OHIO AUDITOR OF STATE
KEITH FABER

RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2022

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LAKE COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Riverside Local School District
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Lake County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Lake County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with the 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 26 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 District'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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 auditing standards generally accepted in the United States of America, 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 District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023, on our consideration of the District's internal control over financial reporting and 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 District'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 District's internal control over financial reporting and compliance.

Keith Faber
Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

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As management of the Riverside Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position increased in fiscal year 2022 due to an increase in available cash.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.
- The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless *of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from those that are primarily supported through user charges *(business-type activities).* The business-type activities of the School District include the operation of food service, the remaining balance of the adult education program and the operation of the latchkey program. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement levy capital projects fund. All of the funds of the School District can be divided into two categories: governmental and proprietary.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to financial educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds The School District maintains three enterprise funds. Proprietary funds utilize the same form of accounting as business-type activities, therefore these statements match those found in the district-wide statements.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2022 compared to 2021.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and Other Assets	$79,292,907	$71,829,612	$1,492,089	$307,630	$80,784,996	$72,137,242
Net OPEB Asset	3,482,270	2,819,186	0	0	3,482,270	2,819,186
Capital Assets, Net	51,354,813	52,058,781	70,426	84,447	51,425,239	52,143,228
Total Assets	134,129,990	126,707,579	1,562,515	392,077	135,692,505	127,099,656
Deferred Outflows of Resources						
Deferred Charge on Refunding	1,364,963	1,418,491	0	0	1,364,963	1,418,491
Pension	11,297,320	8,470,079	145,510	215,553	11,442,830	8,685,632
OPEB	1,121,978	1,330,036	106,036	143,111	1,228,014	1,473,147
Total Deferred Outflows of Resources	$13,784,261	$11,218,606	$251,546	$358,664	$14,035,807	$11,577,270

Table 1
Net Position (continued)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Liabilities						
Current Liabilities	$6,789,103	$6,580,261	$146,788	$132,176	$6,935,891	$6,712,437
Long-Term Liabilities:						
Due Within One Year	736,035	708,338	16,455	14,546	752,490	722,884
Due In More Than One Year:						
Net Pension Liability	26,931,879	49,296,004	868,854	1,566,384	27,800,733	50,862,388
Net OPEB Liability	3,077,286	3,582,984	459,824	535,391	3,537,110	4,118,375
Other Amounts	40,801,883	41,348,581	75,570	67,611	40,877,453	41,416,192
Total Liabilities	78,336,186	101,516,168	1,567,491	2,316,108	79,903,677	103,832,276
Deferred Inflows of Resources						
Property Taxes	38,638,596	36,590,601	0	0	38,638,596	36,590,601
Leases	514,616	443,850	0	0	514,616	443,850
Pension	21,569,832	541,708	478,568	17,424	22,048,400	559,132
OPEB	5,863,213	5,280,437	321,341	297,820	6,184,554	5,578,257
Total Deferred Inflows of Resources	66,586,257	42,856,596	799,909	315,244	67,386,166	43,171,840
Net Position						
Net Investment in Capital Assets	13,853,015	13,844,382	70,426	84,447	13,923,441	13,928,829
Restricted for:						
Capital Projects	7,631,825	5,088,060	0	0	7,631,825	5,088,060
Debt Service	775,520	699,973	0	0	775,520	699,973
Unclaimed Monies	8,329	8,637	0	0	8,329	8,637
Other Purposes	1,425,821	979,523	0	0	1,425,821	979,523
Unrestricted (Deficit)	(20,702,702)	(27,067,154)	(623,765)	(1,965,058)	(21,326,467)	(29,032,212)
Total Net Position	$2,991,808	($6,446,579)	($553,339)	($1,880,611)	$2,438,469	($8,327,190)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion.

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Net positon of governmental activities increased $9,438,387. Total assets increased during fiscal year 2022 largely due to an increase in available cash and cash equivalents at fiscal year-end and an increase in property taxes receivable related to an increase in assessed property tax values.

Net position of business-type activities increased $1,327,272 largely due to an increase in federal and state funding for food service operations.

