

## CREA Governing Board 2026 Q2 Agenda

April 29, 2026, 5:30pm

[Virtual Meeting](#)

1. Consent Agenda
  - a. [Minutes](#)
  - b. [Financials](#)
  - c. [Director's Report](#)
2. [Financial Disclosure Statement](#)
3. Policy Review
  - a. [BCR-1: Governance-Management Connection](#)
  - b. [BCR-2: Unity of Control](#)
  - c. [BCR-3: Staff Accountability](#)
  - d. [BCR-4: Authority of Chief Executive Officer](#)
  - e. [BCR-5: Chief Executive Officer Accountability](#)
    - i. CEO Evaluation
  - f. [OE-5: Financial Planning](#)
  - g. [OE-6: Financial Administration](#)
  - h. [OE-9: Program Services](#)
  - i. [R-4: Research and Design of Programming](#)
4. Meeting Evaluation
  - a. What went well?
  - b. What would improve our meetings?
  - c. What changes might we make?

## CREA GOVERNING BOARD MEETING MINUTES

Q1 – Wednesday, January 21, 2026, 5:30 PM

Meeting was called to order at 5:34 PM.

Board members Richard Bjerklie, Amanda Peterson, Lori Feraus, Sheila Schlafmann, and Jennifer Wallander were present. A quorum was established. Celeste Thingvold, Larry Derr, and Lacey Laudenschlager were absent.

Directors Luke Schaefer, Lyndsi Engstrom, Brandt Dick, and Genelle Olson were present. CREA PD Specialist Kaley Mills was also present as a guest.

### I. Consent Agenda

- a. Minutes
- b. Financials
- c. Director's Report
- d. CRACTC Report and Calendar
  - i. Amanda Peterson made a motion to approve the Consent Agenda. Sheila Schlafmann seconded the Motion. Motion carried unanimously.

### II. Policy Review – Luke Schaefer provided his interpretations/summary of each policy.

- a. OE-1: Global Operation Expectations
  - i. Amanda Peterson made a motion to find OE-1 in compliance as presented. Richard Bjerklie seconded the motion. Motion carried unanimously.
- b. OE-3: Stakeholder Treatment
  - i. Sheila Schlafmann made a motion to find OE-3 in compliance as presented. Amanda Peterson seconded the motion. Motion carried unanimously.
- c. OE-8: Board and Public Communication
  - i. Amanda Peterson made a motion to find OE-8 in compliance as presented. Richard Bjerklie seconded the motion. Motion carried unanimously.
- d. R-1: Mission
  - i. Richard Bjerklie made a motion to find R-1 in compliance as presented. Amanda Peterson seconded the motion. Motion carried unanimously.
- e. R-3: Professional Learning
  - i. CREA PD Specialist Kaley Mills shared insights of the Science of Reading Professional Learning Program.
  - ii. Amanda Peterson made a motion to find R-3 in compliance as presented. Richard Bjerklie seconded the motion. Motion carried unanimously.

### III. Board Self-Assessment – Board members self-reflected and evaluated performance within the meeting.

Meeting adjourned at 6:19 PM. The next quarterly meeting will be held in April.



### Expenditures by Object-3/31/2026

	<u>Budget</u>	<u>Exp. To date</u>	<u>% of budget spent</u>	<u>% of Total Budget</u>
Salaries	6,813,285.46	4,911,381.47	72.1%	56.5%
Benefits	2,082,027.27	1,603,557.14	77.0%	17.3%
Purchased Services	2,516,184.84	1,705,326.54	67.8%	20.9%
Supplies & Materials	265,746.62	239,930.82	90.3%	2.2%
Equipment	160,540.23	121,992.34	76.0%	1.3%
Other Objects	224,808.44	187,944.78	83.6%	1.8%
<b>Total</b>	<b>12,062,592.86</b>	<b>8,770,133.09</b>	<b>72.7%</b>	<b>100%</b>

### Revenue/Expenditure by Programming-3/31/26

	<u>Revenue</u>	<u>Expenses</u>	<u>Profit/Loss</u>	<u>% of Total Rev</u>	<u>% of Total Exp</u>
Trainings & PD	\$408,973.08	\$421,451.51	(\$12,478.43)	4.9%	4.8%
Technical Assistance	\$3,368,809.29	\$3,567,151.81	(\$215,978.41)	40.2%	40.7%
Direct Student Services	\$2,110,648.72	\$2,879,486.20	(\$768,837.48)	25.2%	32.8%
Organizational Capacity	\$1,589,760.17	\$1,011,736.23	\$578,023.94	19.0%	11.5%
General	\$902,164.62	\$890,307.34	\$11,857.28	10.8%	10.2%
<b>Total</b>	<b>\$8,380,355.88</b>	<b>\$8,770,133.09</b>	<b>(\$389,777.21)</b>	<b>100.0%</b>	<b>100.0%</b>

	<u>Revenue</u>	<u>Budget</u>	<u>YTD %</u>
Trainings & PD	\$408,973.08	\$781,960.68	52.3%
Technical Assistance	\$3,368,809.29	\$3,890,590	85.6%
Direct Student Services	\$2,110,648.72	\$2,856,024.69	73.9%
Organizational Capacity	\$1,589,760.17	\$2,554,767.41	62.2%
Administrative Overhead	\$902,164.62	\$918,578.76	98.2%
	<b>\$8,380,355.88</b>	<b>\$11,090,354.82</b>	<b>76.2%</b>

	<u>% for Each</u>	
Grants	\$2,236,447.90	26.7%
Contracts	\$1,035,395.68	12.4%
Fees/Medicaid Funding	\$4,139,201.87	49.4%
State Funding	\$908,163.90	10.8%
Donations/Interest	\$61,146.53	.7%
	<b>\$8,380,355.88</b>	<b>100%</b>

### Grant Funding

	<u>Available Revenue</u>	<u>Funds Received</u>	<u>Remaining</u>
Total Grants	4,869,230.71		
25-26	3,799,723.55	2,714,305.37	1,085,418.18
26-27	951,480.57		951,480.57
27-28	118,026.59		118,026.59
<b>Totals</b>	<b>4,869,230.71</b>	<b>2,714,305.37</b>	<b>2,154,925.34</b>

**Profit and Loss—Cash Ending Fund Balance (EFB)**

	<u>Total</u>	<u>2020-21</u> <u>20% EFB</u>	<u>Actual EFB</u>	<u>EFB %</u>
Month				
Revenue	\$4,310,585.12			
Expenses	<u>\$4,013,169.56</u>	\$802,633.91	\$558,682.21	13.9%
Profit	<u><u>\$297,415.56</u></u>			

	<u>Total</u>	<u>2021-22</u>		
Month				
Revenue	\$6,330,786.14			
Expenses	<u>\$6,429,646.12</u>	\$1,285,929.22	\$459,822.23	7.2%
Profit	<u><u>(\$98,859.98)</u></u>			

	<u>Total</u>	<u>2022-23</u>		
Month				
Revenue	\$19,841,687.83			
Expenses	<u>\$19,007,955.08</u>	\$3,801,591.02	\$1,293,554.98	6.8%
Profit	<u><u>\$833,732.75</u></u>			

	<u>Total</u>	<u>2023-24</u>		
Month				
Revenue	\$11,865,459.46			
Expenses	<u>\$11,822,888.90</u>	\$2,364,577.78	\$1,336,125.54	11.3%
Profit	<u><u>\$42,570.56</u></u>			

