

CREA Governing Board 2025 Q2 Agenda

April 16, 2025, 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 Office](#)
 - e. [BCR-5: Chief Executive Officers Accountability](#)
 - 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 22, 2025, 5:30pm

Meeting was called to order at 5:32 PM.

Board members Jennifer Wallender, Amanda Peterson, Jim Vannett, Sheila Schlafmann, Richard Bjerklie, and Larry Derr were present. Directors Luke Schaefer, Lyndsi Engstrom, Genelle Olson, and Brandt Dick were present. A quorum was established.

- I. Director's Consent Agenda
 - a. Minutes
 - b. Financials
 - c. Director's Report
 - i. Amanda Peterson made a motion to approve the Consent Agenda. Richard Bjerklie seconded the motion. Motion carried unanimously.
- II. Policy Review and Reports – Luke Schaefer provided his interpretation/summary of each policy.
 - a. OE-1 Global Operations
 - i. Jim Vannett made a motion to accept in compliance OE-1. Amanda Peterson seconded the motion. Motion carried unanimously.
 - b. OE-3 Treatment of Stakeholders
 - i. Amanda Peterson made a motion to accept in compliance OE-3. Larry Derr seconded the motion. Motion carried unanimously.
 - c. OE-8 Communication with Board and Stakeholders
 - i. Richard Bjerklie made a motion to accept in compliance OE-8. Sheila Schlafmann seconded the motion. Motion carried unanimously.
 - d. R-1 Mission
 - i. Amanda Peterson made a motion to accept in compliance R-1. Sheila Schlafmann seconded the motion. Motion carried unanimously.
 - e. R-3 Professional Learning
 - i. The Board questioned the relevance of Indicator 7 and its relationship to Professional Learning that the agency provides.
 - ii. Amanda Peterson made a motion to find R-3 in compliance. Jim Vannett seconded the motion.
- III. Board Self-Assessment – Board members self-reflected and evaluated performance within the meeting.

Meeting adjourned at 6:30 PM. The next quarterly meeting will be held in April.



Expenditures by Object-3/31/2025

	<u>Budget</u>	<u>Exp. To date</u>	<u>% of budget</u>	<u>Straight Line 12 month forecast</u>	
Salaries	5,486,862.87	4,710,728.14	85.85%	\$	6,280,971 114%
Benefits	1,744,453.46	1,506,299.18	86.35%	\$	2,008,399 115%
Purchased Services	3,550,049.68	2,227,908.16	62.76%	\$	2,970,544 84%
Supplies & Materials	308,843.26	272,170.44	88.13%	\$	362,894 118%
Equipment	123,519.78	145,030.01	117.41%	\$	145,030 117%
Other Objects	248,952.13	317,383.69	127.49%	\$	423,178 170%
Total	11,462,681.18	9,179,519.62	80.08%	\$	12,191,016 106%

Footnotes:

Salary and Benefits combined are slated to end the fiscal year at 114.5% of budget due to staff additions and salary increases

Supplies - With increased employees, the supplies are larger than budgeted.

Equipment has been spent with the addition of two new vehicles purchased in August. No additional spend is expected in Q4

Other Objects - Increased due to grant work--the overage can be attributed to Vital Network Fees.

Revenue/Expenditure by Programming-3/31/25

	<u>Revenue</u>	<u>Expenses</u>	<u>Profit/Loss</u>	<u>% of Total Rev</u>	<u>% of Total Exp</u>
Trainings & PD	764,689.91	393,740.27	370,949.64	7.71%	4.29%
Technical Assistance	654,120.87	614,509.55	39,611.32	6.60%	6.69%
Direct Student Services	2,744,015.83	3,179,604.58	(435,588.75)	27.67%	34.64%
Emerging Programs	0.00	0.00	0.00	0.00%	0.00%
Organizational Capacity	4,894,136.00	4,027,593.99	866,542.01	49.35%	43.88%
General	860,009.69	964,071.23	(104,061.54)	8.67%	10.50%
Total	9,916,972.30	9,179,519.62	737,452.68	100.00%	100.00%

Footnotes:

Direct Student Services - due to revenue timing, as well as some of the expenses for PD is from Direct Student Services, those two line items above need to be combined. We are working on a better way to streamline collection of expenses across multiple areas.

Organizational Capacity - This area continues to be the most profitable for CREA.

Organizational wide - 2024/2025 is expected to end the year at a positive amount similar to where we are currently at.
it is a little skewed as we began the year with an infusion of revenue from the EI program.

	<u>Revenue</u>	<u>Budget</u>	<u>YTD %</u>	<u>12 month forecast</u>	
Trainings & PD	\$764,689.91	\$574,500.00	133.11%	\$	1,019,587 177%
Technical Assistance	\$654,120.87	\$798,529.87	81.92%	\$	872,161 109%
Emerging Programs	\$0.00	\$0.00			
Direct Student Services	\$2,744,015.83	\$3,542,591.93	77.46%	\$	3,658,688 103%
Organizational Capacity	\$4,894,136.00	\$5,200,733.02	94.10%	\$	6,233,140 120%
Administrative Overhead	\$860,009.69	\$974,000.00	88.30%	\$	1,146,680 118%
	\$9,916,972.30	\$11,090,354.82	89.42%	\$	12,930,255 130%

Footnotes:

The trend for year-end revenue is that we will exceed budget by roughly 30%
I moved Emerging Programs Technical Assistance as program has been in place
for several years. We have not currently identified a program to add to Emerging Programs.