Overall, total liabilities decreased during fiscal year 2022, which is mainly attributable to the change in the net pension liability.

Table 2 shows the changes in net position for fiscal year 2022 compared to 2021.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for Services and Sales	$1,392,093	$1,661,320	$567,945	$283,955	$1,960,038	$1,945,275
Operating Grants and Contributions	4,067,783	7,295,390	3,025,881	1,428,353	7,093,664	8,723,743
Capital Grants	49,944	246,648	0	0	49,944	246,648
Total Program Revenues	5,509,820	9,203,358	3,593,826	1,712,308	9,103,646	10,915,666
General Revenues						
Property Taxes	41,469,962	37,374,512	0	0	41,469,962	37,374,512
Grants and Entitlements	11,641,637	12,281,009	0	0	11,641,637	12,281,009
Unrestricted Contributions	25,062	0	0	0	25,062	0
Investment Earnings	(335,538)	32,582	2,319	113	(333,219)	32,695
Payment in Lieu of Taxes	162,380	195,875	0	0	162,380	195,875
Gain on Sale of Capital Assets	529,468	40,000	0	0	529,468	40,000
Miscellaneous	186,273	74,835	0	0	186,273	74,835
Total General Revenues	53,679,244	49,998,813	2,319	113	53,681,563	49,998,926
Total Revenues	$59,189,064	$59,202,171	$3,596,145	$1,712,421	$62,785,209	$60,914,592

Table 2
Change in Net Position (*continued*)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Expenses						
Instruction:						
Regular	$21,266,318	$26,660,597	$0	$0	$21,266,318	$26,660,597
Special	5,467,546	5,035,910	0	0	5,467,546	5,035,910
Vocational	307,773	153,129	0	0	307,773	153,129
Student Intervention Services	115,117	0	0	0	115,117	0
Support Services:						
Pupils	3,220,382	2,784,528	0	0	3,220,382	2,784,528
Instructional Staff	681,706	761,250	0	0	681,706	761,250
Board of Education	26,821	25,751	0	0	26,821	25,751
Administration	4,930,230	5,119,561	0	0	4,930,230	5,119,561
Fiscal	1,189,877	1,177,143	0	0	1,189,877	1,177,143
Business	36,866	197,390	0	0	36,866	197,390
Operation and Maintenance of Plant	5,623,203	4,546,466	0	0	5,623,203	4,546,466
Pupil Transportation	3,834,519	4,203,440	0	0	3,834,519	4,203,440
Central	545,172	477,781	0	0	545,172	477,781
Extracurricular Activities	1,063,884	956,416	0	0	1,063,884	956,416
Operation of Food Service	104,669	115,494	0	0	104,669	115,494
Operation of Non-Instructional Services	15,034	327,297	0	0	15,034	327,297
Interest and Fiscal Charges	1,321,560	1,341,657	0	0	1,321,560	1,341,657
Food Service	0	0	1,999,767	1,378,835	1,999,767	1,378,835
Latchkey	0	0	269,106	278,002	269,106	278,002
Total Program Expenses	49,750,677	53,883,810	2,268,873	1,656,837	52,019,550	55,540,647
Change in Net Position	9,438,387	5,318,361	1,327,272	55,584	10,765,659	5,373,945
Net Position Beginning of Year, Restated	(6,446,579)	(11,764,940)	(1,880,611)	(1,936,195)	(8,327,190)	(13,701,135)
Net Position End of Year	$2,991,808	($6,446,579)	($553,339)	($1,880,611)	$2,438,469	($8,327,190)

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs.

General revenues of governmental activities increased due to an increase in property taxes as a result of increased assessed property values. This increase was offset by a decrease in grants and entitlements and investment earnings. Total revenues of business-type activities increased due to operating grants and entitlements. Overall program expenses decreased from the prior fiscal year primarily due to the negative expenses related to the pension and OPEB plans. The pension expense in fiscal year 2021 was $6,130,049 and was ($348,850) in fiscal year 2022. The OPEB expense in fiscal year 2021 was ($186,501) and was ($267,291) in fiscal year 2022.

