

CENTRAL RIVERS AREA EDUCATION AGENCY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**CENTRAL RIVERS AREA EDUCATION AGENCY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES	14
BALANCE SHEET – GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	16
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	18
STATEMENT OF NET POSITION – PROPRIETARY FUND	19
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUND	20
STATEMENT OF CASH FLOWS – PROPRIETARY FUND	21
STATEMENT OF FIDUCIARY NET POSITION	22
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	23
NOTES TO FINANCIAL STATEMENTS	24
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES – BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS	44
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING	45
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM	46

**CENTRAL RIVERS AREA EDUCATION AGENCY
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

SCHEDULE OF THE AGENCY CONTRIBUTIONS – IOWA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM	47
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY	48
SCHEDULE OF CHANGES IN THE AGENCY’S TOTAL OPEB LIABILITY AND RELATED RATIOS	49
SUPPLEMENTARY INFORMATION	
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS	51
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS	52
COMBINING STATEMENT FIDUCIARY NET POSITION – CUSTODIAL FUNDS	53
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CUSTODIAL FUNDS	54
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION – ALL GOVERNMENTAL FUNDS – LAST TEN YEARS	55
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	56
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	57
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	58
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	60
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	63

**CENTRAL RIVERS AREA EDUCATION AGENCY
OFFICIALS**

BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dr. Debra Rich	President	December 31, 2025
Maureen Hanson	Vice-President	December 31, 2023
Nicole Lovik-Blaser	Member	December 31, 2025
Dr. Darshini Jayawardena	Member	December 31, 2023
Dr. Mary Stevens	Member	December 31, 2023
Dr. Tony Reid	Member	December 31, 2025
Bryan Burton	Member	December 31, 2025
Dennis Craun, Jr.	Member	December 31, 2023
Kathryn Enslin	Member	December 31, 2023

AGENCY

Sam Miller	Chief Administrator
Michael Kalvig	Chief Financial Officer and Treasurer
Lori Thomas	Board Secretary



INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Rivers Area Education Agency
Cedar Falls, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Central Rivers Area Education Agency (the Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency'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 financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Agency, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of the Agency's proportionate share of the net pension liability, the schedule of Agency contributions and the schedule of changes in the Agency's total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining fund financial schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Agency Officials page and the schedule of revenues by source and expenditures by function but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Directors
Central Rivers Area Education Agency

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, on our consideration of the Agency'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 Agency'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 the Agency's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
December 22, 2023

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Central Rivers Area Education Agency provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the Agency's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

General Fund revenue and other financing sources increased from \$54,954,329 in fiscal year 2022 to \$55,149,288 in fiscal year 2023, an increase of \$194,959. General Fund expenditures and other financing uses increased from \$51,937,637 in fiscal year 2022 to \$53,607,544 in fiscal year 2023, an increase of \$1,669,907. General Fund net change in fund balance was \$3,016,692 in fiscal year 2022 compared to \$1,541,744 in fiscal year 2023. This primarily resulted in an increase in the Agency's General Fund balance from \$16,575,653 in fiscal year 2022 to \$18,117,397 in fiscal year 2023.

The increase in General Fund revenue and other financing sources of \$194,959, was primarily the result of new services provided to schools and investment rate returns increasing interest revenue. The increase in General Fund expenditures and other financing sources of \$1,669,907 was primarily the result of increased salary and benefit costs. The fund balance of \$18,117,397 consists of nonspendable fund balance of \$301,741, restricted fund balance of \$918,283, committed fund balance of \$5,729,593, assigned fund balance of \$423,176, and unassigned fund balance of \$10,744,604. The unassigned fund balance as of the end of the fiscal year 2023 represents approximately 20.0% of the fiscal year 2023 expenditures and other financial uses.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Agency's financial activities.
- The Government-Wide Financial Statements consist of a statement of net position and a statement of activities. These provide information about the activities of Central Rivers Area Education Agency as a whole and present an overall view of the Agency's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the Agency's operations in more detail than the Government-wide statements by providing information about the most significant funds.
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

USING THIS ANNUAL REPORT

- Required Supplementary Information further explains and supports the financial statements with a comparison of the Agency's budget for the year, the Agency's share of the net pension liability and related contributions, as well as presenting the schedule of changes in the Agency's total OPEB liability and related ratios.

- Supplementary Information provides detailed information about the nonmajor funds. In addition, the schedule of expenditures of federal awards provides details of various federal programs benefiting the Agency.

REPORTING THE AGENCY AS A WHOLE

Government-Wide Financial Statements

The Government-wide statements report information about the Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the Agency's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. All of the current year revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Governmental-wide statements report the Agency's net position and how it has changed. Net position is one way to measure the Agency's financial health or position. Over time, increases or decreases in the Agency's net position are an indicator of whether financial position is improving or deteriorating. To assess the Agency's overall health, additional nonfinancial factors, such as changes in the Agency's property tax base the condition of its facilities, need to be considered.

Most of the Agency's basic services are included in governmental activities. These include regular and special education instruction, student and instructional staff support services and administration. Local school districts, federal and state aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide detailed information about the Agency's funds, focusing on its most significant or "major" funds – not the Agency as a whole. Funds are accounting devices the Agency uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law or by bond covenants. The Agency establishes other funds to control and manage money for particular purposes, such as accounting for major construction projects or to show that it is properly using certain revenue, such as federal grants.

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

REPORTING THE AGENCY AS A WHOLE

Fund Financial Statements

The Agency has three kinds of funds:

1. Governmental funds account for most of the Agency's basic services. These focus on how cash and other financial assets readily converted to cash flow in and out and the balances left at year-end available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The Agency's governmental funds include: (a) the General Fund, (b) the Special Revenue Funds, (c) the Capital Projects Fund, and (d) the Debt Service Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenue, expenditures, and changes in fund balances.

2. Proprietary funds include internal services funds which are used to account for dental and health insurance, and employee flexible dollars.

The required financial statements for the proprietary funds include a statement of net position, a statement of revenues, expenses and changes in net position and a statement of cash flows.

3. Custodial funds are funds through which the Agency administers and accounts for certain federal and/or state grants on behalf of other entities. The Agency is responsible for ensuring assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The Agency excludes these activities from the Governmental-wide financial statements because it cannot use the assets to finance its operations.

The required financial statements for fiduciary funds are a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the Government-wide financial statements and the fund financial statements follow the fund financial statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The Agency's net position as of the end of fiscal year 2023 was \$8.8 million compared to a net position of approximately \$2.2 million as of the end of fiscal year 2022.

	Condensed Statement of Net Position	
	Governmental Activities	
	June 30,	
	2023	2022
Assets		
Current and Other Assets	\$ 27,712,633	\$ 26,090,014
Capital Assets	9,548,495	9,301,088
Total Assets	<u>37,261,128</u>	<u>35,391,102</u>
Deferred Outflows of Resources	<u>5,144,094</u>	<u>5,351,119</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 42,405,222</u>	<u>\$ 40,742,221</u>
Liabilities		
Long-Term Obligations	\$ 21,918,886	\$ 6,744,679
Other Liabilities	6,885,747	7,053,364
Total Liabilities	<u>28,804,633</u>	<u>13,798,043</u>
Deferred Inflows of Resources	4,795,882	24,709,751
Net Position		
Net Investment in Capital Assets	5,361,003	4,269,291
Restricted	918,283	1,258,858
Unrestricted	2,525,421	(3,293,722)
Total Net Position	<u>8,804,707</u>	<u>2,234,427</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 42,405,222</u>	<u>\$ 40,742,221</u>

The Agency's combined net position increased by 294.0%, or \$6,570,280 from fiscal year 2022. The change in net position was primarily due to the calculation of IPERS net pension liability.