	<u>Total</u>	<u>2024-25</u>		
Month				
Revenue	\$12,872,581.56			
Expenses	<u>\$12,321,340.57</u>	\$2,464,268.11	\$1,887,366.53	15.3%
Profit	<u><u>\$551,240.99</u></u>			

**Through March 31, 2026**

	<u>Total</u>			
Revenue	\$8,380,355.88			
Expenses	<u>\$8,770,133.09</u>	\$1,754,026.62	\$1,497,589.32	17.1%
Profit	<u><u>(\$389,777.21)</u></u>			

**Estimated end of 2025-26-assuming current trends**

	<u>Total</u>			
Revenue	\$11,173,808			
Expenses	<u>\$11,693,511</u>	\$2,338,702	\$1,367,663.53	11.7%
Profit	<u><u>(\$519,703)</u></u>			

<u>Account Number</u>	<u>Description</u>	<u>Previous Balance</u>	<u>Current Month</u>	<u>Ending Balance</u>
<b>Fund: 01 GENERAL FUND</b>				
<u>Current Assets</u>				
01 101	CASH IN BANK	31,718.75	164,211.08	195,929.83
01 102	SWEEP ACCOUNT	1,647,818.91	(341,673.20)	1,306,145.71
	Current Assets Subtotal:	1,679,537.66	(177,462.12)	1,502,075.54
<u>Other Assets</u>				
01 301	ESTIMATED REVENUE	11,001,921.54	0.00	11,001,921.54
01 302	REVENUE CONTROL	(7,667,053.39)	(713,302.49)	(8,380,355.88)
	Other Assets Subtotal:	3,334,868.15	(713,302.49)	2,621,565.66
<b>Total Assets and Deferred Outflows of Resources:</b>		<b>5,014,405.81</b>	<b>(890,764.61)</b>	<b>4,123,641.20</b>
<u>Current Liabilities</u>				
01 421	ACCOUNTS PAYABLE	24,198.52	675.83	24,874.35
01 472	COMPENSATED ABSENCES	0.00	0.00	0.00
01 473	RETIREMENT PAYABLE	(524.31)	(16,972.52)	(17,496.83)
01 474	ND PERS	(61,628.03)	0.00	(61,628.03)
01 478	SIT PAYABLE	15,824.00	2,105.00	17,929.00
01 479	FIT PAYABLE	0.00	0.00	0.00
	Current Liabilities Subtotal:	(22,129.82)	(14,191.69)	(36,321.51)
<u>Other Liabilities</u>				
01 601	APPROPRIATIONS	12,062,592.86	0.00	12,062,592.86
01 602	EXPENDITURES/EXPENSES	(7,893,560.17)	(876,572.92)	(8,770,133.09)
	Other Liabilities Subtotal:	4,169,032.69	(876,572.92)	3,292,459.77
<u>Fund Balance</u>				
01 770	RESTRICTED NET ASSETS	1,928,174.26	0.00	1,928,174.26
01 771	BUDGETED FUND BALANCE	(1,060,671.32)	0.00	(1,060,671.32)
	Fund Balance Subtotal:	867,502.94	0.00	867,502.94
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity:</b>		<b>5,014,405.81</b>	<b>(890,764.61)</b>	<b>4,123,641.20</b>

## Budget Trends

### 2023-24

<b>Month</b>	<b><u>Total</u></b>
Revenue	\$11,865,459.46
Expenses	\$11,822,888.90
Profit	<u>\$42,570.56</u>

### 2024-25

<b>Month</b>	<b><u>Total</u></b>	
Revenue	\$12,872,581.56	Increase of 8.5%
Expenses	\$12,321,340.57	Increase of 4.2%
Profit	<u>\$551,240.99</u>	

### Estimated end of 2025-26-assuming current trends for 25-26

	<b><u>Total</u></b>	
Revenue	\$11,173,808	Decrease of 13.2% from 24-25
Expenses	<u>\$11,693,511</u>	Decrease of 5.1% from 24-25
Profit	<u>(\$519,703)</u>	

### From 23-24 to 25-26, Decrease in Revenue of 5.8%, Decrease in Expenditures of 1.1%

Using the averages of the trend of the last two years, I'm using a decrease in Revenue of 2.9% for the next three years, and a decrease in Expenditures of .6%.

### 2026-27

<b>Month</b>	<b><u>Total</u></b>
Revenue	\$10,849,768
Expenses	\$11,623,350
Profit	<u>(\$773,582)</u>

### 2027-28

<b>Month</b>	<b><u>Total</u></b>
Revenue	\$10,535,125
Expenses	\$11,553,610
Profit	<u>(\$1,018,485)</u>

### 2028-29

<b>Month</b>	<b><u>Total</u></b>
Revenue	\$10,229,606
Expenses	\$11,484,288
Profit	<u>(\$1,254,682)</u>

Above shows challenge if we don't address projected loss this year. I propose we find opportunities to increase revenue by 2% each year, and decrease expenditures by 2% for 26-27,

and increase expenditures by 1% for 27-28 and 28-29. Those numbers would then look like this for the next three years.

	<u>Total</u>	<u>2026-27</u>
Month		
Revenue	\$11,397,284	
Expenses	\$11,459,641	
Profit	<u>(\$62,357)</u>	
		<u>2027-28</u>
Month	<u>Total</u>	
Revenue	\$11,625,230	
Expenses	\$11,574,237	
Profit	<u>\$50,993</u>	
		<u>2028-29</u>
Month	<u>Total</u>	
Revenue	\$11,857,734	
Expenses	\$11,689,980	
Profit	<u>\$167,754</u>	

## CREA Governing Board Q2 - 2026 Memo

We are nearly to the end of the 25-26 school year! This means much in changes for CREA as schools are experiencing change, as well. In the Director's Report I will discuss two items; possible staffing issues and continuous improvement review.

### Director's Report

#### 1. Possible Staffing Issues

- a. We had to relieve a staff member from duty for unprofessional duty. The school district with whom this staff member interacted is satisfied with our handling of the situation, however we could experience legal issues with the individual in the future.
- b. We have been asked to provide additional services for superintendent and business manager in multiple schools. We have constrained personnel in both of these areas and so we will be quite selective in how we intake any future schools. This program is not one that we can keep staff on payroll in anticipation and so it becomes a timely balancing act of recruiting and providing services.
- c. We are experiencing the same struggles that most schools are in facing budgets, some due to a downturn in requested services as schools wrestle with their own budgets, some due to fewer grant/contract opportunities due to fewer dollars flowing. CREA leadership is working through their budgets to appropriately fund raises, where possible. The Cabinet (CEO, COO, CFO, and CSO) will have a salary freeze next year to try to provide additional dollars for necessary raises and operational costs.

#### 2. Continuous Review Process

- a. CREA is piloting a review process that all ND REAs will engage in through May 15. We were provided a team of reviewers who are evaluating a multitude of resources from CREA and measuring them against standards for REA success. I am anxious to hear the results!