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2022 compared to 2021.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2022		2021	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	$27,156,754	$23,121,340	$31,849,636	$24,238,691
Support Services:				
Pupils and Instructional Staff	3,902,088	3,636,944	3,545,778	2,896,294
Board of Education, Administration Fiscal and Business	6,183,794	6,183,794	6,519,845	6,340,430
Operation and Maintenance of Plant	5,623,203	5,556,345	4,546,466	4,017,328
Pupil Transportation	3,834,519	3,245,381	4,203,440	4,107,359
Central	545,172	368,784	477,781	466,981
Extracurricular Activities	1,063,884	692,597	956,416	828,921
Operation of Food Service	104,669	99,078	115,494	115,494
Operation of Non-Instructional Services	15,034	15,034	327,297	327,297
Interest and Fiscal Charges	1,321,560	1,321,560	1,341,657	1,341,657
Total	$49,750,677	$44,240,857	$53,883,810	$44,680,452

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

Financial Analysis of the School District's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to an increase in available cash, accounts receivable, property taxes receivable and materials and supply inventories. The permanent improvement levy capital projects fund had an increase in fund balance largely due to a transfer from the general fund for future capital improvements in addition to revenues outpacing expenditures.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2022, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was lower than the actual revenue amount. The change was mainly attributed to an increase in intergovernmental revenues as well as an increase in property tax revenues as a better picture of actual receipts and awards became apparent.

The final budget appropriations were greater than the actual expenditures of the general fund. The change was attributed to lower spending than anticipated in regular and special instruction and support services expenditures.

Capital Assets and Long-term Liabilities

Capital Assets

Capital assets decreased from the prior year largely due to the sale of Hadden and Leroy elementary schools. The School District sold portions of land as well as the building and improvements associated with these school locations. The School District also replaced a number of schools buses in their fleet. The School District also had a number of additions to capital assets including, new buses and improvements to Parkside and Riverview elementary schools. For more information about the School District's capital assets, see Note 11 to the basic financial statements.

Other Long-term Obligations

The decrease in long-term obligations is due to a decrease in net pension liabilities as a result of the changes in assumptions during the fiscal year as well as another year of debt payments made. The School District's overall legal debt margin was $82,635,494 with an unvoted debt margin of $1,313,020. For more information about the School District's long-term obligations, see Note 13 to the basic financial statements.

School District Outlook

The School District recently completed five consecutive years of spending within current revenue on a cash basis, yielding an accumulated favorable ending fund balance at the end of fiscal year 2022. In November 2016, the School District passed a bond issue that raised $38.5 million for the purpose of building two new elementary schools that resulted in the decommissioning of Clyde C. Hadden, Hale Road, Leroy, and Madison Avenue elementary schools at the end of the 2018-2019 school year. In May 2017, the School District passed a new 4.90 mill operating levy to restore transportation services, restore elementary level programs, and reduce pay to participate fees. As of June 30, 2022, the School District has inside millage of 4.80 mills, cumulative levies of 33.10 mills through 1976, a 4.50 mill levy from 1980, a 4.90 mill levy from 1986, a 3.70 mill substitute levy from 2009, a 2.50 mill permanent improvement levy from 2016, a 1.35 mill debt service levy from 2016 and a 4.90 mill levy from 2017. Due to House Bill 920 passed in 1976, with the purpose of preventing inflation from increasing voted taxes, the total effective millage for collection year 2022 is 30.14 mills for residential property. The School District continues to closely monitor its finances and strategically plan for the financial future.

The State of Ohio's biennium budget for fiscal years 2022 and 2023 implemented a new funding formula. School districts are guaranteed to receive no less in funding during each year of the biennium than in fiscal year 2019. As a result of the new funding formula, the School District is considered a guarantee district and did not realize any additional base cost funding. Some increases in categorical funding such as transportation funding were realized, but these gains were fairly insignificant. The School District predicts that it will remain a guarantee district for the foreseeable future. As costs continue to rise, this will only continue to increase the burden of funding the School District on the local taxpayers.

