

**CENTRAL REGIONAL EDUCATION ASSOCIATION  
BISMARCK, NORTH DAKOTA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Central Regional Education Association  
Bismarck, North Dakota

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of Central Regional Education Association as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Regional Education Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Central Regional Education Association as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### **Basis for Opinions**

We conducted our audit in accordance with 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. 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 Central Regional Education Association 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.

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements 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 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Central Regional Education Association'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 Central Regional Education Association'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 financial statements as a whole. The Schedule of Disbursements by Program is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and related notes are 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*, are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 disbursements by program, the schedule of expenditures of federal awards and notes are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting as described in Note 1.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025 on our consideration of Central Regional Education Association'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 Association'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 Central Regional Education Association's internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.  
BISMARCK, NORTH DAKOTA**

March 19, 2025

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**JUNE 30, 2024**

**ASSETS**

Current assets	
Cash and cash equivalents	<u>\$ 1,336,126</u>
Other assets	
Capital assets, net	<u>39,626</u>
Total assets	<u>1,375,752</u>

**LIABILITIES**

Current liabilities	
OUN - fiscal agent payable	<u>35,477</u>
Total current liabilities	<u>35,477</u>

**NET POSITION**

Net investment in capital assets	39,626
Unrestricted	<u>1,300,649</u>
Total net position	<u>\$ 1,340,275</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Program Activities	Program Revenues			Net (Disbursements) Receipts and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Governmental Activities
Public School Support	<u>\$ 10,630,388</u>	<u>\$ 2,527,614</u>	<u>\$ 8,128,901</u>	<u>\$ 26,127</u>
Net position - July 1, 2023				1,314,148
Change in net position				<u>26,127</u>
Net position - June 30, 2024				<u><u>\$ 1,340,275</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**BALANCE SHEET – GOVERNMENTAL FUND – MODIFIED CASH BASIS**  
**JUNE 30, 2024**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash	<u>\$ 1,336,126</u>
Total assets	<u>\$ 1,336,126</u>
<b>LIABILITIES</b>	
OUN - fiscal agent payable	<u>\$ 35,477</u>
Total liabilities	<u>35,477</u>
<b>FUND BALANCE</b>	
Unassigned	<u>1,300,649</u>
Total fund balance	<u>1,300,649</u>
Total liabilities and fund balance	<u>\$ 1,336,126</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
RECONCILIATION OF THE MODIFIED CASH BASIS GOVERMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
JUNE 30, 2024

Total Governmental Funds Balance \$ 1,300,649

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Cost of capital assets	54,771
Less accumulated depreciation	<u>(15,145)</u>
Net capital assets	<u>39,626</u>
Net Position of Governmental Activities	<u><u>\$ 1,340,275</u></u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –**  
**GOVERNMENTAL FUNDS – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>
<b><u>Receipts:</u></b>	
Grant revenue:	
Federal grants	\$ 6,342,210
Non federal grants	1,786,691
Total grant revenue	<u>8,128,901</u>
Service revenue	<u>2,527,614</u>
Total receipts	<u>10,656,515</u>
<b><u>Disbursements:</u></b>	
Programs	
General	836,183
ESP	1,430,377
SLP	47,381
Scrubs	716
Telehealth	160,309
Teacher Center	64,228
Reading	82,287
DPI ESSA	45,157
ESPB	4,176
Direct SVS	1,018,942
MTSS	88,987
Culture & Language	137,961
Counseling	419,499
Behavior	187,338
TSS/TIPS	9,445
CRACTC	84,089
Title III	29,529
FSCS South	302,896
ND Juvenile Justice	557,318
NDCA	39,179
ESSER	108,320
FSCS CREA	2,341
FSCS ND	259,970
NDELC	3,399,723
Stop It Grant	20,927
Shiloh	5
SPED	1,285
Science of Reading	68,213
Check & Connect	47,715
ESP Donations	240
REA School Nursing	288,369
ESSER III	143,977
DOH MCH	216,654
CRSEU	311,580
Dyslexia Credential	1,000
Creative Comm	31,276
Kare for Kids	5,146
Science of Math	6,922
FSCS Path	32,777
Early Intervention	37,396
Litteracy Summit	39,251
CCLC N.M Grant	1,756
DOH PMHCA	52,060
Capital expenditures	26,521
Total disbursements	<u>10,649,421</u>
Change in fund balance	<u>7,094</u>
Fund balance - July 1, 2023	1,293,555
Change in fund balance	<u>7,094</u>
Fund balance - June 30, 2024	<u>\$ 1,300,649</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**RECONCILIATION OF THE MODIFIED CASH BASIS GOVERNMENTAL FUNDS**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE TO**  
**THE STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds \$ 7,094