		<u>% for Each</u>
Grants	\$3,625,932.81	36.56%
Contracts	\$620,355.31	6.26%
Fees/Medicaid Funding	\$4,506,522.54	45.44%
State Funding	\$1,098,748.19	11.08%
Donations/Interest	\$65,413.45	0.66%
Total Revenue	\$9,916,972.30	100.00%

Footnotes:

We now have the largest revenue source being fees/medicaid funding and grants.
This is something we continue to monitor with the federal efficiencies being identified.

	<u>Grant Funding</u>		
	<u>Available Revenue</u>	<u>Funds Received</u>	<u>Remaining</u>
Total Grants	11,222,045.63		
23-24	10,922,436.63	9,630,837.70	1,291,598.93
24-25	275,312.00		275,312.00

25-26	24,297.00	24,297.00
Totals	11,222,045.63	9,630,837.70
	1,591,207.93	

Footnotes:

As this shows, we are finishing up several grants this year, and will need to find other grants to pay for personnel hired in coming years. Also, we are watching closely grants that are from the federal government with all the changes happening there.

Profit and Loss-Ending Fund Balance (EFB)

	<u>2019-20</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$4,069,634.08			
Expenses	\$3,833,367.43	\$766,673.49	\$261,266.65	6.82%
Profit	\$236,266.65			
	<u>2020-21</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$4,310,585.12			
Expenses	\$4,013,169.56	\$802,633.91	\$558,682.21	13.92%
Profit	\$297,415.56			
	<u>2021-22</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$6,330,786.14			
Expenses	\$6,429,646.12	\$1,285,929.22	\$459,822.23	7.15%
Profit	(\$98,859.98)			
	<u>2022-23</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$19,841,687.83			
Expenses	\$19,007,955.08	\$3,801,591.02	\$1,293,554.98	6.81%
Profit	\$833,732.75			
	<u>2023-24</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$11,865,459.46			
Expenses	\$11,822,888.90	\$2,364,577.78	\$1,336,125.54	11.30%

Profit	\$42,570.56			
	<u>2024-25 Through March 31, 2025</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$9,916,972.30			
Expenses	\$9,179,519.62	\$1,835,903.92	\$2,073,578.22	22.59%
Profit	<u>\$737,452.68</u>			
	<u>Estimated end of 2024-25</u>			
	<u>Total</u>	<u>20% Balance</u>	<u>Ending Balance</u>	<u>% EFB</u>
Revenue	\$12,930,255			
Expenses	\$12,191,016	\$2,438,203.23	\$2,075,364.12	17.02%
Profit	<u>\$739,239</u>			

Footnotes:

We are getting closer to the goal of 20% EFB. It appears we will end the year with an approximate EFB of 17%, which would be the highest EFB since 2020-21.

The EFB of 22.59% identified is based upon numbers as of March 31, 2025. Also, of note, about 1/2 of the profit can be contributed to EFP of the EI program being transferred to us when EI moved to CREA from Bismarck Public Schools.

Central Regional Education Association
04/04/2025 11:09 AM

Balance Sheet
Period Ending: March 2025

Page: 1
User ID: BJD

<u>Account Number</u>	<u>Description</u>	<u>Previous Balance</u>	<u>Current Month</u>	<u>Ending Balance</u>
Fund: 01	GENERAL FUND			
<u>Current Assets</u>				
01 101	CASH IN BANK	57,324.60	(31,920.65)	25,403.95
01 102	SWEEP ACCOUNT	2,172,381.59	(85,934.71)	2,086,446.88
	Current Assets Subtotal:	2,229,706.19	(117,855.36)	2,111,850.83
<u>Other Assets</u>				
01 301	ESTIMATED REVENUE	11,090,354.82	0.00	11,090,354.82
01 302	REVENUE CONTROL	(9,092,531.96)	(824,440.34)	(9,916,972.30)
	Other Assets Subtotal:	1,997,822.86	(824,440.34)	1,173,382.52
Total Assets and Deferred Outflows of Resources:		4,227,529.05	(942,295.70)	3,285,233.35
<u>Current Liabilities</u>				