The School District continues to address the challenging aspects of managing its limited resources and increasing expenditures with minimal impact to the classroom setting. The Board continues to assess the cost of personnel and benefits in a manner that is prudent for the long-term fiscal plan of the School District with a close eye on the levy cycle for local taxpayers. The Board of Education strategically plans to avoid voter fatigue by limiting any future levy requests, while providing a high quality education to the students of the Riverside Local School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Gary A. Platko, CPA, Treasurer/CFO, Riverside Local School District, 585 Riverside Drive, Painesville, Ohio 44077 or email at gary.platko@riversideschools.net.

Riverside Local School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$33,668,070	$1,063,922	$34,731,992
Accrued Interest Receivable	12,153	0	12,153
Accounts Receivable	11,501	6,700	18,201
Intergovernmental Receivable	436,941	394,106	831,047
Inventory Held for Resale	0	16,942	16,942
Materials and Supplies Inventory	212,546	10,419	222,965
Property Taxes Receivable	44,437,080	0	44,437,080
Lease Receivable	514,616	0	514,616
Net OPEB Asset	3,482,270	0	3,482,270
Nondepreciable Capital Assets	2,152,174	0	2,152,174
Depreciable Capital Assets, Net	49,202,639	70,426	49,273,065
Total Assets	134,129,990	1,562,515	135,692,505
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,364,963	0	1,364,963
Pension	11,297,320	145,510	11,442,830
OPEB	1,121,978	106,036	1,228,014
Total Deferred Outflows of Resources	13,784,261	251,546	14,035,807
Liabilities			
Accounts Payable	263,816	14,253	278,069
Accrued Wages and Benefits	4,832,184	113,906	4,946,090
Intergovernmental Payable	1,208,253	18,629	1,226,882
Accrued Interest Payable	340,913	0	340,913
Matured Compensated Absences Payable	143,359	0	143,359
Unearned Revenue	578	0	578
Long-Term Liabilities:			
Due Within One Year	736,035	16,455	752,490
Due in More Than One Year:			
Net Pension Liability (Note 19)	26,931,879	868,854	27,800,733
Net OPEB Liability (Note 20)	3,077,286	459,824	3,537,110
Other Amounts	40,801,883	75,570	40,877,453
Total Liabilities	78,336,186	1,567,491	79,903,677
Deferred Inflows of Resources			
Property Taxes	38,638,596	0	38,638,596
Leases	514,616	0	514,616
Pension	21,569,832	478,568	22,048,400
OPEB	5,863,213	321,341	6,184,554
Total Deferred Inflows of Resources	66,586,257	799,909	67,386,166
Net Position			
Net Investment in Capital Assets	13,853,015	70,426	13,923,441
Restricted for:			
Capital Projects	7,631,825	0	7,631,825
Debt Service	775,520	0	775,520
Unclaimed Monies	8,329	0	8,329
Other Purposes	1,425,821	0	1,425,821
Unrestricted (Deficit)	(20,702,702)	(623,765)	(21,326,467)
Total Net Position	$2,991,808	($553,339)	$2,438,469

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants
Governmental Activities				
Instruction:				
Regular	$21,266,318	$881,156	$1,016,292	$0
Special	5,467,546	147,419	1,626,095	0
Vocational	307,773	0	204,404	0
Student Intervention Services	115,117	0	160,048	0
Support Services:				
Pupils	3,220,382	0	25,149	0
Instructional Staff	681,706	0	239,995	0
Board of Education	26,821	0	0	0
Administration	4,930,230	0	0	0
Fiscal	1,189,877	0	0	0
Business	36,866	0	0	0
Operation and Maintenance of Plant	5,623,203	16,371	543	49,944
Pupil Transportation	3,834,519	1,900	587,238	0
Central	545,172	0	176,388	0
Extracurricular Activities	1,063,884	344,264	27,023	0
Operation of Non-Instructional Services:				
Food Service Operations	104,669	983	4,608	0
Other Non-Instructional Services	15,034	0	0	0
Interest and Fiscal Charges	1,321,560	0	0	0
Total Governmental Activities	49,750,677	1,392,093	4,067,783	49,944
Business-Type Activities				
Food Service	1,999,767	172,991	3,025,881	0
Latchkey	269,106	394,954	0	0
Total Business-Type Activities	2,268,873	567,945	3,025,881	0
Totals	$52,019,550	$1,960,038	$7,093,664	$49,944