The change in net position reported for governmental activities in the statement of activities is different because:

Amounts of capital asset purchases are reported as expenditures on the fund financial statements but increase assets on the government wide statements. The amount of capital asset purchases is: 26,521

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources.

Therefore, depreciation expense is not reported as an expenditure in the governmental funds. The amount of depreciation expense for the current year is:

(7,488)

Total Change in Net Position of Governmental Activities \$ 26,127

SEE NOTES TO THE FINANCIAL STATEMENTS

## **CENTRAL REGIONAL EDUCATION ASSOCIATION**

### **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2024**

## **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Operations and History**

Central Regional Education Association (CREA) is an education consortium between fifty-seven school districts in central North Dakota. The CREA is one of seven education cooperatives in North Dakota created by Joint Powers Agreements.

There are multiple programs that the Central Regional Education Association supports, including an After-School Program and a Professional Development Program. The After-School Program supports the creation of community learning centers that provide academic enrichment opportunities during non-school hours for children, particularly students who attend high-poverty and low-performing schools. The program helps students meet state and local student standards in core academic subjects, such as reading and math; offers students a broad array of enrichment activities that can complement their regular academic programs; and offers literacy and other educational services to the families of participating children. The Professional Development Program helps incorporate career development information and skills to new or seasoned teachers. It compiles resource lists for students, staff and parents and provides career information to them. The program also facilitates classroom career exploration activities and coordinates job shadows, career fairs, college visits, and job interviews. A significant source of revenue is received from the ND Epidemiology and Laboratory Capacity for Infectious Diseases Grant whose mission is to support safe, in-person instruction in kindergarten through grade 12 (K-12) schools, screening testing provides another important layer of prevention to protect students, teachers, and staff, and slow the spread of SARS-CoV-2, the virus that causes Coronavirus Disease 2019 (COVID-19).

The Association receives service fees from parents for their children to attend the after-school program. The rest of the funding for the Association comes from federal, state, and local grants.

### **Basis of Accounting**

The Central Regional Education Association, operates on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

The more significant of the government's accounting policies are described below.

### **Financial Reporting Entity**

The accompanying financial statements present the activities of the Central Regional Education Association. The Association has considered all potential component units for which the Association is financially accountable and other organizations for which the nature and significance of their relationships with the Association are such that exclusion would cause the Association's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Association to impose its will on that organization or (2) the potential for the Association to provide specific financial benefits to, or impose specific financial burdens on the organization.

Based on the above criteria, the Association has no component units included in its report.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

**Basis of Presentation**

*Government-wide statements:* The statement of net position – modified cash basis and the statement of activities – modified cash basis display information about the reporting government as a whole. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double- counting of internal activities. These statements describe the *governmental activities* of the Association. Governmental activities generally are financed through taxes, intergovernmental, revenues, and other non-exchange transactions.

The Statement of Activities – Modified Cash Basis presents a comparison between direct expenses and program revenues for each function of the Association's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Association's funds. The emphasis of fund financial statements is on major governmental funds.

The Association reports the following major governmental fund:

*General Fund:* This is the Association's primary operating fund. It accounts for all financial resources of the general government.

**Measurement Focus / Basis of Accounting**

*Government-wide Financial Statements:* The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting. The government-wide financial statements are reported using the modified cash basis of accounting. Receipts are recorded when received and disbursements are recorded when they are paid. This modified cash basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Nonexchange transactions, in which the Association gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements, and donations is recognized when received by the provider.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Under this method, receipts are recognized when received. Disbursements are recorded when payment is made, except for principal and interest on general long-term debt, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Association funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program disbursements are incurred, there are both restricted and unrestricted net position available to finance the

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

program. It is the Association's policy to first apply cost-reimbursement grant resources to such programs, and then by general receipts.

