

DAWSON EDUCATIONAL COOPERATIVE

**REGULATORY BASIS FINANCIAL
STATEMENTS AND OTHER REPORTS**

JUNE 30, 2023

(With Independent Auditor's Report Thereon)

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Independent Auditor's Report

To the Board of Directors of
Dawson Educational Cooperative

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major governmental fund and the aggregate remaining fund information of the Dawson Educational Cooperative (the "Cooperative"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Cooperative's basic financial statements as listed in the table of contents.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective regulatory basis of financial position of each major governmental fund and the aggregate remaining fund information of the Cooperative as of June 30, 2023, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general fund and special revenue funds for the year then ended in accordance with the basis of accounting practices prescribed or permitted by Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005 as described in Note 1.

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 statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Cooperative as of June 30, 2023, or the changes in financial position and cash flows thereof for the year then ended.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative 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 audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Cooperative on the basis of accounting practices prescribed or permitted by the State of Arkansas (the "State") to demonstrate compliance with the State's regulatory basis of accounting and budget laws, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements 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 Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the State to demonstrate compliance with the State's regulatory basis of accounting and budget laws. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and *Government 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 statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 statements.
- 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 Cooperative'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 statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative'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.

Other Matters Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cooperative's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of state awards and schedule of units of service is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements 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, schedule of state awards and schedule of units of service are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The schedule of capital assets has not been subjected to auditing procedures applied in the audit of the regulatory basis financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the Cooperative'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 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 Cooperative's internal control over financial reporting and compliance.

EGP, PLLC

November 13, 2023

Certified Public Accountants & Consultants
Bryant, Arkansas

Dawson Educational Cooperative
Balance Sheet - Regulatory Basis
June 30, 2023

	Governmental Funds		Total
	Major		Governmental
	General	Special	Funds
		Revenue	(Memorandum
			Only)
Assets			
Cash	\$ 5,544,473	3,286,001	8,830,474
Accounts receivable	278,263	446,059	724,322
Total Assets	<u>\$ 5,822,736</u>	<u>3,732,060</u>	<u>9,554,796</u>
Liabilities			
Accounts payable	\$ 230,537	26,790	257,327
Total Liabilities	<u>230,537</u>	<u>26,790</u>	<u>257,327</u>
Fund Balances			
Restricted	1,934,108	3,705,270	5,639,378
Assigned	1,711,559	-	1,711,559
Unassigned	1,946,532	-	1,946,532
Total Fund Balances	<u>5,592,199</u>	<u>3,705,270</u>	<u>9,297,469</u>
Total Liabilities and Fund Balances	<u>\$ 5,822,736</u>	<u>3,732,060</u>	<u>9,554,796</u>

The accompanying notes are an integral part of these financial statements.

Dawson Educational Cooperative
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund - Regulatory Basis
For the Year Ended June 30, 2023

	Major		Governmental Funds (Memorandum Only)
	General	Special Revenue	
Revenues			
Local revenues	\$ 5,333,161	-	5,333,161
State assistance	11,444,649	-	11,444,649
Federal assistance	-	6,789,375	6,789,375
Investment income	226,089	-	226,089
Other revenues	4,340	-	4,340
Total Revenues	17,008,239	6,789,375	23,797,614
Expenditures			
Regular Programs	4,425,405	541,906	4,967,311
Special Education	1,026,267	-	1,026,267
Workforce Education	486,395	-	486,395
Compensatory Education	373,930	147,124	521,054
Student Support Services	1,390,242	576,168	1,966,410
Instructional Staff Support Services	4,859,795	2,974,800	7,834,595
General Administration Support Services	650,351	239,716	890,067
Central Services Support Services	2,980,102	104,881	3,084,983
Operation and Maintenance of Plant Services	446,944	6,348	453,292
Student Transportation Services	-	8,279	8,279
Other Support Services	26,053	-	26,053
Food Services Operations	149,414	93,854	243,268
Community Services	-	1,533	1,533
Facilities Acquisition and Construction Services	225,895	-	225,895
Indirect Costs	442,808	220,775	663,583
Debt Service:			
Principal retirement	64,448	-	64,448
Interest and fiscal charges	20,509	-	20,509
Total Expenditures	17,568,558	4,915,384	22,483,942
Excess of Revenues Over (Under) Expenditures	(560,319)	1,873,991	1,313,672
Other Financing Sources (Uses)			
Transfer in from other education service cooperative	644,560	-	644,560
Reimbursement for indirect costs	659,245	-	659,245
Transfer to local education agencies	-	(780,763)	(780,763)
Total Other Financing Sources (Uses)	1,303,805	(780,763)	523,042
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	743,486	1,093,228	1,836,714
Fund Balances, Beginning of Year	4,848,713	2,612,042	7,460,755
Fund Balances, End of Year	\$ 5,592,199	3,705,270	9,297,469

The accompanying notes are an integral part of these financial statements.