General Revenues
Property Taxes Levied for:
General Purposes
Debt Service
Capital Outlay
Educational Programs and Services
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Contributions
Investment Earnings
Payment in Lieu of Taxes
Gain from Sale of Capital Assets
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net Revenue/(Expense) and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
($19,368,870)	$0	($19,368,870)
(3,694,032)	0	(3,694,032)
(103,369)	0	(103,369)
44,931	0	44,931
(3,195,233)	0	(3,195,233)
(441,711)	0	(441,711)
(26,821)	0	(26,821)
(4,930,230)	0	(4,930,230)
(1,189,877)	0	(1,189,877)
(36,866)	0	(36,866)
(5,556,345)	0	(5,556,345)
(3,245,381)	0	(3,245,381)
(368,784)	0	(368,784)
(692,597)	0	(692,597)
(99,078)	0	(99,078)
(15,034)	0	(15,034)
(1,321,560)	0	(1,321,560)
(44,240,857)	0	(44,240,857)
0	1,199,105	1,199,105
0	125,848	125,848
0	1,324,953	1,324,953
(44,240,857)	1,324,953	(42,915,904)
33,880,773	0	33,880,773
1,748,282	0	1,748,282
2,613,770	0	2,613,770
3,227,137	0	3,227,137
11,641,637	0	11,641,637
25,062	0	25,062
(335,538)	2,319	(333,219)
162,380	0	162,380
529,468	0	529,468
186,273	0	186,273
53,679,244	2,319	53,681,563
9,438,387	1,327,272	10,765,659
(6,446,579)	(1,880,611)	(8,327,190)
$2,991,808	($553,339)	$2,438,469

Riverside Local School District

Balance Sheet

Governmental Funds

June 30, 2022

	General	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$22,187,362	$7,275,478	$4,196,901	$33,659,741
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	8,329	0	0	8,329
Accounts Receivable	11,434	0	67	11,501
Intergovernmental Receivable	204,221	0	232,720	436,941
Lease Receivable	0	0	514,616	514,616
Property Taxes Receivable	36,476,199	2,732,734	5,228,147	44,437,080
Interfund Receivable	98,000	0	0	98,000
Accrued Interest Receivable	8,506	2,431	1,216	12,153
Materials and Supplies Inventory	212,546	0	0	212,546
Total Assets	$59,206,597	$10,010,643	$10,173,667	$79,390,907
Liabilities				
Accounts Payable	$224,189	$30,783	$8,844	$263,816
Accrued Wages and Benefits	4,169,606	0	662,578	4,832,184
Intergovernmental Payable	1,194,647	0	13,606	1,208,253
Interfund Payable	0	0	98,000	98,000
Matured Compensated Absences Payable	143,359	0	0	143,359
Unearned Revenue	0	0	578	578
Total Liabilities	5,731,801	30,783	783,606	6,546,190
Deferred Inflows of Resources				
Property Taxes	31,477,722	2,443,203	4,717,671	38,638,596
Leases	0	0	514,616	514,616
Unavailable Revenue	3,099,700	122,723	383,267	3,605,690
Total Deferred Inflows of Resources	34,577,422	2,565,926	5,615,554	42,758,902
Fund Balances:				
Nonspendable	220,875	0	0	220,875
Restricted	0	7,413,934	3,309,566	10,723,500
Committed	208,413	0	0	208,413
Assigned	901,623	0	716,325	1,617,948
Unassigned (Deficit)	17,566,463	0	(251,384)	17,315,079
Total Fund Balances	18,897,374	7,413,934	3,774,507	30,085,815
Total Liabilities, Deferred Inflows of Resources and Fund Balance	$59,206,597	$10,010,643	$10,173,667	$79,390,907