### **Cash and Cash Equivalents**

The Association considers all currency on hand and in its checking account, as cash.

### **Capital Assets**

Capital assets consist of vehicles. Assets are reported in the governmental activities column in the government-wide financial statements. Equipment is defined by the Association as assets with a cost of \$5,000 or more. Assets are recorded at cost if purchased and at acquisition value if donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Equipment will be depreciated using the straight-line method with the following estimated lives:

Vehicles	5-7 years
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### **Fund Balance Classifications**

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the Association is bound to honor them. The Association first determines and reports non-spendable balances, the restricted, then committed and so forth. The Association's governmental fund balances classifications are summarized as follows.

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

***Restricted*** – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

***Committed*** – These amounts can be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Directors – the Association's highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** – This classification reflects the amounts constrained by the Association's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Directors has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024

than the General Fund, that are not classified as non-spendable and are neither restricted nor committed.

*Unassigned* – this fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, the Association's preference is to first use restricted resources, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

The Association does not have a minimum fund balance policy.

### **Net Position**

Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources. Net investment in capital assets, consists of the remaining un-depreciated cost of the asset less the outstanding debt associated with the purchase or construction of the related asset.

Net position is reported as restricted when external creditors, grantors, or other governmental organizations imposed specific restrictions on the Board. External restrictions may be imposed through state or local laws, and grant or contract provisions.

### **Receipts and Disbursements**

In the government-wide statement of activities, receipts and disbursements are segregated by function for governmental activities. Additionally, revenues are classified between charges for services and program revenues. Charges for services include service fees from parents for their children to attend the after-school programs. Program revenues include charges to operating grants and contributions.

In the governmental fund financial statements, disbursements are reported as current. Current disbursements are sub-classified by program.

### **Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Association requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. However, since the statements are prepared on a modified cash basis, management does not consider there to be any significant estimates.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024

**NOTE 2 CUSTODIAL CREDIT RISK**

In accordance with North Dakota Statutes, the Board maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the state of North Dakota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking board.

The Board maintains cash on deposit at multiple financial institutions. The amounts on deposit were insured by the FDIC up to \$250,000 per institution. As of June 30, 2024 all of the Association's cash balances were either covered by FDIC insurance or collateral held in the Association's name.

**NOTE 3 RISK MANAGEMENT**

The Central Regional Education Association is exposed to various risks of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Association pays an annual premium to NDIRF for its general liability, automobile and equipment insurance coverage. The coverage by NDIRF is limited to losses of \$2,000,000 per occurrence for general liability. There have been no losses that exceeded the coverage in the last three years.

**NOTE 4 CAPITAL ASSETS**

Details pertaining to capital assets and accumulated depreciation as of June 30, 2024 is as follows:

	7/1/2023	Additions	Deductions	6/30/2024
Vehicles	\$ 28,250	\$ 26,521	\$ -	\$ 54,771
Less accumulated depreciation	7,657	7,488	-	15,145
Total	<u><u>\$ 20,593</u></u>	<u><u>\$ 19,033</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 39,626</u></u>

Depreciation expense for the year ended June 30, 2024 was \$7,488, and was charged to public school support.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2024

**NOTE 5 LEASES**

The Association leases office space in Minot, North Dakota. The term of the lease is for a period of 60 months, commencing on August 1, 2020 and terminating July 31, 2025 with a monthly payment of \$1,550, increasing 2% annually. The Association has the option to renew the lease under the same terms and conditions for an additional 60 months but does not expect to exercise the renewal option.

The Association leases office space in Bismarck, North Dakota. The term of the lease is for a period of 5 years, commencing on October 1, 2022 and terminating on December 31, 2027 with a monthly payment of \$3,925, increasing annually approximately 2.3%. As of May 30, 2024, the lease was amended, and the lease term was extended to March 31, 2028. Additionally, the amended lease increased monthly payments to \$4,214, increasing annually approximately 3.5%.