Dawson Educational Cooperative
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual - General and Special Revenue Funds - Regulatory Basis
For the Year Ended June 30, 2023

	General		
	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local revenues	\$ 4,399,559	5,333,161	933,602
State assistance	9,883,026	11,444,649	1,561,623
Federal assistance	-	-	-
Investment income	36,000	226,089	190,089
Other revenues	-	4,340	4,340
Total Revenues	14,318,585	17,008,239	2,689,654
Expenditures			
Regular Programs	4,771,197	4,425,405	345,792
Special Education	980,419	1,026,267	(45,848)
Workforce Education	63,553	486,395	(422,842)
Compensatory Education	375,742	373,930	1,812
Student Support Services	970,813	1,390,242	(419,429)
Instructional Staff Support Services	6,299,913	4,859,795	1,440,118
General Administration Support Services	793,518	650,351	143,167
Central Services Support Services	3,311,863	2,980,102	331,761
Operation and Maintenance of Plant Services	543,228	446,944	96,284
Student Transportation Services	-	-	-
Other Support Services	40,000	26,053	13,947
Food Services Operations	25,000	149,414	(124,414)
Community Services	-	-	-
Facilities Acquisition and Construction Services	257,500	225,895	31,605
Indirect Costs	501,495	442,808	58,687
Other Non-Programmed Cost	-	-	-
Debt Service:			
Principal retirement	55,000	64,448	(9,448)
Interest and fiscal charges	25,000	20,509	4,491
Total Expenditures	19,014,241	17,568,558	1,445,683
Excess of Revenues Over (Under) Expenditures	(4,695,656)	(560,319)	4,135,337
Other Financing Sources (Uses)			
Transfer in from other education service cooperative	-	644,560	644,560
Reimbursement for indirect costs	-	659,245	659,245
Transfer to local education agencies	-	-	-
Transfer in	1,373,475	-	(1,373,475)
Transfer out	-	-	-
Total Other Financing Sources (Uses)	1,373,475	1,303,805	(69,670)
Excess of Revenues and Other Sources			
Over (Under) Expenditures and Other Uses	(3,322,181)	743,486	4,065,667
Fund Balances, Beginning of Year	4,848,713	4,848,713	-
Fund Balances, End of Year	\$ 1,526,532	5,592,199	4,065,667

Special Revenue		
Original and Final Budget	Actual	Variance Favorable (Unfavorable)
-	-	-
-	-	-
6,042,145	6,789,375	747,230
-	-	-
-	-	-
6,042,145	6,789,375	747,230
2,005,474	541,906	1,463,568
-	-	-
-	-	-
142,857	147,124	(4,267)
259,053	576,168	(317,115)
4,155,077	2,974,800	1,180,277
686,517	239,716	446,801
112,790	104,881	7,909
6,000	6,348	(348)
-	8,279	(8,279)
-	-	-
14,649	93,854	(79,205)
34,104	1,533	32,571
-	-	-
224,420	220,775	3,645
965,430	-	965,430
-	-	-
-	-	-
8,606,371	4,915,384	3,690,987
(2,564,226)	1,873,991	4,438,217
-	-	-
-	-	-
-	(780,763)	(780,763)
-	-	-
(3,000)	-	3,000
(3,000)	(780,763)	(777,763)
(2,567,226)	1,093,228	3,660,454
2,612,042	2,612,042	-
44,816	3,705,270	3,660,454

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies

Reporting Entity

The Cooperative was formed to assist member school districts, who are political subdivisions of the Arkansas Department of Education, in more effective and more equitable use of their shared resources by providing shared services designed to meet the needs of teachers and administrators so they may improve the quality of education for all youth. The Cooperative is governed by an appointed, twenty-two (22) member board representing each local public school located in its surrounding area. The financial statements reflect all funds and accounts directly under the control of the Cooperative. Using the criteria of financial accountability, there are no component units that are or should be included in the Cooperative's reporting entity.