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following analysis details the changes in net position resulting from the Agency's activities.

	Governmental Activities	
	June 30,	
	2023	2022
Revenues		
Program Revenues:		
Charges for Service	\$ 1,861,975	\$ 1,580,160
Operating Grants and Contributions	29,263,853	28,980,007
General Revenues:		
Property Tax	13,584,506	13,312,165
State Foundation Aid	14,983,473	14,537,114
Unrestricted Investment Earnings	757,051	184,213
Other	65,905	210,608
Total Revenues	<u>60,516,763</u>	<u>58,804,267</u>
Expenses		
Program Expenses:		
Instruction	8,548,023	7,234,451
Student Support Services	22,376,507	21,880,323
Instructional Staff Support Services	12,836,870	10,365,656
General Administration	1,677,557	1,610,898
Business Administration	5,749,306	4,893,595
Plan Operations and maintenance	1,513,921	2,931,340
Central and Other Support Services	590,041	304,420
Noninstructional programs	156,697	161,499
Debt service fiscal charges	119,707	129,597
Depreciation (unallocated)	377,853	447,130
Total Expenses	<u>53,946,483</u>	<u>49,958,909</u>
Change in Net Position	6,570,280	8,845,358
Net Position - Beginning of Year	<u>2,234,427</u>	<u>(6,610,931)</u>
Net Position - End of Year	<u>\$ 8,804,707</u>	<u>\$ 2,234,427</u>

The Agency's expenses primarily relate to instruction, student support services, and instructional staff support services.

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Rivers Area Education Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Agency's governmental funds reported combined fund balances of \$17,299,384, which is an increase from the beginning of the year fund balances of \$16,575,653.

Governmental Fund Highlights

The General Fund balance increased \$1,541,744. The primary reasons for the increase in the General Fund balance was due to the increase in revenue from new services provided to schools and investment rate returns increasing interest revenue.

BUDGETARY HIGHLIGHTS

Area Education Agencies are required to submit the original certified budget to the Department of Education by February 15th. This due date is frequently before the legislature has set funding levels for the fiscal year budget being certified and before federal allocations are known. It may also be prior to knowing settlements with collective bargaining units. Therefore, the Agency amended its budgeted revenues and expenditures to reflect more accurate assumptions.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the Agency had invested \$9,548,495, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, computers, and audio-visual equipment. This is a net increase of \$247,407 from the prior fiscal year.

The Agency reported depreciation expense of \$987,814 in fiscal year 2023 and total accumulated depreciation of \$9,123,948 as of June 30, 2023. More detailed information about capital assets is available in Note 3 to the financial statements.

Long-Term Liabilities

As of June 30, 2023, the Agency had \$22,846,870 of long-term liabilities that consisted of net pension liability, total OPEB liability, certificates of participation, lease obligations, compensated absences, and termination benefits. In fiscal year 2017, the Agency sold \$6,082,240 in certificates of participation for land and facilities. More detailed information about the Agency's long-term liabilities is available in Note 6 to the financial statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the Agency was aware of several existing circumstances that could significantly affect its financial health in the future:

As a governmental entity, state and federal funding levels continue to be an area of concern for the LEAs and AEAs throughout the state. For fiscal year 2024, the supplemental state aid was set by the legislature at 3.00%, but the state-wide reduction to all area education agencies increased from \$24.6 million to \$29.6 million, resulting in a 7.1 million reduction over the past two years. With much of our funding based on enrollment, stable enrollment is critical in maintaining a sound financial position. The Agency's Fall of 2023 preliminary budgeted enrollment decreased 185 students.

Health insurance contributions can have a significant impact on the Agency's negotiated settlements and employee benefit expenses. The Agency has decided to fully self-fund their health insurance plan beginning with the July 1, 2018, plan year. The self-insurance balance has grown to \$3,487,917 at the end of fiscal year 2023. The healthy fund balance will ensure the Agency is able to meet unexpected expenditures resulting from high claims and manage the cost of health care premiums for employees.

The Agency's lease of the Special Education and Conference Center facilities to a school district ended in fiscal year 2023. The Agency was able to sell both of these properties in fiscal year 2023. As of June 30, 2023, the Board had committed \$4,132,428 toward the repayment of the remaining principal.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer's office of Central Rivers Area Education Agency, 1521 Technology Parkway, Cedar Falls, Iowa, 50613.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF NET POSITION
JUNE 30, 2023**

	Governmental Activities	Component Unit AEA6 Foundation
ASSETS		
Cash, Cash Equivalents, and Investments	\$ 23,225,490	\$ 681,990
Accounts Receivable	1,008	-
Due from Other Governments	4,184,394	-
Inventories	151,241	-
Prepaid Expenses	150,500	-
Capital Assets, Not Depreciable	617,940	-
Capital Assets, Depreciable (Net of Accumulated Depreciation)	8,930,555	-
Total Assets	37,261,128	681,990
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	4,566,423	-
OPEB Related Deferred Outflows	577,671	-
Total Deferred Outflows of Resources	5,144,094	-
Total Assets and Deferred Outflows of Resources	\$ 42,405,222	\$ 681,990
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
LIABILITIES		
Accounts Payable	1,628,527	-
Salaries and Benefits Payable	4,299,030	-
Deposits Payable	30,206	-
Long-Term Liabilities:		
Portion Due or Payable Within One Year:		
Certificates of Participation	366,660	-
Lease Liability	40,201	-
Compensated Absences	405,964	-
Special Termination Benefit	-	-
Net OPEB Liability	115,159	-
Portion Due or Payable After One Year:		
Certificates of Participation	3,765,767	-
Lease Liability	14,864	-
Net Pension Liability	16,019,068	-
Net OPEB Liability	2,119,187	-
Total Liabilities	28,804,633	-
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	3,800,792	-
OPEB Related Deferred Inflows	995,090	-
Total Deferred Inflows of Resources	4,795,882	-
NET POSITION		
Net Investment in Capital Assets	5,361,003	-
Restricted for:		
Categorical Funding	347,315	-
Media Materials	570,968	-
Unrestricted	2,525,421	681,990
Total Net Position	\$ 8,804,707	\$ 681,990

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions	Expenses	Program Revenues		Net (Expense)	Component Unit
		Charges for Service	Operating Grants and Contributions	Revenue and Changes in Net Position	
				Governmental Activities	AEA 6 Foundation
Governmental Activities					
Instruction	\$ 8,548,023	\$ 509,529	\$ 6,962,979	\$ (1,075,515)	\$ -
Student Support Services	22,376,507	-	21,978,575	(397,932)	-
Instructional Staff Support Services	12,836,870	399,360	322,299	(12,115,211)	-
General Administration	1,677,557	41,849	-	(1,635,708)	-
Business Administration	5,749,306	10,617	-	(5,738,689)	-
Plant Operations and Maintenance	1,513,921	-	-	(1,513,921)	-
Central and Other Support Services	590,041	-	-	(590,041)	-
Noninstructional Programs	156,697	900,620	-	743,923	-
Debt Service Fiscal Charges	119,707	-	-	(119,707)	-
Depreciation (Unallocated)	377,853	-	-	(377,853)	-
Total Governmental Activities	<u>\$ 53,946,483</u>	<u>\$ 1,861,975</u>	<u>\$ 29,263,853</u>	(22,820,655)	-
Component Unit					
AEA6 Foundation	<u>\$ 19,029</u>	<u>\$ -</u>	<u>\$ -</u>	-	(19,029)
General Revenues					
Property Tax levied for General Purposes				13,584,506	-
State Foundation Aid				14,983,473	-
Unrestricted Investment Earnings (Losses)				757,051	(69,166)
Other				65,905	-
Total General Revenues				<u>29,390,935</u>	<u>(69,166)</u>
CHANGE IN NET POSITION				6,570,280	(88,195)
Net Position - Beginning of Year				<u>2,234,427</u>	<u>770,185</u>
NET POSITION - END OF YEAR				<u>\$ 8,804,707</u>	<u>\$ 681,990</u>