01 421	ACCOUNTS PAYABLE	32,624.42	821.29	33,445.71
01 472	COMPENSATED ABSENCES	0.00	0.00	0.00
01 473	RETIREMENT PAYABLE	0.06	(0.06)	0.00
01 474	ND PERS	9.90	0.00	9.90
01 478	SIT PAYABLE	3,245.00	1,572.00	4,817.00
01 479	FIT PAYABLE	0.00	0.00	0.00
	Current Liabilities Subtotal:	35,879.38	2,393.23	38,272.61
<u>Other Liabilities</u>				
01 601	APPROPRIATIONS	11,462,681.18	0.00	11,462,681.18
01 602	EXPENDITURES/EXPENSES	(8,234,830.69)	(944,688.93)	(9,179,519.62)
	Other Liabilities Subtotal:	3,227,850.49	(944,688.93)	2,283,161.56
<u>Fund Balance</u>				
01 770	RESTRICTED NET ASSETS	1,336,125.54	0.00	1,336,125.54
01 771	BUDGETED FUND BALANCE	(372,326.36)	0.00	(372,326.36)
	Fund Balance Subtotal:	963,799.18	0.00	963,799.18
Total Liabilities, Deferred Inflows of Resources, and Fund Equity:		4,227,529.05	(942,295.70)	3,285,233.35

CREA Governing Board Q2 - 2025 Memo

Legislative session is nearing the end and the Federal government is making changes. This likely comes as no surprise to you, however I will share its limited impact on us (as of yet) and some possible changes necessary.

This memo will outline some brief challenges for CREA, a policy review for sensitive language, and our policies for this quarter.

1. Consent Agenda

- a. Minutes – you will find January’s meeting minutes linked on the website.
- b. Financials – you will find the financials linked on the website. We have included monthly reports, as well.
- c. Director’s Report
 - i. You can find the CRACTC report [here](#)
 - ii. Federal changes and impact
 1. We had no grants or contracts that were impacted in the last quarter. We have been changing language to match to nationwide effort to ensure continuity of programming. While we did not have any diversity, equity, and inclusion language specifically outlined, the most frequent language change is related to that. Each of our served communities are vastly different. To that end, we are beginning to use the language “provide programs and service that align with the cultural and ethical beliefs of the population served in the community offered.” We have been and will continue to be an agency that figures out how to help any and all schools and their communities.
 - iii. Brief Challenges
 1. A superintendent in the southeast section of the state has written a letter to the editor of the inForum describing his dislike of the REAs and his belief that they have grown too large. He has shared similar statements in the past. I thought this would be prudent time to share our current staff as it relates to staff size, credentialing, and where they are serving:

Type of Staff	Number of Staff	In Schools/ homes <70% time
Certified	25	20
Non-Certified	123	113
Retired	14	11

As you can see, we are a large staff, most of which are found in Early Intervention preparing 0-3 year olds for school or in the before/after school programming working with children outside of school hours. 88% of our staff are working directly in a school as a superintendent, business manager, counselor, special educator or other specialist, or as a student support specialist. You can also see that the vast majority of our staff are non-certified staff we are able to engage with students or in the administrative office. Finally, we have an incredible ability to bring certified staff out of retirement and retain them to work in schools, with the average retention after retirement being five years.

2. Review of sensitive language
 - a. I have reviewed your policies and believe that they are all aligned with current federal and state requirements and cultural guidelines. I do not believe that any need to be changed to align better.

2. Financial Disclosure Statement

- a. This form is needed from each Board member for state re-licensing of our Early Intervention Program. The following are instructions as to how to fill it out: Enter "Central Regional Education Association" in the name of the governing body text box; your signature; "Governing Board Member" in the Title text box; the date; "I am a School Board Member / Superintendent of [insert] school district and appointed to the Central Regional Education Association Board. That it my sole relationship," or something similar; and your signature, title, and date again at the bottom (I didn't make the form, just have to get it filled out!). ND Administrative Code can be found [here](#) for reference. Please return your completed form to Esther.Jaggi@k12.nd.us at your earliest convenience.

3. Policy Review – Board-CEO Relations

- a. I do not provide interpretation of these. Rather, the board determines if this is how it wants to continue directing the organization. You will need to provide whether the Board is in compliance, in compliance with exceptions, or not in compliance as well as any possible changes you may want. Each item will need to be reviewed, however the Board may choose to include all elements as in compliance. As a reminder, if you want to change any part of a policy, it is as simple as discussing it and making a motion to change. If there is discussion or concern, we will capture it in the report and it will be included in my evaluation. I will provide more detail for each policy below.
- b. Governance Management
 - i. This says that you will work with me directly to ensure CREA operates how you want it to operate. Possible language “Move that we find BCR 1 in compliance and that it continues as written.”
 - ii. Unity of Control
 1. This says that the full board has authority but no individual board member has authority outside of the board. Although, a board member can request additional information at any time without board approval but if it will take too much time or is an unreasonable request, the CEO is expected to ask for it to go to the Board. Possible language “Move that we find BCR 2 in compliance, including each element, and that it continues as written.”
 - iii. Staff Accountability
 1. This says that the board will not be involved with staff of CREA other than the CEO, including the provision of direction, evaluation, hiring, disciplining, or dismissal. This is quite a bit different from a school but not a business. The CEO will ensure that all staff are provided direction, evaluated, hired, and dismissed within the policy direction of the board. Possible language “Move that we find BCR 3 in compliance, including each element, and that it continues as written.”
 - iv. Authority of CEO – this is a long one