The future minimum lease payments under the lease agreements as of June 30, 2024 are as follows:

Year's ending June 30,	
2025	\$ 71,104
2026	53,923
2027	53,908
2028	<u>46,384</u>
Total lease payments	<u>\$ 225,319</u>

**NOTE 6 PENSION PLANS**

**North Dakota Teachers' Fund for Retirement**

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death, and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

***Pension Benefits***

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

*Tier 1 Grandfathered*

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

*Tier 1 Non-grandfathered*

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

*Tier 2*

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65 or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

***Death and Disability Benefits***

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

***Member and Employer Contributions***

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

***North Dakota Public Employees Retirement System (Main System)***

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

***Pension Benefits***

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020, the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service. The Main Plan will be closed to new employees with the passage of North Dakota House Bill 1040. The closure of the plan will be effective on January 1, 2025.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

***Death and Disability Benefits***

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

***Refunds of Member Account Balance***

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

***Member and Employer Contributions***

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 7.12% of the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

1 to 12 months of service – Greater of one percent of monthly salary or \$25  
13 to 24 months of service – Greater of two percent of monthly salary or \$25  
25 to 36 months of service – Greater of three percent of monthly salary or \$25  
Longer than 36 months of service – Greater of four percent of monthly salary or \$25

**Pension Expense**

For the year ended June 30, 2024, the Association recognized pension expense of \$97,893. As the Association uses the modified cash basis of accounting, no deferred outflows of resources and deferred inflows of resources related to pension are reported.

**Discount Rate**

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.86%, and the resulting Single Discount Rate is 6.50%.

**Pension Plan Fiduciary Net Position.**

Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report. Requests to obtain or review this report should be addressed to the Executive Director - NDPERS; P.O. Box 1657; Bismarck, ND 58502-1657.

**NOTE 7 NEW ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences through aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires entities to disclose critical information about their exposure to risks due to certain concentrations or limitations that could lead to financial distress or operational challenges. This statement is effective for fiscal years beginning after June 15, 2024.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2024**

GASB Statement No. 103, *Financial Reporting Model Improvements*, revises the requirements for management's discussion and analysis with the goal of making it more readable and understandable, requires unusual or infrequent items to be presented separately, defines operating and nonoperating revenues, includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses and changes in net position, removes the option to disclose major component information in the notes and requires them to be shown individually or in combine financial statements following the fund financial statements and requires budgetary comparisons to be presented as RSI with new columns for variances between original-to-final budget and final budget-to-actual results. This statement is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note. These items include disclosing separately lease assets, intangible right-to-use assets, subscription assets and intangible assets. In addition, additional disclosures will be required for capital assets held for sale. This statement is effective for fiscal years beginning after June 15, 2025. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on the Association's financial statements.

With the exception of the new standards discussed above, management has not identified any other new accounting pronouncements that have potential significance to the Association's financial statements.