Regulatory Basis of Accounting/Measurement Focus

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). This basis of accounting is prescribed by Ark. Code Ann. § 10-4-413(c) as provided in Act 2201 of 2005, and requires that financial statements be presented on a fund basis with, as a minimum, the general fund and special revenue fund presented separately and all other funds included in the audit presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet; a statement of revenues, expenditures, and changes in fund balances; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to the financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the State Board of Education shall promulgate the rules necessary to administer the regulatory basis of presentation.

The RBA is not in accordance with generally accepted accounting principles (GAAP). GAAP require that basic financial statements present government-wide financial statements. Additionally, GAAP require the following major concepts: Management's Discussion and Analysis, accrual basis of accounting for government-wide financial statements, including depreciation expense, modified accrual basis of accounting for fund financial statements, separate financial statements for fiduciary fund types, separate identification of special and extraordinary items, inclusion of capital assets and debt in the financial statements, inclusion of the net pension liability in the financial statements, specific procedures for the identification of major governmental funds, and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts.

The accompanying financial statements are presented on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for purposes of recording specific activities or attaining certain objectives. Revenues are reported by major sources and expenditures are reported by major function. Other transactions, which are not reported as revenues or expenditures, are reported as other financing sources and uses. Transactions related to the recording of installment contracts and capital leases are reported as other financing sources. Changes in private-purpose trust funds will be reflected in the notes to the financial statements.

Description of Funds

The following is a description of the Cooperative's funds:

- General Fund – The General Fund is the operating fund of the Cooperative and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Cooperative for any purpose provided it is

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

expended or transferred according to the general laws of Arkansas.

- **Special Revenue Fund** – The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Special Revenue Fund includes federal revenues and related expenditures, restricted for specific educational programs or projects. The Special Revenue Fund also includes required matching for those federal programs, program income required to be used to further the objectives of those programs, and transfers from the general fund to supplement such programs.

Revenue Recognition Policies

Revenues are recognized when they become susceptible to accrual in accordance with the RBA.

Capital Assets

Information on capital assets and related depreciation is reported on the Schedule of Capital Assets included with the Supplementary Information. Capital assets are capitalized at historical cost or estimated historical cost if actual data is not available. Capital assets purchased are recorded as expenditures in the applicable fund at the time of purchase. Donated capital assets are reported at acquisition value when received. The Cooperative maintains a threshold level of \$1,500 for capitalizing equipment.

No salvage value is taken into consideration for depreciation purposes. All capital assets, other than land and construction in progress, are depreciated using the straight-line method over 20 years for improvements and infrastructure, 50 years for buildings and 5 to 20 years for equipment.

Fund Balance Classifications

Fund balances represent the difference between assets and liabilities and are categorized as follows:

- **Restricted fund balance** – consists of amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through bond covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Assigned fund balance** – consists of amounts that are constrained by the Cooperative's intent to be used for specific purposes but are neither restricted nor committed.
- **Unassigned fund balance** – consists of amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund. This classification can also include negative amounts in other governmental funds, if expenditures for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

Interfund Receivables and Payables

Interfund receivables and payables result from services rendered from one fund to another or from interfund loans.

Budget and Budgetary Accounting

The Cooperative is required by Arkansas state law to prepare an annual budget approved by the Board of Directors and submitted to the Arkansas Department of Education by September 30th of the current fiscal year. The annual budget is prepared on the regulatory basis of accounting. The Cooperative does not prepare and submit amended budgets during the fiscal year to the Arkansas Department of

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

Education.

Stabilization Arrangements

The Cooperative's Board of Directors has not formally set aside amounts for use in emergency situations or when revenue shortages or budgetary imbalances arise.

Minimum Fund Balance Policies

The Cooperative's Board of Directors has not formally adopted a minimum fund balance policy.

Fund Balance Classification Policies and Procedures

The Cooperative's highest level of decision-making authority is its Board of Directors. The establishment of amounts classified as committed fund balances and subsequent modifications to such balances are the result of formal action taken by the Cooperative's Board of Directors through a resolution or adoption of board policy.

The Director, in conjunction with other management and accounting personnel, is authorized to assign amounts to a specific purpose. The Cooperative's Board of Directors has not adopted a formal policy addressing this authorization.