### Policy Review

#### 1. Board CEO Relations

- a. Each of these policies are set to ensure that you wish to continue operating the way that you do, working directly with me instead of with other staff. This also includes my evaluation, which you will find as a summary of all of your meeting directions from this past year. Further, you will see my full salary and benefits. The auditors would like this officially approved and so it is being added to my evaluation.
- b. BCR-5: Chief Executive Officer Accountability
  - i. [CEO Evaluation](#)

2. OE-5: Financial Planning
  - a. You will see that we are still working on the 20% carryover and the three-year budget that holds some truth to it. With the ever-evolving nature of our grants and contracts, we don't want to provide something that is nowhere near accurate.
3. OE-6: Financial Administration
  - a. The Audit report is attached.
4. OE-9: Program Services
  - a. Our programs and services continue to be developed using evidence and are evaluated strongly. Further, we ensure that our programming is of the highest quality and are taking steps to measure quality in more programs. This process began with R4 – Research and Design of Programming, but we continue to add existing programs to understand how we are measuring their effectiveness in order to make improvements.
5. R-4: Research and Design of Programming
  - a. We have limited our development of new programs this year and are being intentional with future new programming to ensure programming that both meets needs and builds our budget appropriately.
6. Meeting Evaluation
  - a. What went well?
  - b. What would improve our meetings?
  - c. What changes might we make?

As a reminder, here is suggested language for policy review discussion. Please remember that discussion, questions, and suggestions are all welcome as we want to ensure that we are carrying out your expectations and meeting the results that you set out for us. The discussion that you have will be collected for my evaluation. You can find that suggested language for policy [here](#).



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**CREA/CRACTC Governing Board Meeting  
April 2026  
Lyle Krueger, CRACTC Asst Director**

Hello CREA/CRACTC Board Members,

Hope you are all doing well! Below are some larger item updates regarding CRACTC business that I wanted to keep you in the loop on.

- 1. Brick & Mortar Programming (update):** In October 2025, the State CTE Department and Board approved to transfer seven program areas currently within Bismarck Public under CRACTC's umbrella. The seven program areas have been collaborative efforts between CRACTC and BPS since the inception of each program, through shared Advisory Committees, staffing, equipment/materials, and/or facilities. The agreement between CRACTC, BPS, and State CTE is to maintain current funding as previously provided until the 2027-2028FY.

**UPDATE: Director Phillips and I are meeting with the State CTE Department administration on Friday, April 10 to once again discuss these transfers and funding.**

- 2. 2026-2027 Program (update):** CRACTC registrations are open for member and participating schools. As of April 8, CRACTC already had over 500 enrollments (we have approximately 1,400 this school year), with three more weeks for early registrations. We utilize those registrations to determine if we have enough enrollments in a class to provide it or the need to cancel it, as well as for teacher contracts. Past history has shown approximately 900 enrollments during this time, with additional enrollments occurring over the summer and fall.
- 3. CTE Funding Policy Change (update):** The North Dakota Department of CTE has approved a new funding policy moving forward starting in the 2026-2027 school year. The new policy focuses on the State CTE Boards initiatives for quality programming. The funding policy also utilizes teacher full-time equivalencies (FTEs) as a base of the formula, allowing each program area to be funded the same, regardless of how it previously had been funded. Multiple CTE Directors statewide have asked the Department for the applicable dollar allocations per category and/or indicator, however, the State CTE Dept is still working on those amounts. This is a concern as many Centers, such as CRACTC, and individual school district programs, as most of our member schools who have their own CTE programs at the local level, need such information as we begin to prepare our 26-27FY budgets. It is of particular concern for CRACTC and other Centers who provide a large number of online/hybrid options as the funding for us will be lower than funding provided to brick-and-mortar centers as we do not have the overhead costs associated with operating buildings, although we provide to more CTE opportunities to school districts in the state by three-fold.

**UPDATE: Although the new funding policy has been approved, Centers are still waiting on specific funding amounts and structure for the 2026-2027 fiscal year.**

- 4. Perkins V Consortium:** We are exploring the idea of starting a Perkins V funding consortium for up to eight of our member districts. This is a new venture for us, as CRACTC previously has not received, nor been involved in Perkins funding. The idea was brought forward to us as two consortiums dissolved over the past three years

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within our membership. Due to the CRACTC's knowledge, network, and extensive CTE experience, these schools felt we may better operate such a consortium. We are set to meet with the interested school districts via Microsoft Teams on Tuesday, January 20 to discuss guidelines and expectations, to determine school district interest and possible fiscal LEA.

**UPDATE: The interested schools determined that they are not interested in forming a new Perkins consortium at this time. CRACTC is looking at joining the BPS Perkins Consortium moving forward as it makes sense with the program transfers from BPS to CRACTC.**

- 5. CRACTC Annual Meeting (Update; Need Motion):** CRACTC has been requested to restart the annual meeting we previously held prior to the new CREA/CRACTC governance structure. Currently I visit each rural member school up to three times per year, with two face-to-face on-site visits at their school in the fall and spring (along with CREA liaison, Lee Weisgarber) and a virtual check-in meeting in December. This meeting is expected to provide a deeper and more involved discussion from member superintendents. It is scheduled for January 27 at the BPS Career Academy at 1pm-3pmCT.

**UPDATE: The meeting went very well and was attended by around 25 member district Supts. A motion was made and approved to recommend to the CRACTC governing board to discontinue member school travel reimbursements for our hands-on learning days as we were notified by DPI that travel to our learning days could be included in a school district bus route transportation application. This will save CRACTC approximately \$20,000 year on our budget.**

**MOTION REQUEST: CRACTC administrations, along with CRACTC member Superintendents, are requesting a board motion and approval to discontinue CRACTC travel reimbursement to member schools for hands-on learning day travel, starting in the 2026-2027 school year, for the reasons stated above in the update.**

I will keep you updated on each of these topics and others as we move forward! If there is anything else you have questions regarding, as always, please feel free to reach out to me directly at your convenience if you would like to discuss any of these items! Thank you for your time and service!

Sincerely,  
Lyle



Operational Expectations Monitoring Document

Governance Culture Communicating with the Board and the Public

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed, *[Signature]* Date: 4/23/46

Disposition of the Board: Date: \_\_\_\_\_  
 \_\_\_\_\_ In Compliance  
 \_\_\_\_\_ Compliance with Noted Exceptions  
 \_\_\_\_\_ Not in Compliance

Summary statement/direction of the Board:

BCR-1 Governance-Management Connection	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
The Chief Executive Officer is the board's sole point of connection to the operational organization.	X			
The board will direct the operational organization only through the Chief Executive Officer, functioning as the chief executive officer.	X			






## Operational Expectations Monitoring Document

## Governance Culture Communicating with the Board and the Public

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed,  Date: 4/23/26  
Disposition of the Board: Date: \_\_\_\_\_  
\_\_\_\_\_ In Compliance  
\_\_\_\_\_ Compliance with Noted Exceptions  
\_\_\_\_\_ Not in Compliance

Summary statement/direction of the Board:

BCR-3 Staff Accountability	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
<p>The Chief Executive Officer is responsible for all matters related to the day-to-day operation of the organization, within the values expressed by the board in policy. All staff members are considered to report directly or indirectly to the Chief Executive Officer.</p>				
<p>1. The board will never give direction to any employee other than the Chief Executive Officer</p>	X			
<p>2. The board will not formally or informally evaluate any staff member other than the Chief Executive Officer. This provision does not prevent the board or its members from bringing concerns regarding personnel to the attention of the Chief Executive Officer in a professional and respectful manner.</p>	X			
<p>3. Except as required by law, the board will not participate in decisions or actions involving the hiring, evaluating, disciplining or dismissal of any employee other than the Chief Executive Officer.</p>	X			