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Special Education Instruction	Total Nonmajor Governmental Funds	Total
ASSETS				
Cash, Cash Equivalents, and Investments	\$ 18,224,804	\$ -	\$ 308,635	\$ 18,533,439
Accounts Receivable	1,008	-	-	1,008
Due from Other Governments	2,603,308	1,581,086	-	4,184,394
Due from Other Funds	1,280,058	-	-	1,280,058
Inventories	151,241	-	-	151,241
Prepays	150,500	-	-	150,500
Total Assets	<u>\$ 22,410,919</u>	<u>\$ 1,581,086</u>	<u>\$ 308,635</u>	<u>\$ 24,300,640</u>
LIABILITIES				
Accounts Payable	\$ 1,307,830	\$ 4,347	\$ 159,057	\$ 1,471,234
Salaries and Benefits Payable	2,951,433	296,681	149,578	3,397,692
Deposits Payable	30,206	-	-	30,206
Due to Other Governments	4,053	-	-	4,053
Due to Other Funds	-	1,280,058	-	1,280,058
Total Liabilities	<u>4,293,522</u>	<u>1,581,086</u>	<u>308,635</u>	<u>6,183,243</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	-	818,013	-	818,013
Total Deferred Inflows	<u>-</u>	<u>818,013</u>	<u>-</u>	<u>818,013</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	151,241	-	-	151,241
Prepaid Expenses	150,500	-	-	150,500
Restricted for:				
Categorical Funding	347,315	-	-	347,315
Media Materials	570,968	-	-	570,968
Committed for:				
Retro Workers' Compensation Program	263,483	-	-	263,483
Principal and Interest	475,343	-	-	475,343
Building Debt	3,765,767	-	-	3,765,767
River Hills Parking Lot	300,000	-	-	300,000
Technology Updates	150,000	-	-	150,000
Building Renovations	775,000	-	-	775,000
Assigned for:				
Equipment Repair	96,566	-	-	96,566
Miscellaneous	22,002	-	-	22,002
River Hills	304,608	-	-	304,608
Unassigned	10,744,604	(818,013)	-	9,926,591
Total Fund Balances (Deficits)	<u>18,117,397</u>	<u>(818,013)</u>	<u>-</u>	<u>17,299,384</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 22,410,919</u>	<u>\$ 1,581,086</u>	<u>\$ 308,635</u>	<u>\$ 24,300,640</u>

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2023**

Total Fund Balance for Governmental Funds \$ 17,299,384

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$18,672,443 and the accumulated depreciation is \$9,123,948. 9,548,495

Internal service funds are used by management to charge the costs of dental and health insurance and employee flexible dollars to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 3,637,473

Other long-term assets are not available to pay current year expenditures and, therefore are recognized as deferred inflows of resources in the governmental funds. 818,013

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds.

Deferred Outflows of Resources	\$ 5,144,094	
Deferred Inflows of Resources	<u>(4,795,882)</u>	348,212

Long-term liabilities are not due and payable in the current year and, therefore, are not reported in the governmental funds.

Debt		(4,187,492)
Compensated Absences		(405,964)
Net Pension Liability		(16,019,068)
Net OPEB Liability		<u>(2,234,346)</u>

Total Net Position of Governmental Activities \$ 8,804,707

CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General	Special Education Instruction	Total Nonmajor Governmental Funds	Total
REVENUES				
Local Sources	\$ 18,181,967	\$ 2,912,758	\$ 409	\$ 21,095,134
State Sources	18,153,242	157,337	1,724,784	20,035,363
Federal Sources	18,690,709	-	12,574	18,703,283
Total Revenues	<u>55,025,918</u>	<u>3,070,095</u>	<u>1,737,767</u>	<u>59,833,780</u>
EXPENDITURES				
Current:				
Instruction	3,824,752	3,559,117	1,595,394	8,979,263
Student Support Services	24,358,777	108,308	-	24,467,085
Instructional Staff Support Services	14,351,746	14,882	5,615	14,372,243
General Administration	1,672,482	-	111,811	1,784,293
Business Administration	6,160,157	174,886	12,808	6,347,851
Plant Operations and Maintenance	1,765,393	2,498	3,767	1,771,658
Central and Other Support Services	526,737	38,493	-	565,230
Noninstructional Programs	158,497	-	-	158,497
Facilities Acquisition and Construction	23,015	-	245,658	268,673
Debt Service	-	-	518,626	518,626
Total Expenditures	<u>52,841,556</u>	<u>3,898,184</u>	<u>2,493,679</u>	<u>59,233,419</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,184,362	(828,089)	(755,912)	600,361
OTHER FINANCING SOURCES (USES)				
Transfers In	-	13,055	767,595	780,650
Transfers Out	(765,988)	(2,979)	(11,683)	(780,650)
Proceeds from Insurance	65,905	-	-	65,905
Proceeds from Sale of Capital Assets	57,465	-	-	57,465
Total Other Financing Sources (Uses)	<u>(642,618)</u>	<u>10,076</u>	<u>755,912</u>	<u>123,370</u>
NET CHANGE IN FUND BALANCE (DEFICIT)	1,541,744	(818,013)	-	723,731
FUND BALANCES (DEFICITS)				
Beginning of Year	<u>16,575,653</u>	<u>-</u>	<u>-</u>	<u>16,575,653</u>
End of Year	<u>\$ 18,117,397</u>	<u>\$ (818,013)</u>	<u>\$ -</u>	<u>\$ 17,299,384</u>

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ 723,731

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the estimated useful lives of the assets. The loss on disposals and depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:

Expenditures for Capital Assets	\$ 1,258,009	
Loss on Disposals	(22,786)	
Depreciation/Amortization Expense	<u>(987,814)</u>	247,409

Internal service funds are used by management to charge the costs of dental and health insurance and employee flexible dollars to individual funds. The change in net position of the internal service funds are included in governmental activities in the statement of net position. 428,554

Certain revenue not collected for several months after year end is not considered available revenue and is recognized as deferred inflows of resources in the governmental funds. 617,078

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Certificates of Participation		357,265
Capital Leases		41,655

Governmental funds report pension and other postemployment benefit contributions as expenditures when made. However, in the Statement of Activities, pension and other postemployment benefit expense is the cost of benefits earned, adjusted for member contributions, the recognition of changes in deferred outflows and inflows of resources related to pensions and other postemployment benefits, and the investment experience.