**NOTE 8 SUBSEQUENT EVENTS**

No significant events occurred subsequent to the Association's year end. Subsequent events have been evaluated through March 19, 2025, which is the date these financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF DISBURSEMENTS BY PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Salaries &amp; Wages</b>	<b>Payroll Taxes</b>	<b>Employee Benefits</b>	<b>NDPERS &amp; TFFR</b>	<b>Food Expense</b>	<b>Communications</b>	<b>Supplies &amp; Materials</b>	<b>Professional Services</b>
<b>General</b>	\$ 382,982	\$ 30,181	\$ 64,313	\$ 42,071	\$ -	\$ 9,692	\$ 10,828	\$ 49,783
<b>ESP</b>	1,072,694	82,019	62,850	26,789	72,039	8,321	44,175	39,037
<b>SLP</b>	547	42	8	70	-	60	-	46,080
<b>Scrubs</b>	-	-	-	-	-	-	428	-
<b>Telehealth</b>	-	-	-	-	-	-	13	158,532
<b>Teacher Center</b>	27,366	1,380	-	1,079	-	-	9,456	6,705
<b>Reading</b>	62,167	4,755	680	5,322	-	-	85	-
<b>DPI ESSA</b>	-	-	-	-	-	-	-	45,000
<b>ESPB</b>	-	-	-	-	-	-	-	4,176
<b>Direct SVS</b>	611,097	45,163	120,076	68,035	22,096	10,815	9,960	77,394
<b>MTSS</b>	62,278	4,546	12,853	7,638	-	73	23	-
<b>Culture &amp; Language</b>	87,525	6,209	31,970	10,926	-	350	62	-
<b>Counseling</b>	295,025	21,696	48,386	32,040	-	2,600	4,379	-
<b>Behavior</b>	121,360	8,970	29,459	15,223	-	-	1,348	2,618
<b>TSS/TIPS</b>	3,122	233	651	369	-	-	70	5,000
<b>CRACTC</b>	49,920	3,507	22,380	4,374	-	270	624	-
<b>Title III</b>	20,153	1,542	-	2,570	-	-	10	236
<b>FSCS South</b>	191,872	12,802	(44)	6,872	-	2,600	35,469	38,100
<b>ND Juvenile Justice</b>	121,108	9,222	14,992	12,557	-	-	126,956	240,230
<b>NDCA</b>	-	-	-	-	-	-	2,418	27,202
<b>ESSER</b>	13,308	995	-	1,697	-	-	-	92,320
<b>FSCS CREA</b>	-	-	-	-	-	-	-	-
<b>FSCS ND</b>	173,244	12,943	52,454	15,389	-	2,450	3,490	-
<b>NDELC</b>	-	-	-	-	-	-	3,020,912	378,811
<b>Stop It Grant</b>	-	-	-	-	-	-	-	20,927
<b>Shiloh</b>	-	-	5	-	-	-	-	-
<b>SPED</b>	-	-	-	-	-	50	-	918
<b>Science of Reading</b>	-	-	-	-	-	-	6,542	33,016
<b>Check &amp; Connect</b>	24,926	1,810	-	3,033	-	-	9,594	3,988
<b>ESP Donations</b>	-	-	-	-	-	-	240	-
<b>REA School Nursing</b>	83,813	6,360	4,452	5,502	-	-	-	160,744
<b>ESSER III</b>	108,156	6,729	16,225	6,370	-	-	-	-
<b>DOH MCH</b>	2,670	773	540	1,017	-	-	25,815	184,229
<b>CRSEU</b>	123,105	8,816	25,378	13,825	-	600	4,364	116,128
<b>Dyslexia Credential</b>	930	70	-	-	-	-	-	-
<b>Creative Comm</b>	24,207	1,628	2,598	2,093	-	-	-	-
<b>Kare for Kids</b>	-	-	-	-	-	-	5,146	-
<b>Science of Math</b>	-	-	-	-	-	-	2,794	-
<b>FSCS Path</b>	-	-	25,725	7,052	-	-	-	-
<b>Early Intervention</b>	28,125	2,131	4,542	2,315	-	-	-	-
<b>Litteracy Summit</b>	11,358	867	-	1,275	-	-	6,988	10,486
<b>CCLC N.M Grant</b>	-	-	-	-	-	-	-	-
<b>DOH PMHCA</b>	31,979	3,287	2,053	5,308	-	-	-	-
<b>Total</b>	<b>\$3,735,037</b>	<b>\$278,676</b>	<b>\$ 542,546</b>	<b>\$ 300,811</b>	<b>\$ 94,135</b>	<b>\$ 37,881</b>	<b>\$ 3,332,189</b>	<b>\$ 1,741,660</b>