Board Chief Executive Officers Relationship

BCR - 4 Authority of Chief Executive Officer

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed,  Date: 4/23/26

Disposition of the Board: \_\_\_\_\_ Date: \_\_\_\_\_

- \_\_\_\_\_ In Compliance
- \_\_\_\_\_ Compliance with Noted Exceptions
- \_\_\_\_\_ Not in Compliance

Summary statement/direction of the Board:

BCR-4 Authority of Chief Executive Officer	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
The board will provide direction to the Chief Executive Officer through written policies that define the organizational results to be achieved for members and define operational conditions and actions to be accomplished or avoided.				
1.The board will develop Results policies instructing the Chief Executive Officer to achieve defined results for the students served by the organization.	X			
2.The board will develop Operational Expectations policies which express the board’s values about operational conditions and actions. Certain of these values will be expressed positively to assure that the stated actions occur and the identified conditions exist, and will be stated as directives. Certain other values represent actions and conditions that are to be avoided, and will be stated prohibitively.	X			
3.As long as the Chief Executive Officer uses any reasonable interpretation of the board’s Results and Operational Expectations policies, the Chief Executive Officer is authorized to establish any additional policies or regulations, make any decisions, establish any practices and develop any activities the Chief Executive Officer deems appropriate to achieve the board’s Results policies. Such decisions will have the same force and authority as if the board had decided them. The Chief Executive Officer is not expected to seek board approval or authority for any such decision falling within the Chief Executive Officer’s area of delegated authority.	X			
4.The board may change its Results and Operational Expectations policies, and in so doing shift the boundary between board and Chief Executive Officer areas of responsibility. The board will respect and support any reasonable interpretation of its policies by the Chief Executive Officer, even though Chief Executive Officer decisions may not be the decisions the board or its members may have made.	X			



Board Chief Executive Officers Relationship

BCR - 5 Chief Executive Officers Accountability

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed,  Date: 4/23/26

Disposition of the Board: \_\_\_\_\_ Date: \_\_\_\_\_

- \_\_\_\_\_ In Compliance
- \_\_\_\_\_ Compliance with Noted Exceptions
- \_\_\_\_\_ Not in Compliance

Summary statement/direction of the Board:

[Link to CEO Evaluation](#)

BCR - 5 Chief Executive Officers Accountability

CEO Board

	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
The board considers Chief Executive Officer performance to be identical to organizational performance. Organizational accomplishment of the board’s Results policies and operation according to the values expressed in the board’s Operational Expectations policies will be considered successful Chief Executive Officer performance. These two components define the Chief Executive Officer’s job responsibilities, and are the basis for the Chief Executive Officer’s performance evaluation.				
1.The board will determine organizational performance based upon a systematic monitoring process.	X			
2.The board will acquire monitoring data on Results and Operational Expectations policies by one or more of three methods: a.By Internal Report, in which the Chief Executive Officer submits information that certifies and documents to the board compliance or reasonable progress; b.By External Review, in which an external third party selected by the board assesses compliance or reasonable progress with applicable board policies; c.By Board Inspection, in which the whole board or a committee duly charged by the board formally assesses compliance with or reasonable progress on the appropriate policy criteria.	X			
3.The consistent performance standard for Operational Expectations policies shall be whether the Chief Executive Officer has: a.reasonably interpreted the policy and its subparts; b.complied with the provisions of the board policy being monitored.	X			
4.The consistent performance standard for Results policies shall be whether the Chief Executive Officer has: a.reasonably interpreted the policy and its subparts; b.made reasonable progress toward achieving the board’s defined Results policies.	X			

<p>5. The board will make the final determination as to whether Chief Executive Officer interpretation is reasonable, whether the Chief Executive Officer is in compliance and whether reasonable progress has been made. In doing so, the board will apply the “reasonable person” standard.</p>	X			
<p>6. All policies that instruct the Chief Executive Officer will be monitored according to a schedule and by a method determined by the board and included in the board’s annual work plan. The board may monitor any policy out of this defined sequence, if it is determined by a majority of the board that conditions warrant monitoring at times other than those specified by the annual schedule.</p>	X			
<p>7. Each April, the board will conduct a formal summative evaluation of the Chief Executive Officer. The summative evaluation will be based upon data collected during the year from the monitoring of Results and Operational Expectations policies. The board will prepare a written evaluation document. The evaluation document will consist of:</p> <ul style="list-style-type: none"> <li>a. A summary of the data derived during the year from monitoring the board’s Results and Operational Expectations policies;</li> <li>b. Conclusions based upon the board’s prior action during the year relative to the Chief Executive Officer’s reasonable interpretation of each Result policy and whether reasonable progress has been made toward its achievement;</li> <li>c. Conclusions based upon the board’s prior action during the year relative to whether the Chief Executive Officer has reasonably interpreted and operated according to the provisions of the Operational Expectations policies;</li> <li>d. Specific priorities as outlined by the board, based upon the results of the previous year’s monitoring of Results and Operational Expectations policies.</li> </ul>	X			



Operational Expectations Monitoring Document

OE-5 Financial Planning

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed,                      *[Signature]* Date:                      4/23/26

                     In Compliance  
 Compliance with Noted Exceptions  
                     Not in Compliance

Summary statement of the CEO:

The Budget was developed as a direct result of the agencies OE and R policies. We provide the budget in a summarized fashion that outlines the major endeavors according to our R1 - Mission policy. We continue to develop an appropriate 3-year budget that can be predictive and concise, however the irregular grant and contract process makes it difficult to submit a 3-year budget with any precision. We continue to work towards a 20% ending fund balance, noting that we were closest last year and are expecting to go slightly lower at the end of this fiscal year.

Disposition of the Board:                      Date:                     

                     In Compliance  
                     Compliance with Noted Exceptions  
                     Not in Compliance

Summary statement/direction of the Board:

OE-5 Financial Planning	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
The Chief Executive Officer shall develop and maintain a multi-year financial plan that is related directly to the board’s Results priorities and Operational Expectations goals, and that avoids long-term fiscal jeopardy to the REA. The Chief Executive Officer will develop a budget that:				
1. Is in a summary format understandable to the board and presented in a manner that allows the board to understand the relationship between the budget and the Results priorities and any Operational Expectations goals for the year;	X			
2. Credibly describes revenues and expenditures.	X			
3. Shows the amount budgeted for each category for the current fiscal year and the amount budgeted for the next two fiscal years.		X		
4. Discloses budget-planning assumptions.	X			
5. Assures fiscal soundness in future years.	X			
6. Reflects anticipated changes in employee compensation, including inflationary adjustments, step increases, performance increases and benefits.	X			
7. Ensures the fund balance of 20% of previous year’s expenditures annually unless this amount is modified or waived on an annual basis by vote of the board.		X		
8. Reports the planned impact on staffing patterns due to budgetary decisions.	X			



Operational Expectations Monitoring Document

OE- 6 Financial Administration

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed,  Date: 4/23/26

- In Compliance
- Compliance with Noted Exceptions
- Not in Compliance

Summary statement of the CEO:

CREA continues to receive appropriate findings from the auditors, noting that we meet all of the indicators in this operational expectation. We continue to have findings related to our small size and look for effective efficiencies in improvements. This is made more difficult as the audit is rarely completed before the end of the 3rd quarter, which means that we have gone through almost a full year before we are made aware of any deficiencies. We treat the findings as continuous improvement efforts; consistently making improvements once we are made aware of them. I believe that we are in compliance with indicator 12, "shall not expend monies from reserve fund" because it was approved in the budget.