Pension Contributions	3,501,557	
Pension Expense	<u>786,933</u>	4,288,490
Other Postemployment Benefit Contributions	115,159	
Other Postemployment Benefit Expense	<u>(226,591)</u>	(111,432)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Special Termination Benefit		37,500
Compensated Absences		<u>(59,970)</u>

Total Change in Net Position of Governmental Activities \$ 6,570,280

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Internal Service		Total
	Dental/Health Insurance	Employee Flexible Dollars	
CURRENT ASSETS			
Cash, Cash Equivalents, and Investments	\$ 4,542,495	\$ 149,556	\$ 4,692,051
Total Assets	4,542,495	149,556	4,692,051
CURRENT LIABILITIES			
Accounts Payable	153,240	-	153,240
Accrued Liabilities	901,338	-	901,338
Total Liabilities	1,054,578	-	1,054,578
NET POSITION - UNRESTRICTED	\$ 3,487,917	\$ 149,556	\$ 3,637,473

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Internal Service		Total
	Dental/Health Insurance	Employee Flexible Dollars	
OPERATING REVENUE			
Contributions	\$ 6,844,037	\$ 249,615	\$ 7,093,652
OPERATING EXPENSES			
Claims, Premiums, and Fees	6,432,412	232,686	6,665,098
INCOME (LOSS) FROM OPERATIONS	411,625	16,929	428,554
Net Position - Beginning of Year	3,076,292	132,627	3,208,919
NET POSITION - END OF YEAR	<u>\$ 3,487,917</u>	<u>\$ 149,556</u>	<u>\$ 3,637,473</u>

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Internal Service		Total
	Dental/Health Insurance	Employee Flexible Dollars	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Contributions	\$ 7,175,423	\$ 249,615	\$ 7,425,038
Cash Paid for Claims, Premiums, and Fees	(6,509,740)	(232,686)	(6,742,426)
Net Cash Provided by Operating Activities	<u>665,683</u>	<u>16,929</u>	<u>682,612</u>
NET INCREASE IN CASH, CASH EQUIVALENTS, AND INVESTMENTS	665,683	16,929	682,612
Cash, Cash Equivalents, and Investments - Beginning of Year	<u>3,876,812</u>	<u>132,627</u>	<u>4,009,439</u>
CASH, CASH EQUIVALENTS, AND INVESTMENTS - END OF YEAR	<u>\$ 4,542,495</u>	<u>\$ 149,556</u>	<u>\$ 4,692,051</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Income (Loss) from Operations	\$ 411,625	\$ 16,929	\$ 428,554
Change in Due from Other Funds	331,386	-	331,386
Change in Accounts Payable	143,821	-	143,821
Change in Accrued Liabilities	(221,149)	-	(221,149)
Net Cash Provided (Used) by Operating Activities	<u>\$ 665,683</u>	<u>\$ 16,929</u>	<u>\$ 682,612</u>

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023**

	<u>Custodial Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 1,206,256
Accounts Receivable	<u>171,409</u>
Total Assets	1,377,665
LIABILITIES	
Accounts Payable	<u>284,834</u>
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$ 1,092,831</u></u>

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2023**

	Custodial Funds
ADDITIONS	
Federal Sources	\$ 978,164
DEDUCTIONS	
Distributions to Participants	896,798
NET INCREASE IN NET POSITION	81,366
Net Position - Beginning of Year	1,011,465
NET POSITION - END OF YEAR	\$ 1,092,831

See accompanying Notes to Financial Statements.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central Rivers Area Education Agency (Agency) is an intermediate school corporation established to identify and serve children who require special education. The Agency also provides media services and education support services. These programs and support services are provided to 53 public school districts and 18 nonpublic school districts in an eighteen-county area. The Agency is governed by a Board of Directors whose members are elected on a nonpartisan basis.

The Agency's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, the Agency has included all funds, organizations, agencies, boards, commissions, and authorities. The Agency has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Agency to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Agency.

These financial statements present Central Rivers Area Education Agency and its component units. The component units described below are included in the Agency's reporting entity because of the significance of the operational or financial relationship with the Agency.

Discretely Presented Component Unit

The AEA6 Foundation (Foundation) is a legally separate entity, organized as a charitable organization under Chapter 501(c)(3) of the Internal Revenue Code. The Foundation's primary purpose is to collect funds and provide financial support for a swimming pool operated by Central Rivers Area Education Agency. The Foundation is governed by a seven-member Board of Directors. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented. The financial information presented is as of and for its year-end of December 31, 2022.

Blended Component Unit

The Central Rivers Area Education Agency Foundation (Foundation) is a legally separate entity, organized as a charitable organization under Chapter 501(c)(3) of the Internal Revenue Code. The Foundation's primary purpose is to collect funds and provide financial support for the Agency. Although it is legally separate from the Agency, Central Rivers Area Education Agency Foundation is, in substance, part of the Agency's operations and therefore data from this unit is combined with data of the primary government.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide financial statements – The Statement of Net Position and the Statement of Activities report information on all of the activities of the Agency. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities normally are supported by intergovernmental revenue.

The Statement of Net Position presents the Agency’s nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net Investment in Capital Assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The Agency reports the following major governmental funds:

The General Fund – The General Fund is the general operating fund of the Agency. All general revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Special Revenue Special Education Instruction Fund – The Special Education Fund is used to account for programs to employ teachers to provide instruction to special education students. The actual costs of providing instructional services are billed to the individual school districts.

The Agency reports the following proprietary funds:

The Internal Service, Dental/Health Insurance Fund is used to account for the Agency's self-funded dental and health insurance programs.

The Internal Service, Employee Flexible Dollars Fund is used to account for the Agency's Employee flexible benefit program.

The Agency also reports the following fiduciary funds:

The Custodial Funds are used to account for assets held by the Agency as an agent for individuals, private organizations and other governments.

Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Agency considers revenues to be available if they are collected within 60 days after year-end.

Intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Agency.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued)

Under the terms of grant agreements, the Agency funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Agency's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the Agency's policy is to pay the expenditure from restricted fund balance and then from, less-restrictive classifications - committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's internal service are employee contributions. Operating expenses for the internal service funds are claims, premiums, and fees. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenue, grants, and reimbursements from other governments.

Inventories – Inventories are stated at cost using the first-in, first-out method and consist of expendable supplies and materials. The cost of these items is recorded as an expenditure at the time of consumption.

Prepays – Certain payments to vendors reflect future accounting periods and are recorded as prepaid expenses in both the Government-wide and the fund financial statements on the consumption method.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Capital Assets

Capital assets, which include property and furniture and equipment are reported in the governmental activities column in the government-wide statement of net position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the Agency as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	10,000
Improvements Other Than Buildings	5,000
Intangibles	100,000
Furniture and Equipment	5,000
Library Books and Films	No threshold

Capital assets of the Agency are depreciated/amortized using the straight-line method of depreciation and library books are depreciated using the composite method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 Years
Improvements Other Than Buildings	20-30 Years
Intangibles	2-10 Years
Furniture and Equipment	5-20 Years
Library Books and Films	5 Years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer’s reporting period.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Salaries and Benefits Payable – Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July, have been accrued as liabilities.

Compensated Absences – Agency employees accumulate a limited amount of earned but unused vacation and paid time off hours for subsequent use or for payment upon termination, death, or retirement. Agency policy limits yearly payouts to the total accumulation in the severance fund in any one year. However, a liability has been recorded in the statement of net position representing the noncurrent portion of compensated absences since it is considered probable that these payments will be made. This liability has been computed based on rates of pay in effect at June 30, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Education Instruction Fund.