The Cooperative's revenues, expenditures, and fund balances are tracked in the accounting system by numerous sources of funds. The fund balances of these sources of funds are combined to derive the Cooperative's total fund balances by fund. It is uncommon for an individual source of funds to contain restricted and unrestricted (committed, assigned, or unassigned) funds. The Cooperative does not have a policy addressing whether it considers restricted or unrestricted amounts to have been spent when expenditures are incurred for purposes for which both restricted and unrestricted amounts are available. Cooperative personnel decide which resources (source of funds) to use at the time expenditures are incurred. For classification of fund balance amounts, restricted resources are considered spent before unrestricted. The Cooperative does not have a policy addressing which resources to use within the unrestricted fund balance when committed, assigned, or unassigned fund balances are available. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts.

Encumbrances

The Cooperative does not utilize encumbrance accounting.

2. Cash Deposits with Financial Institutions

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Cooperative's deposit policy for custodial credit risk requires compliance with provisions of state laws. State law requires collateralization of all deposits with federal depository insurance; a surety bond; U.S. Treasury and U.S. agencies and instrumentalities bond or other obligations; bonds of the State of Arkansas or by bonds of a political subdivision thereof which has never defaulted on any of its obligations, in an amount at least equal to the amount of such deposit or by bond executed by a surety company authorized to do business in the State of Arkansas. Cash deposits are carried at cost (carrying value). At June 30, 2023, none of the Cooperative's bank balances of \$9,170,593 were exposed to custodial credit risk. The carrying values of the deposits noted above are included in the fund financial statements in the amount of \$8,830,474.

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

3. Accounts Receivable

Accounts receivable at June 30, 2023 were comprised of the following:

	General	Special Revenue
State assistance	\$ 3,269	-
Federal assistance	-	446,059
Other	196,040	-
Totals	<u>\$ 199,309</u>	<u>446,059</u>

4. Note Payable

On June 28, 2018, the Cooperative entered into a construction loan agreement in an amount not to exceed \$728,873. Borrower will pay this loan in accordance with the following 36 monthly consecutive principal and interest payments in the initial amount of \$6,624.05 each, beginning August 1, 2019, with interest calculated on the unpaid principal balances using an interest rate of 4.900% per annum based on a year of 360 days; 83 consecutive monthly principal and interest payments in the initial amount of \$6,628.84 each, beginning August 1, 2022, with interest calculated on the unpaid principal balances using an interest rate based on the Prime as published in the Wall Street Journal, plus a margin of -.600 percentage points, resulting in an initial interest rate of 4.900% per annum based on a year of 360 days; and one principal and interest payment of \$6,628.99 on July 1, 2029, with interest calculated on unpaid principal percentage points, resulting in an initial interest rate of 4.900%. The unpaid principal balance as of June 30, 2023 was \$409,619.

The following are the changes in the note payable for the year ended June 30, 2023:

	Balance July 1, 2022	Issued	Retired	Balance June 30, 2023
Note payable	<u>\$ 474,067</u>	<u>-</u>	<u>64,448</u>	<u>409,619</u>

Future principal and interest payments are as follows for the year ended June 30:

	Principal	Interest	Total
2024	\$ 56,932	13,440	70,372
2025	64,730	13,604	78,334
2026	67,506	10,827	78,333
2027	70,402	7,931	78,333
2028	73,410	4,923	78,333
2029	76,639	1,762	78,401
	<u>\$ 409,619</u>	<u>52,487</u>	<u>462,106</u>

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

5. Details of Governmental Fund Balance Classifications Displayed in Aggregate

Description	General	Special Revenue
Restricted for:		
ESOL Grant	\$ 337,204	-
Distance learning	735,063	-
Rise Grant	624,814	-
Medical services	-	830,475
Special education programs	2,360	-
Stem Grant	77,210	-
DHS - Child Care Quality Approval	-	1,917,700
DHS - Essential Workers Grant	-	107,520
DHS - Operations Grant	-	340,488
DHS - Quality Improvement Grant	-	491,427
Other purposes	157,457	17,660
Total Restricted	<u>1,934,108</u>	<u>3,705,270</u>
Assigned to:		
Capital projects	363,454	-
Professional development	290,766	-
Distance learning	165,280	-
Arkansas Better Chance	442,740	-
Other purposes	449,319	-
Total Assigned	<u>1,711,559</u>	<u>-</u>
Unassigned	<u>1,946,532</u>	
Totals	<u>\$ 5,592,199</u>	<u>3,705,270</u>

6. Risk Management

The Cooperative is exposed to various risks of loss from torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters.

