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

Superintendent and Board of Education
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas 67880

In planning and performing our audit of the financial statement of High Plains Educational Cooperative, District Number 611 as of and for the years ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered High Plains Educational Cooperative, District Number 611's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

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, misstatement 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we became aware of several other matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The memorandum accompanying this letter summarizes our comments and suggestions concerning other matters.

This communication is intended solely for the information and use of management, the governing board, federal and state awarding agencies, and pass-through agencies, and others within High Plains Educational Cooperative, District Number 611, and is not intended to be, and should not be, used by anyone other than these specified parties.

Dirks, Anthony & Duncan LLC

Dirks, Anthony & Duncan, LLC
Certified Public Accountants

December 1, 2022

MEMORANDUM

To: Director and Board of High Plains Educational Cooperative, District Number 611

From: Dirks, Anthony & Duncan, LLC

Re: Comments or Suggestions Internal and Operating Efficiency

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1. **College Tuition**
   The Cooperative does offer to pay for employee tuition and then credit the amount they paid for their tuition at $2,000 per year of service. Currently there does not exist concrete decision as to what to do to when employees do not work their full years of service to repay their tuition. Ideally, if an employee does not work their full years of service, they are turned into State setoff program in order to recoup the unpaid reimbursement. We suggest the board set a procedure and include it in employee handbooks for what will happen if an employee does not fulfill their required years of service.

2. **Bid Law**
   The Cooperative did not follow the Kansas Bid Law regarding curriculum in the fiscal year. Whenever the Cooperative is planning to spend over $20,000 on construction or purchase of materials, goods/wares it is required by K.S.A. 72-1151 to follow sealed bid procedures and award to the lowest responsible bidder.

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December 1, 2022

Board Members and Management
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas 67880

We have audited the financial statement of High Plains Educational Cooperative, District Number 611 for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 9, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by High Plains Educational Cooperative, District Number 611 are described in Note 1 to the financial statement. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by High Plains Educational Cooperative, District Number 611 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statement in the proper period.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statement or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to High Plains Educational Cooperative, District Number 611's financial statement or a determination of the type of auditor's opinion that may be expressed on those statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as High Plains Educational Cooperative, District Number 611's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Schedule 1 through 3 which are regulatory required supplementary information (RRSI) that supplements the basic financial statement. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statement. We did not audit the RRSI and do not express an opinion or provide any assurance on the RRSI.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors, Director and management of High Plains Educational Cooperative, District Number 611 and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Dirks, Anthony & Duncan LLC

Dirks, Anthony & Duncan, LLC
Certified Public Accountants

High Plains Educational Cooperative, District Number 611

Ulysses, Kansas

FINANCIAL STATEMENT

WITH REGULATORY - REQUIRED SUPPLEMENTARY INFORMATION

and

INDEPENDENT AUDITOR'S REPORT

For the Year Ended June 30, 2022

Dirks, Anthony & Duncan, LLC
Certified Public Accountants
Ulysses, Kansas

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
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For the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Superintendent and Board of Education
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas 67880

Adverse and Unmodified Opinions

We have audited the accompanying financial statement of the High Plains Educational Cooperative, District Number 611 which comprise the statement of receipts, expenditures, and unencumbered cash as of June 30, 2022, and the related notes to the financial statement.

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 section of our report, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the High Plains Educational Cooperative, District Number 611, as of June 30, 2022, or changes in net position, or cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the financial statement referred to above present fairly, in all material respects, the aggregate cash and unencumbered cash balance of the High Plains Educational Cooperative, District Number 611, as of June 30, 2022, 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* as described in Note 1.

Basis for Adverse and Unmodified Opinions

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*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the High Plains Educational Cooperative, District Number 611, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinions on U.S. Generally Accepted Accounting Principles
As described in Note 1 of the financial statement, the financial statement is prepared by the High Plains Educational Cooperative, District Number 611, on the basis of the financial reporting provisions of *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 and pervasive.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1; 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 financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the High Plains Educational Cooperative, District Number 611's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial double shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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 High Plains Educational Cooperative, District Number 611's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the High Plains Educational Cooperative, District Number 611's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 regulatory basis expenditures - actual and budget, individual fund schedules of regulatory basis receipts and expenditures - actual and budget, schedule of regulatory basis receipts and expenditures - agency funds (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 *Kansas Municipal Audit and Accounting Guide.* 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 the High Plains Educational Cooperative, District Number 611 as of and for the year ended June 30, 2021 (not presented herein), and have issued our reported thereon dated December 20, 2021, which contained an unmodified opinion on the basic financial statement. The 2021 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/oar/municipal-services. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures – actual and budget for the year ended June 30, 2021 (Schedule 2 as listed in the table of contents) is presented for the purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note 1.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the High Plains Educational Cooperative, District Number 611's basic financial statement. The accompanying 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 not a required part of the basic financial statement. 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2022, 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 High Plains Educational Cooperative, District Number 611's internal control over financial reporting and compliance.