Long-Term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the statement of net position.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred inflows of resources and OPEB expense, information has been determined based on the Agency's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (Continued)

Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of receivables not collected within sixty days after year-end. Deferred inflows of resources in the statement of net position consists of the unamortized portion of the net difference between projected and actual earnings on the pension and OPEB plan investments, changes in proportion and differences between Agency contributions and proportionate share of contributions for pensions and OPEB, and changes of assumptions or other inputs for the pension and OPEB plans.

Fund Balances – In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Directors through resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same action it employed to commit these amounts.

Assigned – Amounts that are constrained for specific purposes by action of the Board of Directors.

Unassigned – All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2023, the Agency's expenditures/expenses did not exceed the approved budget.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets 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 those estimates.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Agency's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Agency is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The Agency had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest Rate Risk

The Agency's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Agency.

AEA6 Foundation

Cash and investments of the AEA6 Foundation component unit are stated at fair value are summarized as follows as of December 31, 2022:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Money Market Funds	\$ 26,342	\$ 26,342	\$ -
Mutual Funds	359,121	304,343	(54,778)
Unit Trusts	373,866	351,305	(22,561)
Total	<u>\$ 759,329</u>	<u>\$ 681,990</u>	<u>\$ (77,339)</u>

Earnings on the investments are made up of interest and the change in unrealized and realized gains and losses for the year as follows:

Interest Income	\$ 31,096
Net Unrealized Loss	<u>(100,262)</u>
Total	<u>\$ (69,166)</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

AEA6 Foundation (Continued)

The AEA6 Foundation uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the above investments was determined using the last reported sales price at current exchange rates (Level 1 inputs).

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities:				
Capital Assets Not Being Depreciated/Amortized:				
Land	\$ 617,940	\$ -	\$ -	\$ 617,940
Construction in Progress	493,785	213,449	707,234	-
Total Capital Assets Not Being Depreciated	1,111,725	213,449	707,234	617,940
Capital Assets Being Depreciated/Amortized:				
Buildings and improvements	11,418,796	900,546	-	12,319,342
Furniture and Equipment	3,210,573	178,822	216,682	3,172,713
Library Books and Films	2,024,180	672,424	134,156	2,562,448
Total Assets Being Depreciated/Amortized	16,653,549	1,751,792	350,838	18,054,503
Less Accumulated Depreciation/ Amortization for:				
Buildings	4,972,239	356,763	-	5,329,002
Furniture and Equipment	2,157,853	268,890	193,900	2,232,843
Library Books and Films	1,334,094	362,161	134,152	1,562,103
Total Accumulated Depreciation/Amortization	8,464,186	987,814	328,052	9,123,948
 Total Capital Assets, Being Depreciated, Net	 <u>8,189,363</u>	 <u>763,978</u>	 <u>22,786</u>	 <u>8,930,555</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 9,301,088</u>	 <u>\$ 977,427</u>	 <u>\$ 730,020</u>	 <u>\$ 9,548,495</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to the following functions:

Governmental Activities

Instruction	\$ 15,214
Student Support Services	18,352
Instructional Staff Support Services	379,575
General Administration	24,088
Business Administration	900
Plant Operations and Maintenance	19,704
Central and Other Support Services	152,128
Unallocated	<u>377,853</u>
Total	<u><u>\$ 987,814</u></u>

NOTE 4 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2023 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Education Instruction	<u><u>\$ 1,280,058</u></u>

The Special Revenue – Special Education Instruction interfund payable to the General Fund is to repay special education billings not received prior to the end of the current year.

NOTE 5 INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Nonmajor Funds - Debt Service	General Fund	\$ 503,964
Nonmajor Funds - Debt Service	Special Education Instruction	2,979
Nonmajor Funds - Capital Projects	General Fund	245,658
Nonmajor Funds - Debt Service	Nonmajor Funds - Juvenile Home	11,683
Nonmajor Funds - Juvenile Home	General Fund	3,311
Special Education Instruction	General Fund	<u>13,055</u>
Total		<u><u>\$ 780,650</u></u>

Transfers generally move revenue from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers pertained to expenditures for capital projects throughout the year as well as payment of principal and interest of a loan for the purchase of the administrative building.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 6 LONG-TERM LIABILITIES

A summary of changes in certain long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Certificates of Participation	\$ 4,489,692	\$ -	\$ 357,265	\$ 4,132,427	\$ 366,660
Lease Liability	96,720	-	41,655	55,065	40,201
Compensated Absences	345,994	405,964	345,994	405,964	405,964
Net Pension Liability	593,518	15,425,550	-	16,019,068	-
Total OPEB Liability	2,130,112	104,234	-	2,234,346	115,159
Total	<u>\$ 7,656,036</u>	<u>\$ 15,935,748</u>	<u>\$ 744,914</u>	<u>\$ 22,846,870</u>	<u>\$ 927,984</u>

Certificates of Participation

The Agency sold certificates of participation for land and facilities for a total of \$6,082,240 on January 10, 2017. The certificates of participation represent an ownership interest of the certificate holder in a lease purchase agreement. The certificates mature over a period of 16 years with an interest rate of 2.63% per annum and the Agency has an option to prepay. The following is a schedule by years of future minimum payments required:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 366,660	\$ 108,683	\$ 475,343
2025	376,304	99,040	475,344
2026	386,200	78,986	465,186
2027	396,357	68,562	464,919
2028	406,782	57,864	464,646
2029-2032	2,200,124	118,732	2,318,856
Total	<u>\$ 4,132,427</u>	<u>\$ 531,867</u>	<u>\$ 4,664,294</u>

Lease Liability

The Agency has entered into lease agreements for copy machines.

The future lease payments as of June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 40,201	\$ 873	\$ 41,074
2025	14,864	147	15,011
Total	<u>\$ 55,065</u>	<u>\$ 1,020</u>	<u>\$ 56,085</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 PENSION PLAN

Plan Description

IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the members age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to one percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and the methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board. In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Agency contributed 9.44% of covered payroll for a total rate of 15.73%.

The Agency's contributions to IPERS for the year-end June 30, 2023 totaled \$3,487,634.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Agency's liability for its proportionate share of the net pension liability totaled \$16,019,068. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the Agency's collective proportion was 0.403595%, which is a decrease of 0.019768 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Agency recognized pension expense of (\$786,933). At June 30, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 710,124	\$ 219,425
Changes of Assumptions	13,592	382
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,714,790
Changes in Proportion and Differences Between Agency Contributions and Proportionate Share of Contributions	355,073	1,866,195
Agency Contributions Subsequent to the Measurement Date	<u>3,487,634</u>	<u>-</u>
Total	<u>\$ 4,566,423</u>	<u>\$ 3,800,792</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The \$3,487,634 reported as deferred outflows of resources related to pensions resulting from the Agency contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (1,872,577)
2025	(1,599,032)
2026	(2,497,121)
2027	3,286,998
2028	(40,271)
Total	<u>\$ (2,722,003)</u>

There were no nonemployer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Rate of Inflation (effective June 30, 2017)	2.60% per annum
Rates of Salary Increases (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-Term Investment Rate of Return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.
Wage Growth (effective June 30, 2017)	3.25% per annum based on 2.6% inflation assumption and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0 %	3.57%
International Equity	17.5	4.79%
Global Smart Beta Equity	6.0	4.16%
Core Plus Fixed Income	20.0	1.66%
Public Credit	4.0	3.77%
Cash	1.0	0.77%
Private Equity	13.0	7.57%
Private Real Assets	8.5	3.55%
Private Credit	8.0	3.63%
Total	100.0 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Agency's Proportionate Share of the Net Pension Liability	\$ 29,845,450	\$ 16,019,068	\$ 3,834,225

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 PENSION PLAN (CONTINUED)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website www.ipers.org.