1. This says that the board provides direction through policies as results and operational expectations, that I will direct the organization to meet those policies and interpret them in a way which allows for me to create additional policies, regulations, decisions, or processes (these are called administrative policies or regulations, etc). However, the board can change the policies and thus the direction the organization should be going. “Move that we find BCR 4 in compliance, including each element, and that it continues as written.”
- v. CEO Accountability
 1. This one says that I will be evaluated based on the data received, my interpretation of your policies, and compliance with expectations or progress made towards results. When reviewing this, you can provide any additional commentary to be included in my evaluation. We will assemble the number of policies found in compliance and my interpretation as acceptable along with any other comments provided during policy review from the previous year along with any discussion held during this policy into one evaluation form. Precedence has been that CREA Board President will sign the form, reviewing for accuracy. “Move that we find BCR 5 in compliance, including each element, and that it continues as written.”
4. Policy Review – Operational Expectation 5
 - a. Financial Planning
 - i. CEO Interpretation – The CEO will provide a summary budget including three years of revenue and expenditures. It will be organized in a way that the results and operational expectations are evident and will include rationale for how decisions were made. The budget will work towards a 20% ending funding balance while ensuring sustainability of the agency and sharing staffing patterns impacted by budgetary decisions.
5. Policy Review – Operational Expectation 6
 - a. Financial Administration
 - i. CEO Interpretation – The CEO ensures the budget is followed and drives towards achieving policies without jeopardizing

sustainability of the agency. This includes managing payroll and debts, competitive purchasing, and collecting funds/dues. It also requires accurate and complete records related to financials, funds, balance, and bills and revenue, all of which is verified by an external auditor. The CEO must refrain from spending more than is collected in revenue, causing the agency to enter into debt, spend reserves, or spend funds without adequate funds. This also prevents the CEO from transferring funds permanently or spending more than \$100,000 on a single line item not budgeted without revenue to cover the cost.

6. Policy Review – Operational Expectation 9
 - a. Programs and Services
 - i. CEO Interpretation – The CEO will maintain multiple programs and services aimed at achieving Results policies with the following expectations: regularly reviewed; rooted and aligned with standards; designed to enhance learning of students and staff; address different needs of participants; innovates effectively; evaluates regularly; schedules appropriately for schools; articulates and aligns materials with the results policies; and maintains community partnerships to advance programs and services.
7. Policy Review – Results 4
 - a. Mission
 - i. CEO Interpretation - The CEO will ensure the development of new programming based on a needs assessment and provide evidence of their effectiveness when selecting. Each program and service is measured based on the needs met and student outcomes.
 - ii. You will be hearing from two program directors – Extended School Program and School Improvement who will share about the services provided.
8. 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 2025
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):** As mentioned in a few of my previous board memos, we have developed two committees to help guide our future endeavors in this area; Finance and Programmatic. Both committees have met a few times. Unfortunately, due to the lack of funding support by the ND legislature this session, things do not look optimistic. Nonetheless, the programmatic committee has made some movement in developing the key factors in what should be reviewed by participating schools and our board prior to any recommendation for transfer of any brick/mortar programming under our umbrella. As well, the programmatic committee has begun discussions on what to include in possible Memorandum of Understanding (MOUs) involved in transferred programming in which the local participating district holds the teacher contract, rather than the Center holding the teacher contract. Although that is currently an option allowed by the State CTE Department to utilize MOU's, discussion has been occurring within the CTE Administration regarding requirements revolving around non-Center contracted staff. Additionally, the Finance Committee is at a standstill due to the legislative funding currently being unknown, in addition to the State Board of Career and Technical Education's possible change in funding policy.
- 2. SB2019 CTE Budget (update):** The ND Dept of Career and Technical Education submitted their biennial budget request to former Gov. Burgum, current Gov. Armstrong, and the Senate Appropriations Education & Environment Committee. The Department requests that affect CRACTC programming includes: a) Cost to Continue - \$4 million; b) New & Expanding - \$22 million; c) Capital Projects Grants - \$56 million
 - a. In each budget recommendations (i.e. both Gov. and Senate Approps sub-committee), the Cost to Continue ask of \$4 million was recommended and kept in for future approval
 - b. New & Expanding: the \$22 million request was cut down to \$3 million on the Senate side; now in the House Appropriations Education and Environment Committee, the current ask by Rep. Richter who is leading this bill for their committee, has requested to reinstate \$12 million into the already listed amount for a total of \$15 million; full committee public discussions have yet to occur at the time of this report
 - c. Capital Project Grants: the committees in both chambers currently have any appetite for these funds and it currently remains at \$0; full committee public discussions have yet to occur at the time of this report
- 3. CTE Funding Policy Change:** The North Dakota Department of CTE has been working on a new funding policy over the past three years, with a sub-committee of that board working with the State CTE Department Administration on a policy change for the past two years. At this time, a new policy has not been approved. In February, the State Board of CTE motioned and approved a first reading of a new policy. Due to various concerns within that policy, as the daily practitioners and individuals with the best overall understanding of CTE programming at the ground level, the CTE Directors throughout the state held a meeting to discuss our concerns, strive to solidify our priorities, and provide recommendations to the funding sub-committee. The directors utilized a "forced choice" prioritization model that utilized the State Board funding priorities, along with