Dirks, Anthony & Duncan LLC

DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

December 1, 2022

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, 2022

Funds	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Encumbrances and Accounts Payable	Ending Cash Balance
General Fund:						
General Fund	$ 1,100,000	$ 9,141,561	$ 9,041,561	$ 1,200,000	$ -	$ 1,200,000
Special Purpose Funds:						
Staff Development	58,571	20,317	19,545	59,343	-	59,343
Audiology/Donations	6,835	-	598	6,237	-	6,237
Alternative Assessment Project	144,105	-	12	144,093	-	144,093
Early Intervention	219,968	-	-	219,968	-	219,968
Targeted Improvement Plan	-	76,130	76,130	-	-	-
Community Based Curriculum	270,884	-	1,458	269,426	-	269,426
Building & Equipment	605,445	200,000	-	805,445	-	805,445
Board Meal Catering	7,141	4,080	4,611	6,610	-	6,610
Coordinated Early Intervening Services	(18,266)	186,506	201,923	(33,683)	-	(33,683)
Federal Funds	-	2,236,622	2,236,622	-	-	-
ESSERII School District	(5,250)	122,935	138,139	(20,454)	-	(20,454)
Total Reporting Entity (Excluding Agency Funds)	$ 2,389,433	$ 11,988,151	$ 11,720,599	$ 2,656,985	$ -	$ 2,656,985

Composition Of Cash	
Cooperative Accounts	$ 2,656,986
Self-Insurance Accounts	1,848,756
Total Cash	4,505,742
Agency Funds - Per Schedule 3	(1,848,757)
Total Reporting Entity (Excluding Agency Funds)	$ 2,656,985

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

HIGH PLAINS EDUCATIONAL COOPERATIVE, DISTRICT NUMBER 611

Ulysses, Kansas

Notes to the Financial Statement

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Financial Reporting Entity

High Plains Educational Cooperative, Cooperative Number 611 (Cooperative), Ulysses, Kansas operates as a municipal corporation in accordance with the laws of the State of Kansas. The Cooperative is governed by an elected seventeen member board, representing each participating district of the inter-local. This regulatory financial statement presents the Cooperative, a municipality.

b) 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.

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.).

c) 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 Cooperative 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 Cooperative to use the regulatory basis of accounting.

d) Budgetary Information

The Cooperative prepares an annual budget of receipts and expenditures that is required to be submitted to the Kansas State Department of Education on or before August 25th. The interlocal does not levy a tax and thus is not subject to the Kansas Budget Law. The budget is prepared for internal use and to satisfy the requirement of the Kansas State Department of Education.

NOTE 2 – DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the Cooperative. The statute requires banks eligible to hold the Cooperative's funds have a main or branch bank in the county in which the Cooperative 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 Cooperative has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Cooperative'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 Cooperative has no investment policy that would further limit

NOTE 2 – DEPOSITS AND INVESTMENTS, CONTINUED

its investment choices.

Concentration of Credit Risk. State statutes place no limit on the amount the Cooperative may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Cooperative's deposits may not be returned to it. State statutes require the Cooperative'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 Cooperative does not use designated "peak periods".

At June 30, 2022 the carrying amount of the Cooperative's deposits, including certificates of deposit, was $2,656,985 and the bank balance was $5,245,905. The bank balance was held by two (2) banks resulting in a concentration of credit risk. Of the bank balance, $750,000 was covered by federal depository insurance, and the remaining balance was collateralized with securities held by the pledging financial institution's agents in the Cooperative'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 Cooperative 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 Cooperative had no investments of this type at June 30, 2022.

NOTE 3 – RETIREMENT PLAN

General Information about the Pension Plan

Plan Description. The Cooperative 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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 15.59% and 14.23%, respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. The contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments of $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is schedule to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

NOTE 3 – RETIREMENT PLAN, CONTINUED

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized funding for the KPERS School Group in fiscal year 2020 of $51 million.