Disposition of the Board: Date: \_\_\_\_\_

- In Compliance
- Compliance with Noted Exceptions
- Not in Compliance

Summary statement/direction of the Board:

[Link to Audit Report](#)

OE-6 Financial Administration	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
<p>The Chief Executive Officer shall not cause or allow any financial activity or condition that materially deviates from the budget adopted by the board; cause or allow any fiscal condition that is inconsistent with achieving the board’s Results or meeting any Operational Expectations goals; or place the long-term financial health of the district in jeopardy.</p> <p>The Chief Executive Officer will:</p>				
1.Assure that payroll and legitimate debts of the district are promptly paid when due.	X			
2.Assure that all purchases are based upon comparative prices of items of similar value, including consideration of both cost and long-term quality.	X			
3.Coordinate and cooperate with the board’s appointed financial auditor for an annual audit of all district funds and accounts.	X			
4.Make all reasonable efforts to collect any funds due the district from any source.	X			

5.Keep complete and accurate financial records by funds and accounts in accordance with generally recognized principles of governmental accounting.	X			
6.Publish a financial condition statement annually.	X			
7.Provide for the board a quarterly update of the Statement of Revenue and Expenditures and Balance Sheet indicating monthly and year-to-date financial activity, and in addition provide a financial condition statement annually.	X			
8.Include in the monitoring report the action plan and timeline of the auditor recommendations in the annual report.	X			
9.Make reasonable efforts to utilize contractors, vendors, manufacturers, and other such agents who reside within the boundaries of the Central Regional Education Association.	X			
The Chief Executive Officer may not:				
10.Expend more funds than have been received in the fiscal year unless revenues are made available through other legal means, including the use of fund balances, the authorized transfer of funds from reserve funds, and tax anticipation notes.	X			
11.Indebt the organization without written response from the Executive Committee.	X			
12.Expend monies from reserve funds.	X			
13.Permanently transfer money from one fund to another.	X			
14.Commit to any single, non-budgeted purchase or expenditure greater than \$100,000. Budgeted purchases are items listed in the official budget and approved by the board.	X			
15.Allow any required reports to be overdue or inaccurately filed.	X			
16.Receive, process or disburse funds under controls that are insufficient under generally accepted accounting procedures or statute.	X			
17.Commit to expenditures from an account without an adequate appropriation and budget transfers to accommodate the expenditure.	X			



Operational Expectations Monitoring Document

OE - 9 Program Services

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed, *[Signature]* Date: 4/23/26

- In Compliance
- Compliance with Noted Exceptions
- Not in Compliance

Summary statement of the CEO:

CREA continues to plan its programs and services aligned with best practices, rooted in research, and maintained with high-quality resources. We account for our population found in each community in providing services that increase knowledge and skills. We engage in an evaluation process which is iterative, including the development of new programs and provide services aligned with our schools' calendar and times available. Finally, we seek intentional partnerships and funding which can expand or enhance our services and programs.

Disposition of the Board: \_\_\_\_\_ Date: \_\_\_\_\_

- In Compliance
- Compliance with Noted Exceptions
- Not in Compliance

Summary statement/direction of the Board:

OE - 9 Program Services	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
The Chief Executive Officer shall maintain a platform of programs and services that creates and enhances relevant opportunities for all learners to achieve at levels defined in the board's Results policies. The Chief Executive Officer will:				
1.Ensure that programs are based on a comprehensive and objective review of best practices research.	X			
2.Base professional learning in standards that meet or exceed state and/or nationally-recognized model standards.	X			
3.Align curriculum with appropriate standards and protocols.	X			
4.Ensure that programs and services includes opportunities for students and educational personnel to develop knowledge and skills in more specialized areas.	X			
5.Ensure that the programs and services address different learning styles and needs of students of various backgrounds and abilities.	X			

6. Encourage new and innovative programs, carefully monitoring and evaluating the effectiveness of all such programs at least annually.	X			
7. Ensure that all programs and services, including both content and practice, are regularly evaluated and modified as necessary to assure their continuing effectiveness.	X			
8. Assure that the REA calendar and the time made available during the work day assign priority to and best serve the needs of schools.	X			
9. Select instructional materials that advance the achievement of the board's Results policies and that achieve continuity, integration and articulation of program effectiveness.	X			
10. Develop and maintain mutually beneficial civic and business partnerships to contribute to achievement of the board's results policies.	X			
11. Apply for and accept legal and appropriate funds, including grants, non-interest bearing loans, and gifts in order to achieve the board's Results policies.	X			



Research and Design of Programming

Certification of the Chief Executive Officer: I certify this report to be accurate

Signed, *[Signature]* Date: 4/23/26

- In Compliance
- Compliance with Noted Exceptions
- Not in Compliance

Summary statement of the CEO:

CREA continues to research and design its new programming based on our constituents' needs through a two-prong system using qualitative measures and quantitative measures. When developing a new program we must ensure that research is known and followed. and that we can measure the results of new programming by how well we meet the needs of the participants, administrators, and how it has affected change in student achievement scores.

Disposition of the Board: \_\_\_\_\_ Date: \_\_\_\_\_

- In Compliance
- Compliance with Noted Exceptions
- Not in Compliance

Summary statement/direction of the Board:

Data Analysis

R4 - Research and Design of Programming

	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
Programs and services will be developed based on a continuous improvement process originating with school/district need. New programs will be rooted in educational best practice with evidence of, at least, Promising Results. Programs will be measured based on its ability to:				
1. Met the needs of the participant;	X			
2. Met the needs of the administrator;	X			
3. Affected change in student achievement scores	X			

<b>Indicator 1 - Needs of Stakeholders are known</b>			Making Progress
Universal Needs Assessment Framework			
<b>Qualitative</b>		<b>Quantitative</b>	
School Visits	Administrator Advisories	Anecdotal participant feedback	Current ND Accountability Measure(s)
			ND Accountability Measure(s) - Region
			ND Accountability Measure(s) - Local
Program-Specific Needs Assessment			

<b>Indicator 2 - Educational programming meets the qualification of Promising results before moving into expansion</b>		Met
Number of educational programs & services developed during reporting period Q3 2025-Q2 2026		1 - Early Warning Intervention and Monitoring System
Number of educational programs & services developed meeting Promising Results		1 - Early Warning Intervention and Monitoring System

<b>Indicator 3 - newly designed programs/services utilize a Logic Model</b>		Met
Total number of newly developing (emerging and/or pilot) programs during reporting period Q3 2025-Q2 2026		1 - Early Warning Intervention and Monitoring Systems
Developing programs with logic model <i>in place</i>		1 - Early Warning Intervention and Monitoring Systems
Programs in <i>operational sustainability</i> with logic model <i>in place</i>		13 - B-HERO; CSI-TSI; Reading/Math Corps; 1915i Access; CRSBTL; <b>Early Intervention</b> ; ND A+ TA Center; NDFSCS Site Coordination; <b>Extended School Program</b> ; Check & Connect; <b>Business Services</b> ; <b>Specially Designed Learning</b> ; eCare School Health
Programs in <i>expansion or operational sustainability</i> preliminarily <i>prioritized</i> for logic model development during Q3 2026-Q2 2027		4 - New Teacher Support Network; School Counseling; Global Network; Family Check Up