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additional funding priorities from the Directors views. Following, the Directors developed a presentation, along with a funding formula model that was presented to the funding sub-committee. The Directors appreciated the willingness of the sub-committee to listen and utilize our guidance, with our desires to continue collaborative efforts in order for the funding sub-committee and the overall State CTE Board to better understand current programming and how State funding is utilized. With that being said, I am thoroughly concerned for CRACTC with the current conversations occurring around a new funding policy. As only one of two remaining virtual CTE programs that is not “under” a brick & mortar Center starting fall 2025, CRACTC seems to be getting lost in the shuffle and unfortunately does not have much of a voice at the table, although we are currently serving over 800 students, within 58 different high schools (public and private) throughout North Dakota. We are providing access that the B/M Centers just do not provide. I am hoping the funding sub-committee decides to utilize a one year, short-term policy for the 2025-2026 school year in order to maintain what we are providing for students, with the intent to fully develop a new policy and implement for the 2026-2027 school year, within plenty of time for schools and centers to establish budgets for that year.

- 4. CTE Center Century Code (motion):** HB 1188, sponsored by Rep Lefor out of Dickinson, was heard and passed by both chambers, with Governor Armstrong signing it into Century Code. This bill relates to the assessment of fees for area career and technology center expenses.

1. *A center board, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, shall assess each*
 - a. *Participating school district center membership fee based upon its high school enrollment as compared to the total high school enrollment of all participating school districts in the area career and technology center and*
 - b. *Nonparticipating school district receiving services a fee based upon its use of programs.*
2. *A center board shall allocate, as nearly as possible, the number of students from each participating district to be served in an area career and technology center on the same proportionate basis as is used for the assessment of expenses.*

Therefore, to stay in accordance with the new Century Code for the upcoming school year, I have provided the below membership proposal to the CRACTC member school districts for feedback and will provide the Governing Board a summary of feedback and a formal recommendation for a motion and approval at our April meeting.

- A. **Any member school district with an overall high school (grades 9-12) enrollment of 500 or more students as of September 1 of the current school year: \$3,000 annual membership per district**
- B. **Any member school district with an overall high school (grades 9-12) enrollment of 499 or less students as of September 1 of the current school year: \$2,000 annual membership per district**
- C. **Member district course fees of \$300 per course enrollment per semester (\$600 for yearlong courses) to be administered following the published fall drop/add deadline; any additional enrollments following the fall drop/add deadline for spring semester courses will be administered following the announced spring semester drop/add deadline.**
- D. **Nonmember district course fees of \$400 per course enrollment per semester (\$800 for yearlong courses) to be administered following the published fall drop/add deadline; any additional enrollments following the fall drop/add deadline for spring semester courses will be administered following the announced spring semester drop/add deadline.**
- E. **Additional fees may be assessed for specialized needs or programming, such as, but not limited to, mobile lab utilization.**



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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

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 CEO is the board's sole point of connection to the operational organization. The board will direct the operational organization only through the CEO, functioning as the chief executive officer.				



Operational Expectations Monitoring Document
Governance Culture Communicating with the Board and the Public

Disposition of the Board: _____ Date: _____

_____ In Compliance

_____ Compliance with Noted Exceptions

_____ Not in Compliance

Summary statement/direction of the Board:

BCR-2 Unity of Control

	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
The board will direct the Chief Executive Officer only through official decisions of the full board.				
1. The board will make decisions by a formal, recorded vote in order to avoid any disclarity about whether direction has been given.				
2. The Chief Executive Officer is neither obligated nor expected to follow the directions or instructions of individual board members, officers and committees unless the board has specifically delegated such exercise of authority.				
3. Should the Chief Executive Officer determine that an information request received from an individual member or a committee requires a material amount of staff time or is unreasonable, the Chief Executive Officer is expected to ask that the committee or the member to refer such requests to the full board for authorization.				



Operational Expectations Monitoring Document
Governance Culture Communicating with the Board and the Public

Disposition of the Board: _____ Date: _____

_____ In Compliance

_____ Compliance with Noted Exceptions

_____ Not in Compliance

Summary statement/direction of the Board:

BCR-3 Staff Accountability

The CEO 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 CEO.

CEO		Board	
In Compliance	Not in compliance	In Compliance	Not in compliance

1. The board will never give direction to any employee other than the CEO				
2. The board will not formally or informally evaluate any staff member other than the CEO. This provision does not prevent the board or its members from bringing concerns regarding personnel to the attention of the CEO in a professional and respectful manner.				
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 CEO.				



