<u>(80,629)</u>	<u>-</u>
Unencumbered Cash, June 30	<u>\$ -</u>	<u>\$ -</u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 FY 2017 VI B Federal Flow Thru
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	\$ 1,743,597	\$ 142,000
Total Receipts	<u>1,743,597</u>	<u>142,000</u>
Expenditures		
Instruction	1,695,341	68,416
Training/Tuition	2,976	6,407
Contractual Service	23,138	23,983
Materials/Supplies	6,296	1,732
Workshop Expenses	10,545	31,353
Equipment	<u>5,301</u>	<u>10,109</u>
Total Expenditures	<u>1,743,597</u>	<u>142,000</u>
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	<u>-</u>	<u>-</u>
Unencumbered Cash, June 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 FY 2018 VI B Federal Flow Thru
 Schedule of Receipts and Expenditures
 Regulatory Basis
 For the Year Ended June 30, 2018
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2017)

	<u>Prior Year</u>	<u>Current Year</u>
Receipts		
Miscellaneous	\$ -	\$ 1,830,223
	<hr/>	<hr/>
Total Receipts	-	1,830,223
	<hr/>	<hr/>
Expenditures		
Instruction	-	1,785,323
Training/Tuition	-	880
Contractual Service	-	8,327
Materials/Supplies	-	7,028
Workshop Expenses	-	22,810
Equipment	-	4,115
Proportionate Private Share	-	1,740
	<hr/>	<hr/>
Total Expenditures	-	1,830,223
	<hr/>	<hr/>
Receipts Over (Under) Expenditures	-	-
	<hr/>	<hr/>
Unencumbered Cash, July 1	-	-
	<hr/>	<hr/>
Unencumbered Cash, June 30	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>

High Plains Educational Cooperative, District Number 611
 Ulysses, Kansas
 Agency Funds
 Schedule of Receipts and Cash Disbursements
 For the Year Ended June 30, 2018

	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Health Insurance Reserve	<u>\$ 2,775,243</u>	<u>\$ 1,154,117</u>	<u>\$ 1,579,164</u>	<u>\$ 2,350,196</u>
	<u><u>\$ 2,775,243</u></u>	<u><u>\$ 1,154,117</u></u>	<u><u>\$ 1,579,164</u></u>	<u><u>\$ 2,350,196</u></u>

HIGH PLAINS EDUCATIONAL COOPERATIVE
DISTRICT NUMBER 611
ULYSSES, KANSAS



Dirks, Anthony & Duncan, LLC

Certified Public Accountants & Management Consultants

104 N. Main / P.O. Box 885 / Ulysses, KS 67880 / Phone: (620) 356-4951 / Fax: (620) 353-1018

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

To Board Members and Management
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the fund summary statement of regulatory basis receipts, expenditures and unencumbered cash balances of High Plains Educational Cooperative, District Number 611, as of and for the year ended June 30, 2018, and the related notes to the financial statement, which collectively comprise High Plains Educational Cooperative, District Number 611's basic financial statement and have issued our report thereon dated November 30, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered High Plains Educational Cooperative, District Number 611's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of High Plains Educational Cooperative, District Number 611's internal control. Accordingly, we do not express an opinion on the effectiveness of High Plains Educational Cooperative, District Number 611's internal control.

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

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

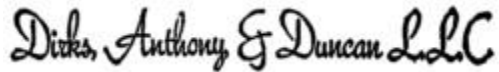
Compliance and Other Matters

As part of obtaining reasonable assurance about whether High Plains Educational Cooperative, District Number 611's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dirks, Anthony & Duncan LLC". The script is cursive and fluid, with the letters "D", "A", and "D" being particularly large and stylized.

Dirks, Anthony & Duncan, LLC
Certified Public Accountants

November 30, 2018



Dirks, Anthony & Duncan, LLC

Certified Public Accountants & Management Consultants

104 N. Main / P.O. Box 885 / Ulysses, KS 67880 / Phone: (620) 356-4951 / Fax: (620) 353-1018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To Board Members and Management
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas

Report on Compliance for Each Major Federal Program

We have audited High Plains Educational Cooperative, District Number 611's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of High Plains Educational Cooperative, District Number 611's major federal programs for the year ended June 30, 2018. High Plains Educational Cooperative, District Number 611's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of High Plains Educational Cooperative, District Number 611's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about High Plains Educational Cooperative, District Number 611's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of High Plains Educational Cooperative, District Number 611's compliance.

Opinion on Each Major Federal Program

In our opinion, High Plains Educational Cooperative, District Number 611 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

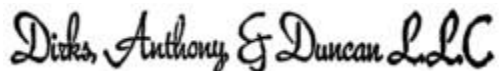
Management of High Plains Educational Cooperative, District Number 611 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered High Plains Educational Cooperative, District Number 611's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test

and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of High Plains Educational Cooperative, District Number 611's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

A handwritten signature in black ink that reads "Dirks, Anthony & Duncan LLC". The script is cursive and fluid.

Dirks, Anthony & Duncan, LLC
Certified Public Accountants

November 30, 2018

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor	Federal CFDA Numbers	Pass Through Identifying Number	<u>Expenditures</u>
<u>Program Title</u>			
<u>U.S. Department of Education</u>			
Passed Through State of Kansas Department of Education			
EC Flo Thru - VI B Federal Flow Thru	84.027	DO611	\$ 1,908,842
EC Flo Thru - VI B Federal Flow Thru	84.173	DO611	63,381
Targeted Improvement Plan - EC Flo Thru	84.027	DO611	<u>76,601</u>
Total U.S. Department of Education-Special Education Cluster (IDEA)			<u>2,048,824</u>
<u>Kansas Health Policy Authority</u>			
Medicaid Reimbursement	93.778	DO611	<u>159,817</u>
Total Kansas Health Policy Authority			<u>159,817</u>
Total Schedule of Expenditures of Federal Awards			<u><u>\$ 2,208,641</u></u>

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of High Plains Educational Cooperative, District Number 611 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a select portion of the operations of High Plains Educational Cooperative, District Number 611, it is not intended to and does not present the summary of receipts, expenditures and unencumbered cash of High Plains Educational Cooperative, District Number 611.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule of Expenditures of Federal Awards (SEFA) are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash and budget laws of the State of Kansas, the same as the financial statement accompanying this schedule.

NOTE 3 - INDIRECT COST RATE

High Plains Educational Cooperative, District Number 611 did not use the standard indirect cost rate of 10%.

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Schedule of Finding & Questioned Costs
For the Year Ended June 30, 2018

I. Summary of Audit Results

Financial Statement

Type of Audit Report Issued	Unmodified
Internal Control Over Financial Reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
• Noncompliance which is material to the financial statement noted?	No

Federal Awards

Internal Control Over Financial Reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for student financial assistance programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Various	Special Education Cluster (IDEA)
Dollar threshold to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualifies as a low-risk auditee?	No

II. Financial Statement Findings

None Noted

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Schedule of Prior Audit Findings
For the Year Ended June 30, 2018

III. Findings and Questioned Costs for Federal Awards

U.S. Department of Education
Special Education Cluster (IDEA)

CFDA No. 84.027 & 84.173

There were no findings or questioned costs.