Payables to the Pension Plan

At June 30, 2023, the Agency reported payables to IPERS of \$298,979 for legally required Agency contributions and \$199,214 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The Agency operates a single-employer health benefit plan which provided medical and prescription drug benefits for employees, retirees and their spouses. There are 479 active and 24 retired members in the plan. Retired participants must be age 55 or older at retirement. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The medical and prescription drug coverage is provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Total OPEB Liability

The Agency's total OPEB liability of \$2,234,346 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and the entry age service actuarial cost method, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2023)	2.25% per annum
Discount Rate (effective June 30, 2023)	3.86%, compounded annually, including inflation.
Healthcare Cost Trend (effective June 30, 2023)	6.70% per annum

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.86% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA as of the measurement date.

Mortality rates are from the RP2014 Annuity Mortality Table, applied on a gender-specific basis.

Changes in the Total Liability

	Total OPEB Liability
Total OPEB Liability Beginning of Year	\$ 2,130,112
Changes for the Year:	
Service Cost	163,600
Interest on Total Liability	82,513
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(26,720)
Benefit Payments	(115,159)
Balance - June 30, 2023	\$ 2,234,346

Sensitivity of the Agency's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.86%) or 1% higher (4.86%) than the current discount rate.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	\$ 2,395,328	\$ 2,234,346	\$ 2,082,794

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Agency's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Agency as what the Agency's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.70%) or 1% higher (7.70%) than the current healthcare cost trend rates.

	1% Decrease (5.70%)	Health Cost Trend Rate (6.70%)	1% Increase (7.70%)
Total OPEB Liability	\$ 1,972,124	\$ 2,234,346	\$ 2,545,173

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2023, the Agency recognized OPEB expense of \$226,591. At June 30, 2023, the Agency reported deferred inflows and outflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 460,548	\$ (333,545)
Changes of Assumptions	117,123	(661,545)
Total	<u>\$ 577,671</u>	<u>\$ (995,090)</u>

The amount reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (19,522)
2025	(19,522)
2026	(19,522)
2027	(19,522)
2028	(19,522)
Thereafter	(319,809)
Total	<u>\$ (417,419)</u>

NOTE 9 RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 RISK MANAGEMENT (CONTINUED)

The Agency is involved in certain other legal proceedings and disputes considered by management to be ordinary and incidental, or which have no foundation in fact. Management believes that valid defenses exist as to all such litigation and disputes and is of the opinion that these will not have a material effect on the Agency's financial statements.

NOTE 10 EMPLOYEE DENTAL AND HEALTH PLAN

The Agency currently sponsors a self-funded dental and health plan. The Agency contracts with an insurance company to administer the plan. The cost of maintaining the plan is supported by premium contributions made by the employer, employee, retirees and COBRA participants.

The following is a summary of the claims and activity for the years ended June 30:

	2023	2022
Claims Liability at the Beginning of Year	\$ 791,101	\$ 702,789
Incurred Claims	6,119,157	5,362,321
Payments on Claims	(6,008,920)	(5,274,009)
Claims Liability at the End of Year	\$ 901,338	\$ 791,101

NOTE 11 CATEGORICAL FUNDING

The Agency's restricted fund balance for categorical funding as of June 30, 2023 is comprised of the following programs:

Program	Amount
Education Quality, Professional Development for Model Core Curriculum	\$ 163,851
Teacher Leadership Technical Assistance	143,882
Teacher Salary Supplement	7,282
McElroy Grant	20,326
Youth Mental Health	11,974
Total	\$ 347,315

NOTE 12 COMMITMENTS AND CONTINGENCIES

Employee Benefits

Employees accumulate sick pay based upon years of service. Unused sick days may be carried forward until needed by the employee, up to a maximum amount established for each employee group. Upon termination, retirement or death, unused days are forfeited; therefore, no accrual is required.

REQUIRED SUPPLEMENTARY INFORMATION

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES
BUDGET AND ACTUAL – ALL GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023**

	Actual	Budgeted Amounts		Variance
		Original	Final	
REVENUES				
Local Sources	\$ 21,095,134	\$ 19,726,685	\$ 20,636,196	\$ 458,938
State Sources	20,035,363	21,936,915	19,852,428	182,935
Federal Sources	18,703,283	17,992,818	18,137,617	565,666
Total Revenues	<u>59,833,780</u>	<u>59,656,418</u>	<u>58,626,241</u>	<u>1,207,539</u>
EXPENDITURES				
Current:				
Instruction	8,979,263	9,109,300	8,822,450	156,813
Student Support Services	24,467,085	25,842,400	24,518,918	(51,833)
Instructional Staff Support Services	14,372,243	13,908,900	14,606,678	(234,435)
General Administration	1,784,293	1,905,400	1,727,504	56,789
Business Administration	6,347,851	7,194,400	6,517,148	(169,297)
Plant Operations and Maintenance	1,771,658	1,893,500	1,798,102	(26,444)
Central and Other Support Services	565,230	249,800	267,210	298,020
Noninstructional Programs	158,497	150,900	147,699	10,798
Transportation Services	-	-	500	(500)
Facilities Acquisition and Construction	268,673	200,000	361,500	(92,827)
Debt Service	518,626	4,651,053	4,651,053	(4,132,427)
Total Expenditures	<u>59,233,419</u>	<u>65,105,653</u>	<u>63,418,762</u>	<u>(4,185,343)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	600,361	(5,449,235)	(4,792,521)	5,392,882
OTHER FINANCING SOURCES (USES), NET	<u>123,370</u>	<u>-</u>	<u>50,000</u>	<u>(73,370)</u>
CHANGE IN FUND BALANCES	723,731	(5,449,235)	(4,742,521)	5,466,252
FUND BALANCES				
Beginning of Year	<u>16,575,653</u>	<u>14,742,237</u>	<u>16,472,328</u>	<u>103,325</u>
End of Year	<u>\$ 17,299,384</u>	<u>\$ 9,293,002</u>	<u>\$ 11,729,807</u>	<u>\$ 5,569,577</u>

See accompanying Note to Required Supplementary Information – Budgetary Reporting.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
JUNE 30, 2023**

NOTE 1 PURPOSE OF SCHEDULE

This budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

The Agency's Board of Directors annually prepares a budget on a basis consistent with accounting principles generally accepted in the United States of America for all funds except Custodial Funds. Although the budget document presents function expenditures/expenses by fund, the legal level of control is at the total expenditure/expense level, not by fund. After required public notice and hearing in accordance with the Code of Iowa, the Board submits its budget to the State Board of Education. The State Board reviews the proposed budget and either grants approval or returns it without approval with comments. Any unapproved budget must be resubmitted to the State Board for final approval. The budget may be amended during the year utilizing procedures prescribed by the State Board.

For the year ended June 30, 2023, the Agency's expenditures/expenses did not exceed the approved budget.