The State of Kansas is required to contribute the statutory required employer's share. Since the Cooperative is considered a special funding situation, the Cooperative was not required to contribute amounts equal to the statutory contribution rate for the year ended June 30, 2022. However, the Cooperative is required to contribute towards employees working after retirement.

Net Pension Liability

At June 30, 2022, the Cooperative's proportionate share of the collective net pension liability reported by KPERS was $107,553. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The Cooperative's proportion of the net pension liability was based on the ratio of the Cooperative'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, 2021. 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.

NOTE 4 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

a) Other Post-Employment Benefits. As provided by K.S.A. 12-5040, the Cooperative allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Cooperative 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 Cooperative 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.

b) *Emergency Leave.* The Cooperative'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."

c) *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.

d) *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.

e) *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.

NOTE 4 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS, CONTINUED

f) *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.

g) *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 Cooperative 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 Cooperative may be required to reimburse the grantor government. As of the date of this report, grant expenditures have not been audited, but the Cooperative 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 Cooperative.

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

The Cooperative 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 Cooperative has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2019 to 2022, and there were no settlements that exceeded insurance coverage in the past three years.

NOTE 6 – SELF-FUNDED HEALTH INSURANCE FUND

High Plains Cooperative, Cooperative 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 Cooperative. 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 Cooperative and is receiving retirement or disability benefit for services to the Cooperative when employment is terminated.

Premiums from the employees and the Cooperative 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 Cooperative will be self-sustaining through member's premiums. The Cooperative purchases secondary insurance (reinsurance), from Optum, for claims in excess of an annual stop loss deductible of $50,000 per person.

NOTE 7 – INTERFUND TRANSFERS

Interfund operating transfers are as follows:

From	To	Statutory Authority	Amount
General Fund	Staff Development	K.S.A. 72–6428	$ 20,317
General Fund	Building & Equipment	K.S.A. 72–6428	200,000
General Fund	Board Meal Catering	K.S.A. 72–6428	4,080

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.

REGULATORY-REQUIRED SUPPLEMENTAL INFORMATION

Schedule 1

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, 2022

Fund	Certified Budget	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	$ 10,401,282	$ 10,401,282	$ 9,041,561	$ (1,359,721)

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year Actual	Current Year Actual	Current Year Budget	Variance Over (Under)
Receipts				
District Revenue	$ 8,763,195	$ 8,524,328	$ 9,051,281	$ (526,953)
Interest	4,477	3,935	15,000	(11,065)
Transfer In	2,651	225,099	-	225,099
State Medicaid Reimbursement	189,990	285,978	235,000	50,978
Medicaid Repalcement	-	78,884	-	78,884
SPARKS Money	32,602	-	-	-
Miscellaneous	34,661	23,337	-	23,337
Total Receipts	9,027,576	9,141,561	$ 9,301,281	$ (159,720)
Expenditures				
Instruction	7,485,327	7,739,932	9,201,236	$ (1,461,304)
Administration	911,772	902,509	999,521	(97,012)
Accounting	86,874	91,197	91,175	22
Plant Operations/Maintenance	38,623	48,775	67,600	(18,825)
Central Support Services	18,588	16,339	28,750	(12,411)
Capital Outlay	8,000	22,492	13,000	9,492
Transfers Out	106,098	220,317	-	220,317
Total Expenditures	8,655,282	9,041,561	$ 10,401,282	(1,359,721)
Receipts Over (Under) Expenditures	372,294	100,000		$ 1,200,001
Unencumbered Cash, July 1	727,706	1,100,000		
Unencumbered Cash, June 30	$ 1,100,000	$ 1,200,000		

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Transfers In	$ 46,097	$ 20,317
Total Receipts	46,097	20,317
Expenditures		
Staff Development Materials	10,780	19,545
Total Expenditures	10,780	19,545
Receipts Over (Under) Expenditures	35,317	772
Unencumbered Cash, July 1	23,254	58,571
Unencumbered Cash, June 30	$ 58,571	$ 59,343

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Donations	$ 5,000	$ -
Total Receipts	5,000	-
Expenditures		
Supplies	-	598
Total Expenditures	-	598
Receipts Over (Under) Expenditures	5,000	(598)
Unencumbered Cash, July 1	1,835	6,835
Unencumbered Cash, June 30	$ 6,835	$ 6,237