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF DISBURSEMENTS BY PROGRAM – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Travel	Dues & Fees	Misc. Expenses	Depreciation	Insurance	Printing Fees	Total
<b>General</b>	\$ 27,952	\$ 42,368	133,743	\$ 7,488	\$ 26,281	\$ 15,989	\$ 843,671
<b>ESP</b>	6,723	1,705	14,025	-	-	-	1,430,377
<b>SLP</b>	574	-	-	-	-	-	47,381
<b>Scrubs</b>	288	-	-	-	-	-	716
<b>Telehealth</b>	1,024	740	-	-	-	-	160,309
<b>Teacher Center</b>	17,902	340	-	-	-	-	64,228
<b>Reading</b>	9,278	-	-	-	-	-	82,287
<b>DPI ESSA</b>	157	-	-	-	-	-	45,157
<b>ESPB</b>	-	-	-	-	-	-	4,176
<b>Direct SVS</b>	42,667	9,703	1,936	-	-	-	1,018,942
<b>MTSS</b>	1,576	-	-	-	-	-	88,987
<b>Culture &amp; Language</b>	483	436	-	-	-	-	137,961
<b>Counseling</b>	14,534	839	-	-	-	-	419,499
<b>Behavior</b>	4,068	4,292	-	-	-	-	187,338
<b>TSS/TIPS</b>	-	-	-	-	-	-	9,445
<b>CRACTC</b>	3,014	-	-	-	-	-	84,089
<b>Title III</b>	4,163	855	-	-	-	-	29,529
<b>FSCS South</b>	13,246	1,979	-	-	-	-	302,896
<b>ND Juvenile Justice</b>	2,587	29,666	-	-	-	-	557,318
<b>NDCA</b>	9,559	-	-	-	-	-	39,179
<b>ESSER</b>	-	-	-	-	-	-	108,320
<b>FSCS CREA</b>	2,341	-	-	-	-	-	2,341
<b>FSCS ND</b>	-	-	-	-	-	-	259,970
<b>NDEL</b>	-	-	-	-	-	-	3,399,723
<b>Stop It Grant</b>	-	-	-	-	-	-	20,927
<b>Shiloh</b>	-	-	-	-	-	-	5
<b>SPED</b>	317	-	-	-	-	-	1,285
<b>Science of Reading</b>	27,085	75	1,495	-	-	-	68,213
<b>Check &amp; Connect</b>	3,514	850	-	-	-	-	47,715
<b>ESP Donations</b>	-	-	-	-	-	-	240
<b>REA School Nursing</b>	10,294	17,204	-	-	-	-	288,369
<b>ESSER III</b>	5,372	1,125	-	-	-	-	143,977
<b>DOH MCH</b>	-	1,610	-	-	-	-	216,654
<b>CRSEU</b>	10,943	3,354	5,067	-	-	-	311,580
<b>Dyslexia Credential</b>	-	-	-	-	-	-	1,000
<b>Creative Comm</b>	-	750	-	-	-	-	31,276
<b>Kare for Kids</b>	-	-	-	-	-	-	5,146
<b>Science of Math</b>	3,970	158	-	-	-	-	6,922
<b>FSCS Path</b>	-	-	-	-	-	-	32,777
<b>Early Intervention</b>	283	-	-	-	-	-	37,396
<b>Literacy Sumit</b>	3,502	895	3,880	-	-	-	39,251
<b>CCLC N.M Grant</b>	1,756	-	-	-	-	-	1,756
<b>DOH PMHCA</b>	-	9,433	-	-	-	-	52,060
<b>Total</b>	<b>\$229,172</b>	<b>\$128,377</b>	<b>\$ 160,146</b>	<b>\$ 7,488</b>	<b>\$ 26,281</b>	<b>\$ 15,989</b>	<b>10,630,388</b>

Less depreciation expense (7,488)

Plus capital expenditures 26,521

Disbursements on statement of

receipts, disbursements and

changes in fund balance

governmental funds - modified cash basis

**\$ 10,649,421**

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

<i>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</i>	<i>Identifying Pass- Through Grant Number</i>	<i>Federal AL Number</i>	<i>Federal Expenditures</i>
<b><u>United States Department of Education</u></b>			
Passed through North Dakota Department of Public Instruction			
Twenty-First Century Community Learning Centers	33898	84.287C	\$ 672,771
<i>Special Education Cluster</i>			
Special Education Grants to States	37766	84.027A	10,000
Special Education Grants to States	36295	84.027A	237,614
Special Education Preschool Grants	3469	84.173A	7,920
Total Special Education Cluster			255,534
Title I Grants to Local Educational Agencies		84.010A	386,617
Education Stabilization Fund (ESF)	24086	84.425U	143,976
Education Stabilization Fund (ESF)	45749	84.425U	1,756
Education Stabilization Fund (ESF)	44140	84.425U	38,939
Education Stabilization Fund (ESF)	47780	84.425U	49,492
			234,163
Passed through North Dakota Management and Budget			
Education Stabilization Fund (ESF)	S425V210051	84.425V	258,950
Total AL #84.425			493,113
<i>Passed through Path North Dakota, Inc.</i>			
Full-service Community Schools - North	84.215		17,261
Full-service Community Schools - South	84.215		3,612
Full-service Community Schools - CREA	84.215		314,800
Total AL #84.215			335,673
<i>Passed through Bismarck Public Schools</i>			
Title III - English Language Acquisition State Grant	84.365		29,529
<b>Total United States Department of Education</b>			<u>2,173,237</u>
<b><u>National Endowment for the Humanities</u></b>			
Passed through ND Council of Arts			
Promotion of the Arts Partnership Agreements - Arts in Justice	10089	45.025	11,000
Promotion of the Arts Partnership Agreements - Arts in Labs for You	9904	45.025	12,430
Total AL #45.025			23,430
<b>Total National Endowment for the Humanities</b>			<u>23,430</u>
<b><u>United States Department of Justice</u></b>			
Passed through ND Division of Juvenile Services			
Delinquency Prevention Program	16.548		298,369
Total passed through ND Division of Juvenile Services			298,369
STOP School Violence	16.839		20,927
<b>Total United States Department of Justice</b>			<u>319,296</u>
<b><u>United States Department of Health and Human Services</u></b>			
Passed through North Dakota Department of Health and Human Services			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	G21.253	93.323	3,399,724
Activities to Support State, Tribal, Local and Territorial (STLT) Health	G21.253A		
Department Response to Public Health or Healthcare Crises	G21.1117A	93.391	289,734
Maternal and Child Health Federal Consolidated Programs	810-13759	93.110	262,240
Maternal and Child Health Block Grant to the States	G23.423		
	G21.600	93.994	33,900
<b>Total United States Department of Health and Human Services</b>			<u>3,985,598</u>
<b><u>United States Department of Agriculture</u></b>			
Child and Adult Care Food Program	10.558		71,811
<b>Total United States Department of Agriculture</b>			<u>71,811</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 6,573,372</u>