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Agency's Proportion of the Net Pension Liability	0.403595%	0.423363%	0.432100%	0.456387%	0.433570%	0.441359%	0.492656%	0.490991%	0.499082%
Agency's Proportionate Share of the Net Pension Liability	\$ 16,019,068	\$ 593,518	\$ 30,142,200	\$ 26,605,323	\$ 27,428,718	\$ 29,137,192	\$ 30,723,279	\$ 24,409,344	\$ 20,198,261
Agency's Covered Payroll	\$ 34,150,051	\$ 34,388,746	\$ 34,058,338	\$ 34,965,495	\$ 32,587,685	\$ 32,646,000	\$ 35,038,000	\$ 33,853,000	\$ 31,712,000
Agency's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	46.91%	1.73%	88.50%	76.09%	84.17%	89.25%	87.69%	72.10%	63.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.40%	100.81%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

** In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.*

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF THE AGENCY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 3,487,634	\$ 3,223,614	\$ 3,243,680	\$ 3,214,620	\$ 3,300,798	\$ 2,910,080	\$ 2,915,709	\$ 3,128,852	\$ 3,023,103	\$ 2,831,849
Contributions in Relation to the Statutorily Required Contribution	(3,487,634)	(3,223,614)	(3,243,680)	(3,214,620)	(3,300,798)	(2,910,080)	(2,915,709)	(3,128,852)	(3,023,103)	(2,831,849)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Agency's Covered Payroll	\$ 36,962,515	\$ 34,150,051	\$ 34,388,746	\$ 34,058,338	\$ 34,965,495	\$ 32,587,685	\$ 32,646,000	\$ 35,038,000	\$ 33,853,000	\$ 31,712,000
Contributions as a Percentage of Covered Payroll	9.44%	9.44%	9.43%	9.44%	9.44%	8.93%	8.93%	8.93%	8.93%	8.93%

See accompanying Notes to Required Supplementary Information – Pension Liability.

CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
JUNE 30, 2023

NOTE 1 CHANGES OF BENEFIT TERMS

There are no significant changes in benefit terms.

NOTE 2 CHANGES OF ASSUMPTIONS

The 2022 valuation implemented the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality table with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increases assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.65%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF CHANGES IN THE AGENCY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2023

	2023	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY						
Service Cost	\$ 163,600	\$ 288,198	\$ 249,519	\$ 123,844	\$ 123,844	\$ 123,866
Interest	82,513	62,169	71,782	67,976	68,272	67,440
Changes in Benefit Terms					-	-
Differences Between Expected and Actual Experience	-	(270,922)	-	845,943	-	-
Changes in Assumptions and Other Inputs	(26,720)	(815,882)	109,152	83,147	(106,602)	(104,144)
Benefit Payments	(115,159)	(166,444)	(155,634)	(132,423)	(55,061)	(72,237)
Net Change in Total OPEB Liability	104,234	(902,881)	274,819	988,487	30,453	14,925
Total OPEB Liability - Beginning of Year	2,130,112	3,032,993	2,758,174	1,769,687	1,739,234	1,724,309
Total OPEB Liability - End of Year	<u>\$ 2,234,346</u>	<u>\$ 2,130,112</u>	<u>\$ 3,032,993</u>	<u>\$ 2,758,174</u>	<u>\$ 1,769,687</u>	<u>\$ 1,739,234</u>
AGENCY'S COVERED EMPLOYEE PAYROLL	<u>\$ 34,189,420</u>	<u>\$ 30,538,544</u>	<u>\$ 34,156,913</u>	<u>\$ 34,370,929</u>	<u>\$ 32,436,226</u>	<u>\$ 32,222,492</u>
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	6.54%	6.98%	8.88%	8.02%	5.46%	5.40%

Notes to Schedule:

Changes of assumptions and other inputs – The discount rate as of the measurement date has been updated to use the Fidelity 20 Year Municipal GO AA Index. The prior full valuation used a discount rate of 3.69%. The current valuation uses a discount rate of 3.86%. No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

**CENTRAL RIVERS AREA EDUCATION AGENCY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue			Total Nonmajor Governmental Funds
ASSETS	Juvenile Home	Capital Projects	Debt Service	
Cash, Cash Equivalents, and Pooled Investments	\$ 308,635	\$ -	\$ -	\$ 308,635
Total Assets	\$ 308,635	\$ -	\$ -	\$ 308,635
LIABILITIES				
Accounts Payable	\$ 159,057	\$ -	\$ -	\$ 159,057
Salaries and Benefits Payable	149,578	-	-	149,578
Total Liabilities	308,635	-	-	308,635
FUND BALANCES				
Unassigned	-	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 308,635	\$ -	\$ -	\$ 308,635

**CENTRAL RIVERS AREA EDUCATION AGENCY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue			Total Nonmajor Governmental Funds
	Juvenile Home	Capital Projects	Debt Service	
REVENUES				
Local Sources	\$ 409	\$ -	\$ -	\$ 409
State Sources	1,724,784	-	-	1,724,784
Federal Sources	12,574	-	-	12,574
Total Revenues	<u>1,737,767</u>	<u>-</u>	<u>-</u>	<u>1,737,767</u>
EXPENDITURES				
Current:				
Instruction	1,595,394	-	-	1,595,394
Instructional Staff Support Services	5,615	-	-	5,615
General Administration	111,811	-	-	111,811
Business Administration	12,808	-	-	12,808
Plant Operations and Maintenance	3,767	-	-	3,767
Facilities Acquisition and Construction	-	245,658	-	245,658
Debt Service	-	-	518,626	518,626
Total Expenditures	<u>1,729,395</u>	<u>245,658</u>	<u>518,626</u>	<u>2,493,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,372	(245,658)	(518,626)	(755,912)
OTHER FINANCING SOURCES (USES)				
Transfers In	3,311	245,658	518,626	767,595
Transfers Out	(11,683)	-	-	(11,683)
Total Other Financing Sources (Uses)	<u>(8,372)</u>	<u>245,658</u>	<u>518,626</u>	<u>755,912</u>
CHANGE IN FUND BALANCES	-	-	-	-
FUND BALANCES				
Beginning of Year	-	-	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
 COMBINING STATEMENT FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2023**

	Perkins	Future Problem Solving	Regional Planning Partnership	Total
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,206,256	\$ 1,206,256
Intergovernmental Accounts Receivable	-	-	-	-
Accounts Receivable	157,359	14,050	-	171,409
Total Assets	<u>157,359</u>	<u>14,050</u>	<u>1,206,256</u>	<u>1,377,665</u>
LIABILITIES				
Interfund Payable	-	-	-	-
Accounts Payable	157,359	14,050	113,425	284,834
Total Liabilities	<u>157,359</u>	<u>14,050</u>	<u>113,425</u>	<u>284,834</u>
NET POSITION				
Restricted for Individuals, Organizations, and Other Governments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,092,831</u>	<u>\$ 1,092,831</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 YEAR ENDED JUNE 30, 2023**

	Perkins	Future Problem Solving	Regional Planning Partnership	Total
ADDITIONS				
Federal Sources	\$ 517,298	\$ 14,050	\$ 446,816	\$ 978,164
DEDUCTIONS				
Distributions to participants	517,298	14,050	365,450	896,798
NET INCREASE IN NET POSITION	-	-	81,366	81,366
Net Position - Beginning of Year	-	-	1,011,465	1,011,465
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,092,831</u>	<u>\$ 1,092,831</u>

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
ALL GOVERNMENTAL FUNDS
LAST TEN YEARS**