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Transfer In	$ -	$ -
Total Receipts	-	-
Expenditures		
Supplies	-	12
Total Expenditures	-	12
Receipts Over (Under) Expenditures	-	(12)
Unencumbered Cash, July 1	144,105	144,105
Unencumbered Cash, June 30	$ 144,105	$ 144,093

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Miscellaneous	$ -	$ -
Total Receipts	-	-
Expenditures		
Supplies/Materials	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	219,968	219,968
Unencumbered Cash, June 30	$ 219,968	$ 219,968

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Targeted Improvement Plan Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Federal Funds	$ 76,130	$ 76,130
Total Receipts	76,130	76,130
Expenditures		
Travel	1,868	1,582
Stipends/Substitutes	-	-
LOD	3,000	3,000
General Office/Administration	36,774	33,984
Supervisor/Coordinator	8,435	8,804
Equipment	26,053	28,760
Total Expenditures	76,130	76,130
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, July 1	-	-
Unencumbered Cash, June 30	$ -	$ -

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Community Based Curriculum Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Transfer In	$ 20,000	$ -
Total Receipts	20,000	-
Expenditures		
Workstudy	23,037	148
Supplies	843	1,310
Total Expenditures	23,880	1,458
Receipts Over (Under) Expenditures	(3,880)	(1,458)
Unencumbered Cash, July 1	274,764	270,884
Unencumbered Cash, June 30	$ 270,884	$ 269,426

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Transfer In	$ 40,000	$ 200,000
Total Receipts	40,000	200,000
Expenditures		
Equipment	-	-
Total Expenditures	-	-
Receipts Over (Under) Expenditures	40,000	200,000
Unencumbered Cash, July 1	565,445	605,445
Unencumbered Cash, June 30	$ 605,445	$ 805,445

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, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
Transfer In	$ -	$ 4,080
Total Receipts	-	4,080
Expenditures		
Catered Food Services	3,518	4,611
Total Expenditures	3,518	4,611
Receipts Over (Under) Expenditures	(3,518)	(531)
Unencumbered Cash, July 1	10,659	7,141
Unencumbered Cash, June 30	$ 7,141	$ 6,610

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Coordinated Early Intervening Services (CEIS) Fund
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022
(With Comparative Actual Totals for the Prior Year Ended June 30, 2021)

	Prior Year	Current Year
Receipts		
CEIS Funds	$ 33,517	$ 186,506
Total Receipts	33,517	186,506
Expenditures		
Instruction	50,480	201,638
ESL Testing	1,303	285
Total Expenditures	51,783	201,923
Receipts Over (Under) Expenditures	(18,266)	(15,417)
Unencumbered Cash, July 1	-	(18,266)
Unencumbered Cash, June 30	$ (18,266)	$ (33,683)

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Federal Funds
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022

	American Rescue Plan Act	Title VI B	Total
Receipts			
Federal Funds	$ 277,643	$ 1,958,979	$ 2,236,622
Total Receipts	277,643	1,958,979	2,236,622
Expenditures			
Instruction	269,297	1,896,706	269,297
Contractual Service	7,200	18,613	7,200
Materials/Supplies	-	2,291	-
Workshop Expenses	-	35,118	-
Equipment	-	2,343	-
Proportionate Private Share	1,146	3,908	1,146
Total Expenditures	277,643	1,958,979	2,236,622
Receipts Over (Under) Expenditures	-	-	-
Unencumbered Cash, July 1	-	-	-
Unencumbered Cash, June 30	$ -	$ -	$ -

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
ESSERII School District
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022

	USD 476	USD 216	USD 218	USD 363	USD 210	USD 452	USD 215	USD 467	USD 371
Receipts									
Miscellaneous	$ 1,994	$ 3,004	$ 7,147	$ 15,342	$ 17,031	$ 5,032	$ 10,773	$ 6,576	$ 2,918
Total Receipts	1,994	3,004	7,147	15,342	17,031	5,032	10,773	6,576	2,918
Expenditures									
Instruction	1,827	2,692	6,459	13,780	14,761	4,306	9,689	5,921	2,606
Materials/Supplies	167	312	688	1,562	1,693	726	1,084	655	312
Total Expenditures	1,994	3,004	7,147	15,342	16,454	5,032	10,773	6,576	2,918
Receipts Over (Under) Expenditures	-	-	-	-	577	-	-	-	-
Unencumbered Cash, July 1	-	-	-	-	(577)	-	-	-	-
Unencumbered Cash, June 30	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Schedule 2-12