Board Chief Executive Officer Relationship
BCR - 4 Authority of Chief Executive Officer

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.				
2.The board will develop Operational Expectations policies that 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.				
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.				

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.				
--	--	--	--	--



Board Chief Executive Officers Relationship
BCR - 5 Chief Executive Officers Accountability

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

Summary statement/direction of the Board:

BCR - 5 Chief Executive Officers Accountability

CEO

Board

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.

In Compliance

Not in compliance

In Compliance

Not in compliance

1.The board will determine organizational performance based upon a systematic monitoring process.				
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.				
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.				

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.				
5.The board will make the final determination as to whether the Chief Executive Officer's 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.				
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.				
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: a.A summary of the data derived during the year from monitoring the board’s Results and Operational Expectations policies; 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; 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; d.Specific priorities as outlined by the board, based upon the results of the previous year’s monitoring of Results and Operational Expectations policies.				



Operational Expectations Monitoring Document
OE-5 Financial Planning

Certification of the CEO: I certify this report to be accurate

Signed,  Date: 4.10.25

_____ In Compliance
X Compliance with Noted Exceptions
_____ Not in Compliance
Summary statement of the CEO:

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

Summary statement/direction of the Board:

OE-5 Financial Planning

The CEO 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 CEO will develop a budget that:

	CEO		Board	
	In Compliance	Not in compliance	In Compliance	Not in compliance
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	X			
4. Discloses budget-planning assumptions.	X			
5. Assures fiscal soundness in future years.	X			
6. Reflects anticipated changes in employee compensation, including inflationary	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: 4.10.25

X In Compliance
_____ Compliance with Noted Exceptions
_____ Not in Compliance
Summary statement of the CEO:

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

Summary statement/direction of the Board:

[LINK TO AUDITOR REPORT](#)

OE-6 Financial Administration

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.
The Chief Executive Officer will:

	CEO In Compliance	CEO Not in compliance	Board In Compliance	Board Not in compliance
1.Ensure 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,  Date: 3.29.25

X In Compliance
_____ Compliance with Noted Exceptions
_____ Not in Compliance

Summary statement of the CEO:

The CEO will maintain multiple programs and services aimed at achieving Results policies with the following expectations: regularly reviewed; rooted and aligned with standards; designed to enhance learning of students and staff; address different needs of participants; innovates effectively; evaluates regularly; schedules appropriately for schools; articulates and aligns materials with the results policies; and maintains community partnerships to advance programs and services.

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

Summary statement/direction of the Board:

OE - 9 Program Services

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 CEO will:

	CEO In Compliance	CEO Not in compliance	Board In Compliance	Board Not in compliance
1.Ensure that programs are based on a comprehensive and objective review of best practices research.	X			
2.Base professional learning on 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 include 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 workday 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 CEO: I certify this report to be accurate

Signed,

[Signature]

Date:

4.10.25

X

In Compliance

Compliance with Noted Exceptions

Not in Compliance

Summary statement of the CEO:

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

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 their ability to:

	CEO In Compliance	CEO Not in compliance	Board In Compliance	Board Not in compliance
1. Met the needs of the participant;	X			
2. Met the needs of the administrator;	X			
3. Affected change in student achievement scores	X			

Indicator 1 - 80% of school complete the needs assessment

Making
Progress

Proposed Needs Assessment Framework

Qualitative			Quantitative	
School Visits	Administrator Advisories	Anecdotal participant feedback	Current ND Accountability Measure(s)	
			Current Regional, ND Accountability Measure(s)	
			Current Local, ND Accountability Measure(s)	
ADDITION: Program-Specific Needs Assessment				

Indicator 2 - Educational programming meets the qualification of promising results before moving into expansion Met	
<p>Total number of educational programs & services developed (moved from emerging to pilot or expansion during reporting period Q3 2024-Q2 2025)</p> <p>Number of educational programs & services developed meeting Promising Results</p> <p>Number of educational programs & services developed meeting Moderate Results</p> <p>Number of educational programs & services developed meeting Strong Results</p>	<p>3 - Central Region Standards Based Teaching and Learning (CRSBTL) (emerging to pilot); Check & Connect (pilot to expansion); Suite of Science of Reading support (pilot to expansion)</p> <p>1 - CRSBTL</p> <p>2 - Check & Connect; Science of Reading</p> <p>0</p>
Indicator 3 - Newly designed programs/services utilize a Logic Model Making Progress	
<p>Total number of newly developing (emerging and/or pilot) programs during reporting period Q3 2024-Q2 2025</p> <p>Programs in <i>pilot</i> with logic model <i>in place</i></p> <p>Programs in <i>operational sustainability</i> with logic model <i>in place</i></p> <p>Programs in <i>expansion or operational sustainability prioritized</i> for logic model development during Q3 2025-Q2 2026</p>	<p>7 - Standards Based Teaching and Learning (CRSBTL) (pilot); New Teacher Support Network (emerging); 1915i Access (pilot); ELEOT Sweeps (pilot); NDA+ Technical Assistance Center (emerging); 3 - CRSBTL; Early Intervention; 1915i Access</p> <p>7 - Reading Corps; Math Corps; CSI/TSI Support; B-HERO; NDFSCS Extender; NDFSCS Site Coordination</p> <p>4 - Extended School Program; Specially Designed Learning; eCare School Health Program; Business Services</p>

[BACK TO OE-6](#)

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

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Regional Education Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Regional Education Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Regional Education Association's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Disbursements by Program is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and related notes are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of disbursements by program, the schedule of expenditures of federal awards and notes are fairly stated, in all material respects, in relation to the financial statements as a whole on the basis of accounting as described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025 on our consideration of Central Regional Education Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Regional Education Association's internal control over financial reporting and compliance.