The Cooperative carries commercial insurance for board liability and volunteer accident and liability.

The Cooperative participates in the Arkansas School Boards Association Workers' Compensation Trust (the Trust), a self-insurance trust voluntarily established on July 1, 1994 pursuant to state law. The Trust is responsible for obtaining and administering workers' compensation insurance coverage for its members, as well as obtaining reinsurance coverage for those claims that exceeds the standard policy limits. In its administrative capacity, the Trust is responsible for monitoring, negotiating, and settling claims that have been filed on behalf of and against member districts. The Cooperative contributes annually to this program.

Additionally, the Cooperative participates in the Arkansas School Boards Association – Risk

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

Management Program (the Association), a self-insurance program voluntarily established on February 1, 1984 pursuant to state law. The Association is responsible for obtaining and administering insurance coverage for property and vehicles for its members, as well as obtaining reinsurance coverage for those claims that exceed the standard policy limits. In its administrative capacity, the Association is responsible for monitoring, negotiating, and settling claims that have been filed against member entities. The Cooperative pays an annual premium for its coverage of buildings, contents, and vehicles.

The Cooperative participates in the Arkansas Fidelity Bond Trust Fund administered by the Governmental Bonding Board. This program provides coverage for actual losses sustained by its members through fraudulent or dishonest acts committed by officials or employees. Each loss is limited to \$300,000 with a \$2,500 deductible. Premiums for coverage are paid by the Chief Fiscal Officer of the State of Arkansas from funds withheld from the Public School Fund.

Settled claims have not exceeded this commercial coverage in any of the three preceding years.

7. Employee Retirement System and Plan

Plan Description

The Cooperative contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers employees of schools and education-related agencies, except certain non-teaching school employees. ATRS, administered by a Board of Trustees, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and can be amended only by the Arkansas General Assembly. The Arkansas Teacher Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201, by calling 1-800-666-2877, or by visiting the ATRS website at www.artrs.gov.

Funding Policy

ATRS has contributory and noncontributory plans. Contributory members are required by State law to contribute 6.75% of their salaries. Each participating employer is required by State law to contribute at a rate determined by the Board of Trustees, based on the annual actuarial valuation. The current employer rate is 14.75% of covered salaries. The current employer contribution was paid by the Division of Elementary and Secondary Education from the Public School Fund, except for those employees paid from federal funding. Employer contributions for those employees were paid by the Cooperative. The Division of Elementary and Secondary Education's contributions to ATRS for the Cooperative during the year ended June 30, 2023 were \$1,478,907 equal to required contributions. The Cooperative's contributions to ATRS for federally funded employees for the year ended June 30, 2023 were \$244,694 equal to required contributions.

Net Pension Liability

The Division of Elementary and Secondary Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement No. 68 would be limited to disclosure of the Cooperative's proportionate share of the collective net pension liability. The Cooperative's proportionate share of the collective net pension liability at June 30, 2021 (actuarial valuation date and measurement date) was \$16,295,492.

Dawson Educational Cooperative
Notes to the Financial Statements
June 30, 2023

8. On-Behalf Payments

The allocation of the health insurance premiums paid by the Division of Elementary and Secondary Education to the Employee Benefits Division, on-behalf of the Cooperative's employees, totaled \$402,914 for the year ended June 30, 2023.

9. Pending or Threatening Litigation

In February of 2022, the Cooperative was named as a defendant in an Americans with Disabilities Act lawsuit in the U.S. District Court for the Eastern District of Arkansas by Karissa Scott relating to discharge from employment. The parties entered into a settlement agreement in July of 2022. A motion to dismiss was filed and granted in November of 2022.

SUPPLEMENTARY INFORMATION

Dawson Educational Cooperative
Schedule of Capital Assets
For the Year Ended June 30, 2023
(Unaudited)

	Balance June 30, 2023
Nondepreciable capital assets:	
Land	\$ 136,628
Construction in progress	-
Total nondepreciable capital assets	<u>136,628</u>
Depreciable capital assets:	
Buildings	1,853,972
Improvements/infrastructure	1,200,667
Equipment	817,943
Total depreciable capital assets	<u>3,872,582</u>
Less accumulated depreciation for:	
Buildings	559,923
Improvements/infrastructure	391,505
Equipment	335,349
Total accumulated depreciation	<u>1,286,777</u>
Total depreciable capital assets, net	<u>2,585,805</u>
Capital assets, net	<u><u>\$ 2,722,433</u></u>