	Modified Accrual Basis									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Local Sources	\$ 21,095,134	\$ 19,471,232	\$ 18,979,194	\$ 19,465,592	\$ 19,469,477	\$ 18,755,825	\$ 19,258,789	\$ 21,284,088	\$ 21,689,028	\$ 20,740,780
State Sources	20,035,363	19,764,981	19,360,245	18,688,587	18,079,109	17,955,808	17,386,811	17,566,557	17,380,955	16,646,593
Intermediate Sources	-	-	-	-	-	-	116,727	20,414	219,526	113,644
Federal Sources	18,703,283	19,156,511	17,368,342	16,725,313	16,755,199	16,505,351	15,828,336	15,936,007	15,871,147	15,979,439
Total Revenues	\$ 59,833,780	\$ 58,392,724	\$ 55,707,781	\$ 54,879,492	\$ 54,303,785	\$ 53,216,984	\$ 52,590,663	\$ 54,807,066	\$ 55,160,656	\$ 53,480,456
EXPENDITURES										
Current:										
Instruction	\$ 8,979,263	\$ 7,941,795	\$ 7,767,873	\$ 7,796,971	\$ 7,986,177	\$ 7,828,335	\$ 7,981,919	\$ 10,514,978	\$ 10,112,515	\$ 10,252,644
Student Support Services	24,467,085	25,254,686	23,704,606	23,346,087	22,701,374	22,647,966	22,238,456	19,146,981	18,375,196	17,710,275
Instructional Staff Support Services	14,372,243	12,490,829	12,089,136	12,205,329	11,903,601	11,370,247	11,029,013	11,145,418	10,888,012	11,131,440
General Administration	1,784,293	1,797,374	1,724,955	1,757,624	1,748,092	2,190,486	4,732,974	5,204,754	5,998,207	5,618,383
Business Administration	6,347,851	6,165,419	6,034,912	5,845,217	5,899,723	5,178,344	3,513,279	3,773,644	3,067,516	3,256,367
Plant Operations and Maintenance	1,771,658	1,427,819	1,350,947	1,440,081	1,690,013	1,593,445	1,441,003	1,655,981	1,729,910	1,737,799
Central and Other Support Services	565,230	254,572	238,813	320,213	469,281	392,610	496,666	47,982	219,607	134,235
Noninstructional Programs	158,497	166,001	137,231	133,517	162,604	174,017	167,302	186,227	189,078	159,800
Transportation Services	-	-	385	-	-	-	-	-	-	-
Facilities Acquisition and Construction	268,673	822,130	75,306	349,053	201,358	345,049	5,936,712	425,026	532,552	234,792
Debt Service	518,626	518,626	518,626	503,616	477,553	475,343	74,873	-	-	130,063
Total Expenditures	\$ 59,233,419	\$ 56,839,251	\$ 53,642,790	\$ 53,697,708	\$ 53,239,776	\$ 52,195,842	\$ 57,612,197	\$ 52,100,991	\$ 51,112,593	\$ 50,365,798

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Iowa Department of Education:				
Special Education Cluster (IDEA) (Major):				
Special Education Grants to States:				
Part B - Section 611 LEA Flow Through	84.027	H027A200097	\$ 3,003,841	\$ 3,003,841
Part B - Section 611 Service to Handicapped	84.027	H027A190097	-	12,555,002
Part B - Section 611 Parent Educator	84.027	H027A190097	-	148,790
ARP Part B	84.027	H027A190097	-	1,044,109
AEA DE Leadership Work Team	84.027	H027A190097	-	20,345
Total Special Education - Grants to States			3,003,841	16,772,087
Special Education Preschool Grants:				
Part B - Section 619	84.173	H173A190102	-	447,463
			-	447,463
Total Special Education Cluster (IDEA) (Major)			3,003,841	17,219,550
Special Education - Grants for Infants and Families:				
Part C - Infant and Toddler	84.181	H181A190006	-	377,028
ARP Part C - Infant and Toddler	84.181	H181A190006	-	116,246
English Language Acquisition State Grants	84.365	S365A200015	-	384,253
Title VI - State Assessment	84.010	S010A180015	-	273,988
ARP Homeless Children Emergency Relief	84.425W	020322	-	16,000
Total U.S. Department of Education			3,003,841	18,387,065
Total Federal Expenditures			\$ 3,003,841	\$ 18,387,065
*Total 84.181			\$ -	\$ 493,274

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CENTRAL RIVERS AREA EDUCATION AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Central Rivers Area Education Agency (Agency) under programs of the federal government for the year ended June 30, 2023. 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 the Agency, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Agency.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 INDIRECT COST RATE

The Agency has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



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

Board of Directors
Central Rivers Area Education Agency
Cedar Falls, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Rivers Area Education Agency (Agency), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency’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*.

Agency’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency’s response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Agency’s response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Comments involving statutory and other legal matters about the Agency’s operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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.



CliftonLarsonAllen LLP

Peoria, Illinois
December 22, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Central Rivers Area Education Agency
Cedar Falls, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Rivers Area Education Agency's (Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2023. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



CliftonLarsonAllen LLP

Peoria, Illinois
December 22, 2023

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Part I – Summary of the Independent Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? X yes no
 - Significant deficiency(ies) identified yes X none reported
3. Noncompliance material to financial statements noted? yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes X no
 - Significant deficiency(ies) identified? yes X none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) yes X no

Identification of Major Federal Programs

Assistance Listing Numbers

84.027 & 84.173

Name of Federal Program or Cluster

Special Education Cluster (IDEA)

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Part II – Findings Related to the Financial Statement

2023-001: Material Audit Adjustment

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Condition: As part of the audit, an \$818,013 adjustment was proposed to properly recognize revenue as unavailable revenue.

Criteria or specific requirement: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with accounting principles generally accepted in the United States of America (GAAP).

Effect: A material adjustment was proposed and subsequently recorded by management. The lack of sufficient controls over year end reporting increases the likelihood that a material misstatement would not be prevented or detected.

Cause: The adjustment from revenue to unavailable revenue was due to management oversight.

Repeat Finding: No.

Recommendation: In order to strengthen internal controls, we recommend management enhance the internal controls over financial reporting, procedures, and processes to ensure complete and accurate financial reporting. Year-end closing procedures should be expanded to ensure all transactions have been accounted for, appropriate accounting standards have been applied, and transactions are recorded in the proper period.

Views of Responsible Officials and Planned Corrective Actions: There is no disagreement with the audit finding. Management will continue to work at eliminating the need for audit adjustments by reviewing the GASB standards and reviewing work performed by the department personnel.

**CENTRAL RIVERS AREA EDUCATION AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Part III – Findings and Questioned Costs for Federal Awards

Our audit did not identify any matters required to be reported in accordance with 2 CFR 200.516(a).

Part IV – Other Findings Related to Required Statutory Reporting

- IV-A-2023 Certified Budget – Expenditures for the year ended June 30, 2023 did not exceed the certified budget amounts during the year per Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”
- IV-B-2023 Questionable Expenditures – No expenditures that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-2023 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-2023 Business Transactions – No business transactions between the District and District officials or employees were noted.
- IV-E-2023 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-2023 Board Minutes – We noted no transactions requiring Board approval which had not been approved by the Board.
- IV-G-2023 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.
- IV-H-2023 Certified Annual Report – The Certified Annual Report was certified timely to the Iowa Department of Education.
- IV-I-2023 Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.