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
ESSERII School District
Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended June 30, 2022

	USD 209	USD 217	USD 507	USD 466	USD 374	USD 494	USD 200	USD 214	Totals
Receipts									
Miscellaneous	$ 1,887	$ 2,019	$ 6,910	$ 1,640	$ 671	$ 10,043	$ 4,191	$ 25,757	$ 122,935
Total Receipts	1,887	2,019	6,910	1,640	671	10,043	4,191	25,757	122,935
Expenditures									
Instruction	1,615	1,830	5,728	14,533	5,921	5,161	3,768	23,145	123,742
Materials/Supplies	272	189	469	1,640	671	922	423	2,612	14,397
Total Expenditures	1,887	2,019	6,197	16,173	6,592	6,083	4,191	25,757	138,139
Receipts Over (Under) Expenditures	-	-	713	(14,533)	(5,921)	3,960	-	-	(15,204)
Unencumbered Cash, July 1	-	-	(713)	-	-	(3,960)	-	-	(5,250)
Unencumbered Cash, June 30	$ -	$ -	$ -	$ (14,533)	$ (5,921)	$ -	$ -	$ -	$ (20,454)

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Agency Funds
Summary of Receipts and Disbursements
For the Year Ended June 30, 2022

	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Health Insurance Reserve	$ 1,744,211	$ 3,483,736	$ 3,379,191	$ 1,848,757
	$ 1,744,211	$ 3,483,736	$ 3,379,191	$ 1,848,757

High Plains Educational Cooperative, District Number 611

Ulysses, Kansas

SINGLE AUDIT SECTION

For the Year Ended June 30, 2022

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

Board Members and Management
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas 67880

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited High Plains Educational Cooperative, District Number 611's compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, High Plains Educational Cooperative, District Number 611 complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of High Plains Educational Cooperative, District Number 611 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of High Plains Educational Cooperative, District Number 611's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to High Plains Educational Cooperative, District Number 611's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on High Plains Educational Cooperative, District Number 611's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform

Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about High Plains Educational Cooperative, District Number 611's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding High Plains Educational Cooperative, District Number 611's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of High Plains Educational Cooperative, District Number 611's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 High Plains Educational Cooperative, District Number 611's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on High Plains Educational Cooperative, District Number 611's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. High Plains Educational Cooperative, District Number 611's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on High Plains Educational Cooperative, District Number 611's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. High Plains Educational Cooperative, District Number 611's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Dirks, Anthony & Duncan LLC

DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

December 1, 2022

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 STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board Members and Management
High Plains Educational Cooperative, District Number 611
Ulysses, Kansas 67880

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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of High Plains Educational Cooperative, District Number 611, as of and for the year ended June 30,2022, and the related notes to the financial statements, which collectively comprise High Plains Educational Cooperative, District Number 611's basic financial statements and have issued our report thereon dated December 1, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered High Plains Educational Cooperative, District Number 611's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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 statements 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

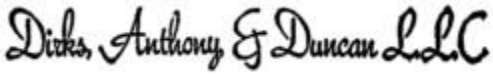
As part of obtaining reasonable assurance about whether High Plains Educational Cooperative, District Number 611's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-001.

High Plains Educational Cooperative, District Number 611's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the High Plains Educational Cooperative, District Number 611's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The High Plains Educational Cooperative, District Number 611's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



DIRKS, ANTHONY & DUNCAN, LLC
Certified Public Accountants

December 1, 2022

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Numbers	Pass Through Identifying Number	Federal Award Expenditures
U.S. Department of Education			
Passed Through State of Kansas Department of Education			
Special Education Cluster (IDEA)			
Title VI-B	84.027A	DO611	$ 2,177,908
Preschool Grants	84.173A	DO611	59,124
COVID 19 - American Rescue Plan Act	84.027X	DO611	277,643
Total Special Education Cluster (IDEA)			2,514,675
Total U.S. Department of Education			2,514,675
Total Expenditures of Federal Awards			$ 2,514,675

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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, Ulysses, Kanas (the District) under programs of the federal government for the year ended June 30, 2022. The information in this schedule if presented in accordance with the 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)*. Because the schedule presents only a select portion of the operations of District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District. The Schedule is presented using regulatory basis of accounting prescribed by the Kanas Municipal Audit and Accounting Guide (as described in Note 1 to the financial statement), which is the same basis of accounting as the financial statement accompanying this schedule.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1) 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.