**Dawson Educational Cooperative
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

<u>Federal Grantor/ CLUSTER NAME/ Program Name/ Pass-through Entity</u>	<u>Federal CFDA Number</u>	<u>Grant Name</u>	<u>Expenditures Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
Child and Adult Care Food Program		Snack		
Pass-through from Arkansas Department of Human Services	10.558	Reimbursement	\$ -	93,854
Total U.S. Department of Agriculture			-	93,854
<u>U.S. Department of Education:</u>				
Career and Technical Education - Basic Grants to States (Perkins V)		Workforce		
Pass-through from Arkansas Department of Career Education	84.048	Education	-	668,084
SPECIAL EDUCATION CLUSTER (IDEA)				
Special Education Grants to States				
Pass-through from Arkansas Department of Education	84.027	Title VI-B ESVI	10,137	1,281,721
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			10,137	1,281,721
21st Century Community Learning Center		Title IV-B 21st		
Pass-through from Arkansas Department of Education	84.287	Century	-	133,378
Striving Readers				
Pass-through from Arkansas Department of Education	84.371	Striving Readers	-	530,770
Student Support and Academic Enrichment Program				
Pass-through from Arkansas Department of Education	84.424	Title IV-A	-	192,213
EDUCATION STABILIZATION FUND (ESF)				
COVID -19 - Elementary and Secondary School Emergency Relief Fund				
Pass-through from Arkansas Department of Education	84.425D	ESSER 1	-	45
COVID -19 - American Rescue Plan - Elementary and Secondary School				
Emergency Relief Fund				
Pass-through from Arkansas Department of Education	84.425U	ESSER 2	-	486,677
American Rescue Plan – Elementary and Secondary School Emergency				
Relief –Homeless Children and Youth				
Pass-through from Arkansas Department of Education	84.425W	ARPA-HCY II	-	1,533
Total U.S. Department of Education			10,137	3,294,421
<u>U.S. Department of Health & Human Services</u>				
Epidemiology and Laboratory Capacity for infectious Diseases				
Pass-through from Arkansas Department of Health	93.323	ELC	770,626	836,628
CHILD CARE AND DEVELOPMENT FUND (CCDF) CLUSTER				
Child Care and Development Block Grant		ABC QA Better		
Pass-through from Arkansas Department of Human Services	93.575	Beginning	-	909,464
TOTAL CHILD CARE AND DEVELOPMENT FUND CLUSTER			-	909,464
Substance Abuse and Mental Health Services - Projects of				
Regional and National Significance				
Pass-through from Arkansas Department of Health	93.243	AR AWARE	-	239,132
Maternal, Infant, and Early Childhood Home Visiting Grant Program				
Pass-through from Arkansas Children's Hospital	93.870	ARP ESSER	-	30,047
Total U.S. Department of Health & Human Services			770,626	2,015,271
<u>Corporation for National and Community Service (CNCS)</u>				
FOSTER GRANDPARENT/ SENIOR COMPANION CLUSTER				
Title IV Foster Grandparent Program	94.011	Foster	-	274,485
Total Corporation for National and Community Service (CNCS)			-	274,485
Total Expenditures of Federal Awards			\$ 780,763	5,678,031

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation - The above Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Dawson Educational Cooperative (the Cooperative) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Cooperative, it is not intended to and does not present the financial position or changes in financial position of the Cooperative.

Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the regulatory basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Cooperative has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

During the year ended June 31, 2023, the Cooperative received Medicaid funding of \$264,207 from the Arkansas Department of Human Services. Such payments are not considered Federal Awards expended and therefore, are not included in the above schedule.

**Dawson Educational Cooperative
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2023**

State Grantor/ Program Name/ Pass-Through Entity	State Expenditures
Arkansas Department of Education:	
Arkansas Better Chance	3,951,572
STEM Coalition	613,398
ESOL Institute	419,139
Coop Distance Learning Operating Grants	2,550,945
Division of Learning Services Grant	720,000
Total Arkansas Department of Education	8,255,054
Total Expenditures of State Awards	\$ 8,255,054

**Dawson Educational Cooperative
Schedule of Units of Service
For the Year Ended June 30, 2023**

Child and Adult Care Food Program

Month	Snacks (Supplements)
July	-
August	-
September	-
October	10,636
November	9,571
December	7,597
January	10,168
February	9,855
March	10,178
April	10,881
May	9,899
June	-
Total Units	78,785