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

March 19, 2025

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

ASSETS

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

LIABILITIES

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

NET POSITION

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

SEE NOTES TO THE FINANCIAL STATEMENTS

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

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

SEE NOTES TO THE FINANCIAL STATEMENTS

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

	<u>General Fund</u>
ASSETS	
Cash	<u>\$ 1,336,126</u>
Total assets	<u><u>\$ 1,336,126</u></u>
LIABILITIES	
OUN - fiscal agent payable	<u>\$ 35,477</u>
Total liabilities	<u>35,477</u>
FUND BALANCE	
Unassigned	<u>1,300,649</u>
Total fund balance	<u>1,300,649</u>
Total liabilities and fund balance	<u><u>\$ 1,336,126</u></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, 2024

Total Governmental Funds Balance	\$ 1,300,649
----------------------------------	--------------

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

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

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

SEE NOTES TO THE FINANCIAL STATEMENTS

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

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

SEE NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but it does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds. The amount of depreciation expense for the current year is:		(7,488)
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Total Change in Net Position of Governmental Activities	\$	26,127
---	----	--------

SEE NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and History

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

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

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

Basis of Accounting

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

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

Financial Reporting Entity

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

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

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

Basis of Presentation

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

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

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

The Association reports the following major governmental fund:

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

Measurement Focus / Basis of Accounting

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

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

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

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

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

Cash and Cash Equivalents

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

Capital Assets

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

Vehicles	5-7 years
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Fund Balance Classifications

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

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

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

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

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

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

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

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

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

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

The Association does not have a minimum fund balance policy.

Net Position

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

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

Receipts and Disbursements

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

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

Use of Estimates

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

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

NOTE 2 CUSTODIAL CREDIT RISK

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

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

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

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

NOTE 3 RISK MANAGEMENT

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

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

NOTE 4 CAPITAL ASSETS

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

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

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

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

NOTE 5 LEASES

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

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

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

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

NOTE 6 PENSION PLANS

North Dakota Teachers' Fund for Retirement

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

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

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

Pension Benefits

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

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

Tier 1 Grandfathered

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

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

Tier 1 Non-grandfathered

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

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

Tier 2

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

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

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

Death and Disability Benefits

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

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

Member and Employer Contributions

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

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

North Dakota Public Employees Retirement System (Main System)

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

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

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

Pension Benefits

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

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

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

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

Death and Disability Benefits

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

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

Refunds of Member Account Balance

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

Member and Employer Contributions

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

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

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

Pension Expense

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

Discount Rate

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

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

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

Pension Plan Fiduciary Net Position.