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

NOTE 3 – FUNDS EXPENDED

Funds where federal expenditures were receipted and expended:

Fund:	Amount:
Targeted Improvement Plan	$ 76,130
Coordinated Early Intervening Services (CEIS)	201,923
American Rescue Plan Act	277,643
Title VI B	1,958,979
Total	$ 2,514,675

High Plains Educational Cooperative, District Number 611
Ulysses, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I – Summary of Auditor's 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?	No
• Noncompliance which is material to the financial statement noted?	No

Federal Awards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of auditor's report issued on compliance for IDEA programs:	Unmodified
Any audit findings disclosed that are required to be reported in Accordance with 2 CFR 200.516(a)?	Yes

Identification of Major Programs

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
84.027; 84.173	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

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Special Education Cluster (IDEA)
Federal Assistance Listing Numbers: 84.027; 84.173

Finding 2022-001
SIGNIFICANT DEFICENCY
Internal Controls

Criteria: Pursuant to the Code of Federal Regulations (CFR), Title 2 *Grants and Agreements*, Subpart D *Post Federal Award Requirements*, Section 200.318 "the non-federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property and services required under a Federal award or subaward."

Condition: The internal controls related to procurement and suspension and debarment are non-existent.

Cause: The District does not have a written policy for procurement and suspension and debarment.

Effect: Staff was unaware of the federal guidelines related to procurement and suspension and debarment. Expenses that happened over the micro-purchase threshold did not undergo the additional procedures before purchase.

Recommendations: The Board of Directors, the Director and key positions of management should adequately document internal control procedures relating to procurement and suspension and debarment and adopt board policies related to such. The Board should then periodically check for changes in federal guidelines and update the board policy and needed.

Views of Responsible Officials and Planned Corrective Actions: The Cooperative agrees with the finding. See separate document for planned corrective actions.

High Plains Educational Cooperative

"High Plains Educational Cooperative will assist and support the member districts in providing educational services which will maximize opportunities for all children to live, learn, and work in society." *HPEC Mission Statement*

621 E Oklahoma
Ulysses KS 67880
620-356-5577
www.hpec611.net

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

November 9, 2022

Kansas State Department of Education and Kansas State Department of Administration

High Plains Educational Cooperative, District Number 611 respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Dirks, Anthony & Duncan, LLC
Po Box 885
Ulysses, KS 67880

Audit Period: June 30, 2022

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT
U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Special Education Cluster (IDEA)
Federal Assistance Listing Numbers: 84.027; 84.173

Finding 2021-001 – Internal Controls

Condition: The internal controls related to procurement and suspension and debarment are non-existent.

Status: Not Corrected – See "Corrective Action Plan"

If the Kansas State Department of Education and/or Kansas State Department of Administration has questions regarding this plan, please call Shelly Harris at 620-356-5577.

Sincerely yours,

Shelly Harris

Shelly Harris
Director

High Plains Educational Cooperative

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CORRECTIVE ACTION PLAN

November 11, 2022

Kansas State Department of Education and Kansas State Department of Administration

High Plains Educational Cooperative, District Number 611 respectfully submits the following corrective action plan for the year ended June 30, 2022.

Dirks, Anthony & Duncan, LLC
Po Box 885
Ulysses, KS 67880

Audit Period: June 30, 2022

FINDINGS – FEDERAL AWARD PROGRAMS AUDIT
U.S. Department of Education
Passed Through Kansas State Department of Education
Program Name: Special Education Cluster (IDEA)
Assistance Listing Number: 84.027; 84.173

Finding 2022-001 – Internal Controls

Recommendations: The Board of Directors, the Director and key positions of management should adequately document internal control procedures relating to procurement and suspension and debarment and adopt board policies related to such. The Board should then periodically check for changes in federal guidelines and update the board policy and needed.

Action Taken: We agree with the recommendation and will adopt the board policies at the next meeting. We will also have a meeting to enhance and document stronger internal controls with board members, the Director, Board Treasurer, Technology Facilitator and Finance Clerk. Our targeted implementation date is March 2023.

If the Kansas State Department of Education and/or Kansas State Department of Administration has questions regarding this plan, please call Shelly Harris at 620-356-5577.

Sincerely yours,

Shelly Harris

Shelly Harris
Director