**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***

To the Board of Directors of
Dawson Educational Cooperative

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 each major governmental fund of the Dawson Educational Cooperative as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the Cooperative's regulatory basis financial statements, and have issued our report thereon dated November 13, 2023. We issued an adverse opinion because the Cooperative prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of each major governmental fund of the Cooperative as of June 30, 2023, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general and special revenue funds for the year then ended, on the basis of accounting described in Note 1.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory basis financial statements, we considered the Cooperative'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 regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Cooperative'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. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

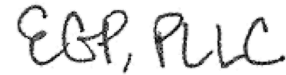
As part of obtaining reasonable assurance about whether the Cooperative's regulatory basis financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of the state constitution, state and federal laws, regulations, contracts, and grant agreements, 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 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 result of that testing, and not to provide an opinion on the effectiveness of the Cooperative'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 Cooperative's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 13, 2023



Certified Public Accountants & Consultants
Bryant, Arkansas



**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors of
Dawson Education Service Cooperative

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dawson Educational Cooperative's (the "Cooperative") 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 the Cooperative's major federal programs for the year ended June 30, 2023. The Cooperative'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, the Cooperative 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, 2023.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Cooperative 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 the Cooperative'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 the Cooperative'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 the Cooperative'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 GAAS, *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 the Cooperative's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Cooperative'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 the Cooperative'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 the Cooperative'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.

Report on 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

November 13, 2023

EGP, PLLC

Certified Public Accountants & Consultants
Bryant, Arkansas

Independent Auditor's Report on Compliance with Arkansas State Requirements

To the Board of Directors of
Dawson Educational Cooperative

We have examined management's assertions that Dawson Educational Cooperative (the "Cooperative") substantially complied with the requirements of Arkansas Code Annotated 6-1-101 and applicable laws and regulations designated by the Arkansas Department of Education for the year ended June 30, 2023 as follows:

- (a) Bidding & Purchasing Commodities (Arkansas Statutes 6-21-301 – 6-21-305)
- (b) Ethical Guidelines and Prohibitions (Arkansas Statutes 6-13-628; 6-24-101 et seq.);
- (c) Collateralization & Investments of Funds (Arkansas Statutes 6-20-222; 19-1-504);
- (d) Deposit of Funds (Arkansas Statutes 19-8-104; 19-8-106)
- (e) District Finances (Arkansas Statute 6-20-402);
 - Bonded & Non-bonded Debt, School Bonds (Arkansas Statutes 6-20-1201 - 6-20-1208; 6-20-1210)
 - Petty Cash (Arkansas Statute 6-20-409);
 - Changes in Pullback (no deferrals - declining accrual percentages) (Arkansas Statute 6-20-401; 19-1-504)
 - Investment of Funds (Arkansas Statute 19-1-504)
- (f) Management of Schools
 - Board of Directors (Arkansas Statutes 6-13-604; 6-13-606; 6-13-608; 6-13-611—6-13-613; 6-13-617—6-13-620; 6-24-101 et seq.);
 - District Treasurer (Arkansas Statute 6-13-701);
 - Warrants/Checks (Arkansas Statutes 6-17-918; 6-17-919; 6-20-403);
- (g) Management Letter for Audit (Arkansas Statutes 14-75-101—14-75-104);
- (h) Nonrecurring Salary Payments (Arkansas Statute 6-20-412);
- (i) Revolving Loan Fund (Arkansas Statutes 6-19-114; 6-20-801 et seq.);
- (j) Salary Laws Classified (Arkansas Statutes 6-17-2201 et seq.; 6-17-2301 et seq.);
- (k) School Elections (Arkansas Statutes 6-13-622; 6-13-630; 6-13-631; 6-13-634; 6-14-106; 6-14-109; 6-14-118);
- (l) Teachers and Employees
 - Personnel Policies (Arkansas Statutes 6-17-201 et seq., 6-17-2301);
 - Employment and Assignment (Arkansas Statutes 6-17-301 et seq.);
 - Teacher's License Requirement (Arkansas Statutes 6-17-401 et seq.);
 - Contracts (Arkansas Statutes 6-17-801 et seq.);
 - Certification Requirements (Arkansas Statutes 6-17-309; 6-17-401);
 - Fair Dismissal Act (Arkansas Statutes 6-17-1501 et seq.; 6-17-1701 et seq.);
 - Sick Leave Policies (Arkansas Statutes 6-17-1201 et seq.; 6-17-1301 et seq.);
 - Minimum Wage Act (Arkansas Statutes 11-4-213, 11-4-218, 11-4-403, 11-4-405)
- (m) Teacher Salaries and Foundation Funding Aid (Arkansas Statutes 6-17-803; 6-17-907; 6-17-908; 6-17-911 - 6-17-913; 6-17-918; 6-17-919);
- (n) Trust Funds (Education Excellence) (Arkansas Statutes 6-5-307);
- (o) Use of Contractors, Improvement Contracts (Arkansas Statutes 22-9-201—22-9-205);
- (p) Use of DM&O Millage (Arkansas Statutes 26-80-110);