See Notes to the Schedule of Expenditures of Federal Awards

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule of expenditures of federal awards (the “Schedule”) are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 2 INDIRECT COST RATE**

The Association has elected to not to use the 10-percent de minimus indirect cost rate as allowed under the uniform guidance.

**NOTE 3 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Central Regional Education Association under programs of the federal government for the year ended June 30, 2024. The information in this schedule is 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 selected portion of the operations of Central Regional Education Association, it is not intended to and does not present the financial statements of the governmental activities, each major fund, and remaining fund information of Central Regional Education Association.

**NOTE 4 AGENCY OR PASS-THROUGH NUMBER**

Central Regional Education Association received money passed through from multiple grantor agencies. There were no pass-through numbers identified with a few of the grants identified above.

**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  
Central Regional Education Association  
Minot, North Dakota

We have audited, in accordance with 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 and the major fund of Central Regional Education Association as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Regional Education Association's basic financial statements, and have issued our report thereon dated March 19, 2025.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Central Regional Education Association'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 Central Regional Education Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Regional Education Association'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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

### **Report On Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Central Regional Education Association'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Central Regional Education Association's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on Central Regional Education Association's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs and corrective action plan. Central Regional Education Association's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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.



**BRADY, MARTZ & ASSOCIATES, P.C.  
BISMARCK, NORTH DAKOTA**

March 19, 2025

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

To the Board of Directors  
Central Regional Education Association  
Minot, North Dakota

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Central Regional Education Association'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 Central Regional Education Association's major federal program for the year ended June 30, 2024. Central Regional Education Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Central Regional Education Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

#### **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 Central Regional Education Association 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 Central Regional Education Association'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 Central Regional Education Association'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 Central Regional Education Association'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 Central Regional Education Association'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 Central Regional Education Association'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 Central Regional Education Association'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 Central Regional Education Association'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**

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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 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 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

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 Central Regional Education Association's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Central Regional Education Association'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.



**BRADY, MARTZ & ASSOCIATES, P.C.  
BISMARCK, NORTH DAKOTA**

March 19, 2025

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

## **Section I – Summary of Auditor’s Results**

## Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with the modified cash method of accounting:

### Unmodified

The special purpose framework used as a basis of accounting was not required by law.

## Internal control over financial reporting:

#### Material weakness(es) identified?

Significant deficiency(ies) identified?

yes  no  
 yes  none

Noncompliance material to financial statements noted?

yes x no

## Federal Awards

## Internal control over major programs:

#### Material weakness(es) identified?

### Significant deficiency(ies) identified?

yes  no  
 yes  none

Type of auditor's report issued on compliance for major programs:

### Unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?

yes       no

### Identification of major programs:

Assistance Listing Number(s)

### Names of Federal Programs or Clusters

93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

### Auditee qualified as low-risk auditee?

yes x no

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Section II – Financial Statement Findings**

**2024-001: Preparation of the Financial Statements – Material Weakness**

**Criteria**

An appropriate system of internal control requires the Association to prepare financial statements in compliance with the modified basis of accounting.