### CEO EVALUATION

Approval Period	Policy	In Compliance	In Compliance with Noted Exceptions	Not in Compliance	Disposition
April 2025	OE-5: Financial Planning		✓		The Board noted the exception to ensure the fund balance of 20% of the previous years' expenditure. The Board appreciated the efficient linkage within the documents, which facilitated ease of access and review. The Board wishes to continue operating with this policy.
	OE-6: Financial Administration	✓			Board members expressed appreciation for the transparency of the audit findings and the agency's clear, appropriate response to the financial conditions identified. They also valued the efficient linkage of supporting documents, which supported ease of review. The Board wishes to continue operating with this policy.
	OE-9: Programs and Services	✓			Board members discussed the agency's programs and their alignment with the board's Results policies. They confirmed all regional districts may participate in the CSI-TSI program and appreciated the directors' presentations highlighting program alignment. After review, the board determined no conflict of interest existed regarding a member's involvement with the programs. The board supports continuing program highlights and presentations in future reports.
	R-4: Research and Design of Programming	✓			Board members discussed alignment between current policy language and the agency's evolving approach, including logic models, and questioned whether "programs" and "services" fully reflect the agency's work. They are open to amending language if needed, appreciated the research-based explanation, and expressed interest in reviewing a sample logic model. The Board appreciated the efficient document linkage and wishes to continue operating with this policy.
August 2025	OE-2: Emergency CEO Succession	✓			The Board praised the accessibility and transparency of meeting documents on the agency's website, commending staff for maintaining a clear and user-friendly system. Regarding OE-4, the Board expressed the survey data is encouraging, exciting, and a positive reflection of the agency's work. The Board wishes to continue operating with these policies.
	OE-4: Personal Administration	✓			
	OE-7: Asset Protection	✓			
	R-2: Direct Student Services Programming	✓			The Board discussed concerns regarding potential misuse of school funds if services are provided outside the region. Members considered expanding the policy language, requested suggested revisions, and clarified the process for making such changes. The Board agreed to amend the wording to state, "Programming will be

					offered and delivered with regularity to schools, students, and future students,” while retaining the remainder of the original language to ensure inclusivity. The Board wishes to continue operating with this policy.
January 2026	OE-1: Global Operations Expectations	✓			The Board expressed appreciation for the transparency and online accessibility of board packets, as well as the comprehensive reporting that strengthens their connection to the agency’s work. Members conveyed gratitude for the services provided to regional districts and valued the CEO’s consistent, transparent communication—particularly advance, confidential, and professional sharing of sensitive information. The Board wishes to continue operating with these policies.
	OE-3: Treatment of Stakeholders	✓			
	OE-8: Communicating with the Board and the Public	✓			
	R-1: Mission	✓			The Board discussed the scope of agency programming and questioned whether the number of programs appropriately aligns with agency capacity and mission. The Board was assured that any future budget adjustments would be accompanied by corresponding programmatic recommendations for Board review. The Board wishes to continue operating with this policy.
	R-3: Professional Learning	✓			The Board expressed their appreciation for the insights of specific Professional Learning Programs. The Board wishes to continue operating with this policy.

Comments:

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Governing Board President Signature: \_\_\_\_\_

**Approved Compensation**

Luke Schaefer-Chief Executive Officer		Benefits and Salary 7/1/2025-6/30/2026	
		Wages	\$ 141,000.00
July-December 2025	BCBSSAVER		\$ 7,930.68
July-December 2025	MLHIGH DENT		\$ 339.84
July-December 2025	MLVISION		\$ 87.12
July-December 2025	MNLADD		\$ 6.00
July-December 2025	MNLBASIC		\$ 30.00
July-December 2025	MNLLTD		\$ 30.00
July-December 2025	NDTFFR		\$ 8,988.72

July-December 2025	WEXHSA	\$ 1,296.84
July-December 2025	MEDICARE	\$ 978.84
July-December 2025	SOCIAL SECURITY	\$ 4,185.24
January-June 2026	BCBSSAVER	\$ 6,126.66
January-June 2026	MLHIGH DENT	\$ 360.72
January-June 2026	MLVISION	\$ -
January-June 2026	MNLADD	\$ 6.00
January-June 2026	MNLBASIC	\$ 36.00
January-June 2026	MNLLTD	\$ 30.00
January-June 2026	NDTFFR	\$ 8,988.75
January-June 2026	MEDICARE	\$ 1,022.25
January-June 2026	SOCIAL SECURITY	\$ 4,371.00
	<b>Total</b>	<b>\$ 185,814.66</b>

Comments:

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Governing Board President Signature: \_\_\_\_\_

# BradyMartz

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March 11, 2026

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

In planning and performing our audit of the financial statements of Central Regional Education Association as of and for the year ended June 30, 2025, 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, we considered the Organization's system of 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

We noted certain matters during our audit involving the internal control structure and its operation that are presented in the attached memorandum for your consideration. These comments and recommendations, which have been discussed with the appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. A separate report dated March 11, 2026 contains our report on a material weakness in the Organization's internal control. This letter does not affect our report dated March 11, 2026, on the financial statements of Central Regional Education Association.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of the Board of Directors and management of Central Regional Education Association, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to take this opportunity to thank the members of the Board of Directors and management for the opportunity to provide these services and to extend our thanks to your personnel for their cooperation and assistance during our engagement.

If you have any questions regarding our audit, please do not hesitate to contact us.

Sincerely,



**BRADY MARTZ**  
BISMARCK, NORTH DAKOTA

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**MEMORANDUM**  
**JUNE 30, 2025**

- 1) During our testing of cash, it was noted that there were checks that have been outstanding for greater than two years. We recommend that all checks that have been outstanding for more than two years be reissued or remitted to North Dakota Unclaimed Property.

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

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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, 2025, 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, 2025, 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 the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for 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 opinions on the financial statements that collectively comprise the Central Regional Education Association's basic financial statements. The Schedule of Disbursements by Program is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and related notes, 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 are 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 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 basic 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 11, 2026 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  
BISMARCK, NORTH DAKOTA**

March 11, 2026

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**STATEMENT OF NET POSITION – MODIFIED CASH BASIS**  
**JUNE 30, 2025**

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,928,174
OUN - fiscal agent receivable	29,853
Total current assets	<u>1,958,027</u>
Other assets	
Capital assets, net	68,886
Total assets	<u>2,026,913</u>

NET POSITION

Net investment in capital assets	68,886
Unrestricted	1,958,027
Total net position	<u>\$ 2,026,913</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

Program Activities	Program Revenues			Net (Disbursements) Receipts and Changes in Net Position
Governmental Activities:	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Public School Support	\$ 11,313,064	\$ 2,495,845	\$ 9,503,857	\$ 686,638
Total Governmental Activities	\$ 11,313,064	\$ 2,495,845	\$ 9,503,857	686,638
Net position - July 1, 2024				1,340,275
Change in net position				686,638
Net position - June 30, 2025				\$ 2,026,913

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**BALANCE SHEET – GOVERNMENTAL FUND – MODIFIED CASH BASIS**  
**JUNE 30, 2025**

	<u>General Fund</u>
ASSETS	
Cash	\$ 1,928,174
OUN - fiscal agent receivable	<u>29,853</u>
Total assets	<u>\$ 1,958,027</u>
FUND BALANCE	
Unassigned	<u>\$ 1,958,027</u>
Total fund balance	<u>1,958,027</u>
Total liabilities and fund balance	<u>\$ 1,958,027</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
RECONCILIATION OF THE MODIFIED CASH BASIS GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION – MODIFIED CASH BASIS  
JUNE 30, 2025