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

NOTE 7 NEW ACCOUNTING PRONOUNCEMENTS

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

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

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

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

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

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

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

NOTE 8 SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

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

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

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

	Travel	Dues & Fees	Misc. Expenses	Depreciation	Insurance	Printing Fees	Total
General	\$ 27,952	\$ 42,368	133,743	\$ 7,488	\$ 26,281	\$ 15,989	\$ 843,671
ESP	6,723	1,705	14,025	-	-	-	1,430,377
SLP	574	-	-	-	-	-	47,381
Scrubs	288	-	-	-	-	-	716
Telehealth	1,024	740	-	-	-	-	160,309
Teacher Center	17,902	340	-	-	-	-	64,228
Reading	9,278	-	-	-	-	-	82,287
DPI ESSA	157	-	-	-	-	-	45,157
ESPB	-	-	-	-	-	-	4,176
Direct SVS	42,667	9,703	1,936	-	-	-	1,018,942
MTSS	1,576	-	-	-	-	-	88,987
Culture & Language	483	436	-	-	-	-	137,961
Counseling	14,534	839	-	-	-	-	419,499
Behavior	4,068	4,292	-	-	-	-	187,338
TSS/TIPS	-	-	-	-	-	-	9,445
CRACTC	3,014	-	-	-	-	-	84,089
Title III	4,163	855	-	-	-	-	29,529
FSCS South	13,246	1,979	-	-	-	-	302,896
ND Juvenile Justice	2,587	29,666	-	-	-	-	557,318
NDCA	9,559	-	-	-	-	-	39,179
ESSER	-	-	-	-	-	-	108,320
FSCS CREA	2,341	-	-	-	-	-	2,341
FSCS ND	-	-	-	-	-	-	259,970
NDELC	-	-	-	-	-	-	3,399,723
Stop It Grant	-	-	-	-	-	-	20,927
Shiloh	-	-	-	-	-	-	5
SPED	317	-	-	-	-	-	1,285
Science of Reading	27,085	75	1,495	-	-	-	68,213
Check & Connect	3,514	850	-	-	-	-	47,715
ESP Donations	-	-	-	-	-	-	240
REA School Nursing	10,294	17,204	-	-	-	-	288,369
ESSER III	5,372	1,125	-	-	-	-	143,977
DOH MCH	-	1,610	-	-	-	-	216,654
CRSEU	10,943	3,354	5,067	-	-	-	311,580
Dyslexia Credential	-	-	-	-	-	-	1,000
Creative Comm	-	750	-	-	-	-	31,276
Kare for Kids	-	-	-	-	-	-	5,146
Science of Math	3,970	158	-	-	-	-	6,922
FSCS Path	-	-	-	-	-	-	32,777
Early Intervention	283	-	-	-	-	-	37,396
Literacy Summit	3,502	895	3,880	-	-	-	39,251
CCLC N.M Grant	1,756	-	-	-	-	-	1,756
DOH PMHCA	-	9,433	-	-	-	-	52,060
Total	\$229,172	\$128,377	\$ 160,146	\$ 7,488	\$ 26,281	\$ 15,989	10,630,388
Less depreciation expense							(7,488)
Plus capital expenditures							26,521
Disbursements on statement of receipts, disbursements and changes in fund balance							<u>\$ 10,649,421</u>
governmental funds - modified cash basis							

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

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

See Notes to the Schedule of Expenditures of Federal Awards

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 INDIRECT COST RATE

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

NOTE 3 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Central Regional Education Association under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Regional Education Association, it is not intended to and does not present the financial statements of the governmental activities, each major fund, and remaining fund information of Central Regional Education Association.

NOTE 4 AGENCY OR PASS-THROUGH NUMBER

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Central Regional Education Association as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Central Regional Education Association's basic financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Regional Education Association's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Regional Education Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Regional Education Association's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Regional Education Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Central Regional Education Association's Responses to Findings

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

Purpose of This Report

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



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

March 19, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Regional Education Association's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Regional Education Association's major federal program for the year ended June 30, 2024. Central Regional Education Association's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Central Regional Education Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Regional Education Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Regional Education Association's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Regional Education Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Regional Education Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Central Regional Education Association's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on Central Regional Education Association's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Central Regional Education Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



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

March 19, 2025

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

Section I – Summary of Auditor’s Results

Financial Statements

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

Unmodified

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

Internal control over financial reporting:

Material weakness(es) identified?

 x yes no

Significant deficiency(ies) identified?

 x yes none

Noncompliance material to financial statements noted?

 yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

 yes x no

Significant deficiency(ies) identified?

 x 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)?

 x yes no

Identification of major programs:

Assistance Listing Number(s)

Names of Federal Programs or Clusters

93.323

Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)

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

\$750,000

Auditee qualified as low-risk auditee?

 yes x no

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

Section II – Financial Statement Findings

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

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

View of responsible officials and corrective actions

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

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

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

Criteria

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

Condition

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

Cause

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

Effect

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

Recommendation

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

View of responsible officials and corrective actions

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

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

Section III – Federal Award Findings and Questioned Costs

2024-003: Segregation of Duties – Significant Deficiency

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

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

Criteria

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

Condition

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

Cause

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

Questioned Costs

\$0

Effect

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

Recommendation

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

View of responsible officials and corrective actions

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

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

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

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

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

2023-002 *Segregation of Duties – Significant Deficiency*

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

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

2023-003 *Segregation of Duties – Significant Deficiency*

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

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

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

Corrective Action Plan

June 30, 2024

2024-001

Contact Person – Luke Schaefer

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

Completion Date – June 30, 2025

2024-002

Contact Person – Luke Schaefer

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

Completion Date – June 30, 2025

2024-003

Contact Person – Luke Schaefer

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

Completion Date – June 30, 2025

March 19, 2025

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, 2024, 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 19, 2025 contains our report on a material weakness and a significant deficiency in the Organization's internal control. This letter does not affect our report dated March 19, 2025, 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 in regard to our audit, please do not hesitate to contact us.

Sincerely,



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

CENTRAL REGIONAL EDUCATION ASSOCIATION

MEMORANDUM

JUNE 30, 2024

- 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.
- 2) We noted there is no formal review of the bank reconciliation. We recommend the bank reconciliation and bank statements are reviewed by someone not responsible for the reconciliation or entering of accounting information.
- 3) During our walkthrough of general journal entries, it was noted that there is no process in place for the review of journal entries. We recommend that journal entries are reviewed and approved before they're posted.
- 4) During our review, we noted checks are electronically signed and staff have access to the electronic signature. It is possible that staff would be able to process a check without proper approval. We recommend the Organization review their accounting system to see if there are access limits they can enable for who has access to the signature / ability to process bills.