- (q) On Behalf Payments. The amount of funds paid by the Arkansas Department of Education to the Employee Benefits Division, on behalf of District's Employees.
- (r) Regulatory Basis of Accounting (Arkansas Statute 10-4-413-c);
- (s) Real Estate and Personal Property Tax Appeals (Arkansas Statute 26-35-802);
- (t) Arkansas Procurement Law (Arkansas Statutes 19-11-201, et seq.);
- (u) Fiscal Accountability (Arkansas Statutes 6-20-1901, et seq.);
- (v) Enhanced Student Achievement Funding ESA (Arkansas Statute 6-20-2305(B)(4)(F)(I)); and
- (w) Limitation on Fund Balances (Arkansas Statute 6-20-2210).
- (x) CARES Act (COVID-19) Education Funding (Commissioner's Memo LS-20-089); and
- (y) Charter Facilities Funding (Arkansas Statute 6-23-908).

Cooperative management is responsible for the Cooperative's compliance with those requirements. Our responsibility is to express an opinion on the Cooperative's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated in all material respects. An examination involves performing procedures to obtain evidence about management's assertions. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Cooperative complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2023.

This report is intended solely for the information and use of the governing body, management, and the Arkansas Department of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

EGP, PLLC

November 13, 2023

Certified Public Accountants & Consultants
Bryant, Arkansas

Dawson Educational Cooperative
Schedule of Findings and Questioned Costs
June 30, 2023

Summary of Auditor's Results

Consolidated Financial Statements

1. The opinion expressed in the independent accountants' report was:

GAAP:

☐ Unmodified ☐ Qualified ☒ Adverse ☐ Disclaimed

Regulatory Basis:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

2. The independent accountants' report on internal control over financials reporting described:

Material weakness(es)? ☐ Yes ☒ No

Significant deficiency(s) noted that are not considered to be a material weakness(es)? ☐ Yes ☒ None reported

3. Noncompliance considered material to the consolidated financial statements was disclosed by the audit:

☐ Yes ☒ No

Federal Awards

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:

Material weakness(es)? ☐ Yes ☒ No

Significant deficiency(s) noted that are not considered to be a material weakness(es)? ☐ Yes ☒ None reported

5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

6. The audit disclosed findings required to be reported by 2 CFR 200.516?

☐ Yes ☒ No

7. The major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.048	Career and Technical Education - Basic Grants to States (Perkins V)
93.575	CCDF Cluster
93.323	Epidemiology and Laboratory Capacity

8. The threshold used to distinguish between Type A and Type B programs as defined in OMB 2 CFR 200.501 was \$750,000.

9. The Organization qualified as a low-risk auditee as that term is defined in 2 CFR 200.520?

☐ Yes ☒ No

Dawson Educational Cooperative
Schedule of Prior Audit Findings and Questioned Costs
June 30, 2022

Findings required to be reported by *Government Auditing Standards*

Reference Number	Finding
None	

Findings required to be reported by the Uniform Guidance

Reference Number	Finding	Questioned Costs
None		

Dawson Educational Cooperative
Schedule of Prior Audit Findings and Questioned Costs
June 30, 2022

Findings required to be reported by *Government Auditing Standards*

Reference Number	Finding	Status
None		

Findings required to be reported by the Uniform Guidance

Reference Number	Finding	Status
None		

**Dawson Educational Cooperative
Supplemental Data Sheet
June 30, 2023**

Name and address:	Dawson Educational Cooperative 711 Clinton St Arkadelphia, AR 71923
Employer Identification Number:	71-0597153
Telephone Number:	(870) 246-3077
Director:	Mr. Darin Beckwith
Contact Person:	Ms. Veronica Nelson