Total Governmental Funds Balance \$ 1,958,027

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	99,505	
Less accumulated depreciation	<u>(30,619)</u>	
Net capital assets		<u>68,886</u>

Net Position of Governmental Activities \$ 2,026,913

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, 2025**

	General Fund
<u>Receipts:</u>	
Grant revenue:	
Federal grants	\$ 3,200,644
Non federal grants	6,303,213
Total grant revenue	9,503,857
Service revenue	2,495,845
Total receipts	11,999,702
<u>Disbursements:</u>	
Programs	
General	1,150,650
ESP	1,544,697
SLP	51,274
Scrubs	540
Telehealth	179,525
Teacher Center	184,830
Reading	72,269
ESPB	1,919
Direct SVS	980,929
Culture & Language	66,622
Counseling	614,542
Behavior	213,200
CRACTC	112,335
Title III	34,436
ND Juvenile Justice	504,098
NDCA	54,424
FSCS CREA	6,527
FSCS ND	449,533
Science of Reading	42,033
Check & Connect	86,773
ESP Donations	5,747
REA School Nursing	326,433
DOH MCH	73,914
CRSEU	473,693
Dyslexia Credential	2,000
Creative Comm	85,718
Kare for Kids	3,381
Science of Math	2,990
Early Intervention	3,114,134
Litteracy Summit	211,363
CCLC N.M Grant	10,718
DOH PMHCA	151,523
Vital Network	285,100
ND A+	53,999
Community Blueprint	42,890
CyberSavvy	11,838
Afterschool Program	50,092
SPDG - EWIMS	40,901
Capital expenditures	44,734
Total disbursements	11,342,324
Change in fund balance	657,378
Fund balance - July 1, 2024	1,300,649
Change in fund balance	657,378
Fund balance - June 30, 2025	\$ 1,958,027

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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 657,378

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: 44,734

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: (15,474)

Total Change in Net Position of Governmental Activities \$ 686,638

SEE NOTES TO THE FINANCIAL STATEMENTS

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

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

**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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2025

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 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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED  
JUNE 30, 2025

*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 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, 2025**

**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, 2025 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, 2025 is as follows:

	<u>7/1/2024</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/2025</u>
Vehicles	\$ 54,771	\$ 44,734	\$ -	\$ 99,505
Less accumulated depreciation	15,145	15,474	-	30,619
Total	<u>\$ 39,626</u>	<u>\$ 29,260</u>	<u>\$ -</u>	<u>\$ 68,886</u>

Depreciation expense for the year ended June 30, 2025 was \$15,474, and was charged to public school support.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

**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 exercised its option to extend the lease until July 31, 2030 with a monthly payment of \$1,678, increasing 2% annually.

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, 2025 are as follows:

Year ending June 30,	
2026	\$ 72,884
2027	75,098
2028	63,326
2029	21,768
2030	22,200
2031	<u>1,853</u>
Total lease payments	<u>\$ 257,129</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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

***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.

*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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

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.

***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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

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 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.

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.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

***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 8.12% of covered compensation. For members hired on or after January 1, 2020 member contributions rates are 7% and employer contribution rates are 9.26% of covered compensation.

The member's account balance includes 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:

- 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, 2025, the Association recognized pension expense of \$568,807. 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.

**NOTE 7 NEW ACCOUNTING PRONOUNCEMENTS**

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.

GASB Statement No. 105, *Subsequent Events*, defines subsequent events as transactions or other events occurring after the financial statement date but before the statements are available for issuance. Financial statements are considered available for issuance when they are complete in accordance with generally accepted accounting principles and have received all required approvals. The Statement also requires disclosure of the date through which subsequent events were evaluated and clarifies the distinction between recognized and nonrecognized subsequent events, including related note disclosure requirements. This statement is effective for fiscal years beginning after June 15, 2026. Earlier application is encouraged.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JUNE 30, 2025**

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 11, 2026, which is the date these financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**CENTRAL REGIONAL EDUCATION ASSOCIATION  
SCHEDULE OF DISBURSMENTS BY PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2025**

	Salaries & Wages	Payroll Taxes	Employee Benefits	NDPERS & TFFR	Food Expense	Communications	Supplies & Materials	Professional Services
General	\$ 488,857	\$ 36,468	\$ 92,622	\$ 52,015	\$ -	\$ 14,850	\$ 18,852	\$ 103,970
ESP	1,046,407	67,776	86,102	34,446	67,486	8,370	78,052	91,067
SLP	-	-	-	-	-	-	-	51,274
Scrubs	-	-	-	-	-	-	441	-
Telehealth	30,767	2,312	300	1,625	-	-	305	143,683
Teacher Center	113,672	8,650	18,324	14,506	-	-	11,987	5,400
Reading	56,347	4,312	13	6,270	-	-	173	-
ESPB	-	-	-	-	-	-	532	-
Direct SVS	598,708	44,561	89,865	61,849	19,692	11,710	12,963	84,342
Culture & Language	45,780	3,467	11,204	5,331	-	450	90	-
Counseling	443,515	32,453	53,913	52,197	-	4,350	4,360	-
Behavior	135,123	10,234	28,315	15,712	-	-	6,874	4,900
CRACTC	69,205	4,888	22,660	5,901	-	-	1,608	4,200
Title III	18,862	1,443	-	2,405	-	-	15	721
ND Juvenile Justice	64,000	4,633	7,423	5,862	-	-	209,750	198,562
NDCA	-	-	-	-	-	-	324	41,400
FSCS CREA	-	-	-	-	-	-	-	-
FSCS ND	315,138	22,633	75,855	31,637	-	3,900	370	-
Science of Reading	-	-	-	-	-	-	4,584	17,676
Check & Connect	71,872	5,490	100	7,262	-	-	35	-
ESP Donations	-	-	-	-	-	-	5,747	-
REA School Nursing	83,248	6,450	11,806	7,253	-	-	-	197,501
DOH MCH	3,470	199	-	206	-	-	11,996	58,043
CRSEU	164,632	13,338	27,590	15,876	-	550	5,184	218,081
Dyslexia Credential	1,856	144	-	-	-	-	-	-
Creative Comm	48,349	3,200	22,490	4,755	-	-	-	-
Kare for Kids	-	-	-	-	-	-	3,297	-
Science of Math	-	-	-	-	-	-	199	-
Early Intervention	2,130,581	160,482	405,857	218,861	-	14,755	16,528	-
Literacy Summit	15,790	1,170	1,677	2,422	-	-	28,706	129,559
CCLC N.M Grant	4,405	337	-	-	-	-	-	-
DOH PMHCA	112,097	8,516	2,030	11,417	-	-	-	-
Vital Network	-	-	-	-	-	-	-	193,900
ND A+	39,293	2,794	5,537	4,875	-	-	-	-
Community Blueprint	26,650	2,039	2,881	2,201	-	-	1,208	-
CyberSavvy	-	-	-	-	-	-	8,398	3,440
Afterschool Program	-	-	-	-	-	-	23,511	20,449
SPDG - EWMS	30,744	2,352	754	3,923	-	-	1,076	1,100
<b>Total</b>	<b>\$6,159,368</b>	<b>\$450,341</b>	<b>\$ 967,318</b>	<b>\$ 568,807</b>	<b>\$ 87,178</b>	<b>\$ 58,935</b>	<b>\$ 457,165</b>	<b>\$ 1,569,268</b>