**Condition**

The Association's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the Association currently does not prepare financial statements, including accompanying note disclosures, as required by the modified cash basis of accounting. The Association has elected to have the auditors assist in the preparation of the financial statements and notes.

**Cause**

The Association elected to not allocate resources for the preparation of the financial statements.

**Effect**

There is an increased risk of material misstatement to the Association's financial statements.

**Recommendation**

We recommend the Association consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the Association should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

**View of responsible officials and corrective actions**

We are in agreement with the recommendation above and will review on an annual basis.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2024-002: *Segregation of Duties – Significant Deficiency***

**Criteria**

A proper system of internal control has the proper segregation of duties between authorization, custody, record keeping and reconciliation.

**Condition**

There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keeping and reconciliation.

**Cause**

The Association is subject to size and budget constraints limiting the number of personnel within the accounting department.

**Effect**

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

**Recommendation**

We recommend the Association review their internal controls over the accounting functions to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of the financial reports by individuals with knowledge of current operations and accounting principles.

**View of responsible officials and corrective actions**

We agree with this finding. We will improve monitoring and implement new procedures to properly segregate accounting functions as much as possible for the small size of the Association.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**Section III – Federal Award Findings and Questioned Costs**

**2024-003: Segregation of Duties – Significant Deficiency**

**AL #93.323** - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

**A/B:** Activities Allowable / Allowable Costs / Cost Principles

**Criteria**

The Association is required to maintain internal controls at a level where underlying support for federal award disbursements can be developed and a determination can be made that the federal awards are getting disbursed properly in accordance with the grant requirements.

**Condition**

There is a lack of internal control around the review of allowable costs of federal funds and the distributions of those funds.

**Cause**

The Association is subject to size and budget constraints limiting the number of personnel within the grant department.

**Questioned Costs**

\$0

**Effect**

The design of internal control over financial reporting could adversely affect the ability to record, process, summarize and report federal awards in accordance with grant requirements.

**Recommendation**

We recommend the Association review their internal controls over grants to determine if additional procedures can be implemented that are cost effective. The board should constantly be aware of this condition. Compensating controls that mitigate the related risks could be (or are) provided through appropriate oversight of the performance of these functions and review of grant disbursements by individuals with knowledge of current grants and grant requirements.

**View of responsible officials and corrective actions**

We agree with this finding. We will improve monitoring and implement new procedures to properly segregate accounting functions as much as possible for the small size of the Association.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

**2023-001      *Preparation of the Financial Statements - Material Weakness***

Condition/Context:      The Association's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the entity currently does not prepare financial statements, including accompanying note disclosures, as required by the modified cash basis of accounting. The Association has elected to have the auditors assist in the preparation of the financial statements and notes.

Indication of repeat finding:      This is a repeat finding. See finding 2024-001.

**2023-002      *Segregation of Duties – Significant Deficiency***

Condition/Context:      There is not a system in place for accounting duties to be properly segregated between authorization, custody, record keepings and reconciliation.

Indication of repeat finding:      This is a repeat finding. See finding 2024-002

**2023-003      *Segregation of Duties – Significant Deficiency***

**AL #93.323 – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)**  
**A/B: Activities Allowable/ Allowable Costs/ Cost Principles**

Condition/Context:      There is not a system in place for grant disbursement duties to be properly segregated between authorization, custody, record keeping and reconciliation.

Indication of repeat finding:      This is a repeat finding. See finding 2024-003

## **Corrective Action Plan**

June 30, 2024

### **2024-001**

Contact Person – Luke Schaefer

Corrective Action Plan – We will consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future.

Completion Date – June 30, 2025

### **2024-002**

Contact Person – Luke Schaefer

Corrective Action Plan – Improving monitoring and implementing new procedures to properly segregate accounting functions as much as possible for the small size of the Association.

Completion Date – June 30, 2025

### **2024-003**

Contact Person – Luke Schaefer

Corrective Action Plan – Improving monitoring and implementing new procedures to properly segregate accounting functions as much as possible for the small size of the Association.

Completion Date – June 30, 2025