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF DISBURSEMENTS BY PROGRAM – CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	Travel	Dues & Fees	Misc. Expenses	Depreciation	Insurance	Printing Fees	General Equipment	Total
General	\$ 13,921	\$ 48,254	175,763	\$ 15,474	\$ 47,999	\$ 18,699	\$ 38,380	\$ 1,166,124
ESP	4,453	9,522	51,016	-	-	-	-	1,544,697
SLP	-	-	-	-	-	-	-	51,274
Scrubs	99	-	-	-	-	-	-	540
Telehealth	323	210	-	-	-	-	-	179,525
Teacher Center	11,741	550	-	-	-	-	-	184,830
Reading	5,154	-	-	-	-	-	-	72,269
ESPB	387	-	1,000	-	-	-	-	1,919
Direct SVS	42,870	12,579	1,790	-	-	-	-	980,929
Culture & Language	-	300	-	-	-	-	-	66,622
Counseling	22,670	1,084	-	-	-	-	-	614,542
Behavior	5,572	6,470	-	-	-	-	-	213,200
CRACTC	3,873	-	-	-	-	-	-	112,335
Title III	10,151	839	-	-	-	-	-	34,436
ND Juvenile Justice	1,534	12,334	-	-	-	-	-	504,098
NDCA	10,900	-	1,800	-	-	-	-	54,424
FSCS CREA	6,527	-	-	-	-	-	-	6,527
FSCS ND	-	-	-	-	-	-	-	449,533
Science of Reading	19,223	550	-	-	-	-	-	42,033
Check & Connect	1,885	129	-	-	-	-	-	86,773
ESP Donations	-	-	-	-	-	-	-	5,747
REA School Nursing	15,115	5,060	-	-	-	-	-	326,433
DOH MCH	-	-	-	-	-	-	-	73,914
CRSEU	14,698	1,205	12,539	-	-	-	-	473,693
Dyslexia Credential	-	-	-	-	-	-	-	2,000
Creative Comm	6,924	-	-	-	-	-	-	85,718
Kare for Kids	-	-	84	-	-	-	-	3,381
Science of Math	1,791	-	1,000	-	-	-	-	2,990
Early Intervention	145,209	2,614	19,247	-	-	-	-	3,114,134
Literacy Summit	14,925	500	16,614	-	-	-	-	211,363
CCLC N.M Grant	5,976	-	-	-	-	-	-	10,718
DOH PMHCA	2,753	13,285	1,425	-	-	-	-	151,523
Vital Network	-	91,200	-	-	-	-	-	285,100
ND A+	-	-	1,500	-	-	-	-	53,999
Community Blueprint	3,550	-	4,361	-	-	-	-	42,890
CyberSavvy	-	-	-	-	-	-	-	11,838
Afterschool Program	-	-	6,132	-	-	-	-	50,092
SPDG - EWMS	952	-	-	-	-	-	-	40,901
<b>Total</b>	<b>\$373,176</b>	<b>\$206,685</b>	<b>\$ 294,271</b>	<b>\$ 15,474</b>	<b>\$ 47,999</b>	<b>\$ 18,699</b>	<b>\$ 38,380</b>	<b>11,313,064</b>
								Less depreciation expense (15,474)
								Plus capital expenditures 44,734
								<u>Disbursements on statement of receipts, disbursements and changes in fund balance</u> <u>\$ 11,342,324</u>
								governmental funds - modified cash basis

**CENTRAL REGIONAL EDUCATION ASSOCIATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2025**

<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>			
<i>Passed through North Dakota Department of Public Instruction</i>			
Twenty-First Century Community Learning Centers	33898	84,287C	\$ 881,509
<i>Special Education Cluster</i>			
Special Education Grants to States	37766	84,027A	10,000
Special Education Grants to States	36295	84,027A	241,475
Special Education Preschool Grants	3469	84,173A	8,178
Total Special Education Cluster			<u>259,653</u>
Title I Grants to Local Educational Agencies		84,010A	212,500
Comprehensive Literacy Development	55704	84,371C	48,094
COVID-19: Education Stabilization Fund (ESF)	52912	84,425U	50,092
COVID-19: Education Stabilization Fund (ESF)	45749	84,425U	10,718
COVID-19: Education Stabilization Fund (ESF)	44140	84,425U	127,569
COVID-19: Education Stabilization Fund (ESF)	47780	84,425U	44,078
			<u>232,457</u>
<i>Passed through North Dakota Management and Budget</i>			
COVID-19: Education Stabilization Fund (ESF)	S425V210051	84,425V	244,750
Total AL #84.425			<u>477,207</u>
<i>Passed through Bismarck Public Schools</i>			
Title III - English Language Acquisition State Grant		84,365	34,436
<b>Total United States Department of Education</b>			<u>1,913,399</u>
<b><u>National Endowment for the Humanities</u></b>			
<i>Passed through ND Council of Arts</i>			
Promotion of the Arts Partnership Agreements - Arts in Justice	10332	45,025	17,000
Promotion of the Arts Partnership Agreements - Arts in Labs for You	10338	45,025	11,602
Total AL #45,025			<u>28,602</u>
<b>Total National Endowment for the Humanities</b>			<u>28,602</u>
<b><u>United States Department of Justice</u></b>			
<i>Passed through ND Division of Juvenile Services</i>			
Delinquency Prevention Program		16,548	259,348
<b>Total United States Department of Justice</b>			<u>259,348</u>
<b><u>United States Department of Health and Human Services</u></b>			
<i>Passed through North Dakota Department of Health and Human Services</i>			
Activities to Support State, Tribal, Local and Territorial (STLT) Health			
Department Response to Public Health or Healthcare Crises	G21,1117A	93,391	328,568
Maternal and Child Health Federal Consolidated Programs	810-13759	93,110	229,269
	G23,423		
Maternal and Child Health Block Grant to the States	G23,1036	93,994	16,089
<b>Total United States Department of Health and Human Services</b>			<u>573,926</u>
<b><u>United States Department of Agriculture</u></b>			
Child and Adult Care Food Program		10,558	85,765
<b>Total United States Department of Agriculture</b>			<u>85,765</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,861,040</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, 2025**

**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 minimis 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, 2025. 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Central Regional Education Association as of and for the year ended June 30, 2025, 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 11, 2026.

### **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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

## **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 response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs and corrective action plan. Central Regional Education Association's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Purpose of This Report**

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



**BRADY MARTZ**  
**BISMARCK, NORTH DAKOTA**

March 11, 2026

## 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 programs for the year ended June 30, 2025. Central Regional Education Association'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 Central Regional Education Association complied, in all material respects, with the types of the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

#### **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

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.



**BRADY MARTZ**  
**BISMARCK, NORTH DAKOTA**

March 11, 2026

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**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 basis 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?

yes     no

Significant deficiency(ies) identified?

yes     none

Noncompliance material to financial statements noted?

yes     no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

yes     no

Significant deficiency(ies) identified?

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

84.287C

Twenty-First Century Community Learning Centers

84.425U

COVID-19 Education Stabilization Fund

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

\$750,000

Auditee qualified as low-risk auditee?

yes     no

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**Section II – Financial Statement Finding**

**2025-001: *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 cash 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.

**Section III – Federal Award Findings**

There were no findings to be reported.

**CENTRAL REGIONAL EDUCATION ASSOCIATION**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**2024-001**     *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 2025-001.

**2024-002**     *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 not a repeat finding.




**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

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 not a repeat finding.



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**Corrective Action Plan**

June 30, 2025

**2025-001**

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