See accompanying notes to the basic financial statements

Riverside Local School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Funds Balances		$30,085,815
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,354,813
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	3,318,950	
Intergovernmental	169,720	
Tuition and Fees	111,041	
Extracurricular Activities	5,979	
Total		3,605,690
The net pension liability and net OPEB (asset) liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	3,482,270	
Deferred Outflows - Pension	11,297,320	
Deferred Outflows - OPEB	1,121,978	
Net Pension Liability	(26,931,879)	
Net OPEB Liability	(3,077,286)	
Deferred Inflows - Pension	(21,569,832)	
Deferred Inflows - OPEB	(5,863,213)	
Total		(41,540,642)
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.		(340,913)
Deferred Outflows of Resources includes deferred charges on refunding, which are not reported in the funds.		1,364,963
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(40,259,625)	
Compensated Absences	(1,228,293)	
Asset Retirement Obligation	(50,000)	
Total		(41,537,918)
Net Position of Governmental Activities		$2,991,808

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Permanent Improvement Levy	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$33,085,253	$2,623,739	$4,997,441	$40,706,433
Intergovernmental	11,974,481	49,944	4,327,377	16,351,802
Interest	(246,057)	(69,810)	(19,671)	(335,538)
Tuition and Fees	861,009	0	0	861,009
Extracurricular Activities	60,037	0	338,600	398,637
Lease	0	0	8,433	8,433
Rentals	6,994	0	0	6,994
Contributions and Donations	59,765	0	27,023	86,788
Payment in Lieu of Taxes	162,380	0	0	162,380
Miscellaneous	137,047	8,255	40,971	186,273
Total Revenues	46,100,909	2,612,128	9,720,174	58,433,211
Expenditures				
Current:				
Instruction:				
Regular	20,030,327	225,115	3,528,565	23,784,007
Special	4,146,020	9,483	1,279,309	5,434,812
Vocational	160,348	0	144,888	305,236
Student Intervention Services	0	0	114,189	114,189
Support Services:				
Pupils	2,998,367	7,796	153,202	3,159,365
Instructional Staff	442,204	0	266,020	708,224
Board of Education	26,605	0	0	26,605
Administration	5,123,925	43,687	153,385	5,320,997
Fiscal	1,134,139	28,942	19,111	1,182,192
Business	36,569	0	0	36,569
Operation and Maintenance of Plant	4,416,626	391,457	0	4,808,083
Pupil Transportation	4,350,042	573,037	432,441	5,355,520
Central	382,305	0	128,942	511,247
Extracurricular Activities	502,001	49,810	473,187	1,024,998
Operation of Non-Instructional Services:				
Food Service Operations	98,237	0	0	98,237
Other Non-Instructional Services	4,320	0	9,908	14,228
Capital Outlay	0	21,836	367,493	389,329
Debt Service:				
Principal Retirement	58,627	0	350,000	408,627
Interest and Fiscal Charges	21,456	0	1,354,542	1,375,998
Total Expenditures	43,932,118	1,351,163	8,775,182	54,058,463
Excess of Revenues Over (Under) Expenditures	2,168,791	1,260,965	944,992	4,374,748
Other Financing Sources (Uses)				
Sale of Capital Assets	19,468	0	510,000	529,468
Transfers In	0	1,650,000	83,845	1,733,845
Transfers Out	(1,733,845)	0	0	(1,733,845)
Total Other Financing Sources (Uses)	(1,714,377)	1,650,000	593,845	529,468
Net Change in Fund Balances	454,414	2,910,965	1,538,837	4,904,216
Fund Balances Beginning of Year	18,438,640	4,502,969	2,235,670	25,177,279
Fund Balances End of Year	$18,893,054	$7,413,934	$3,774,507	$30,081,495

See accompanying notes to the basic financial statements

Riverside Local School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$4,904,216
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
Capital Asset Additions	1,951,949	
Current Year Depreciation	(1,736,958)	
Total		214,991
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(918,959)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	763,529	
Intergovernmental	(654,164)	
Tuition and Fees	111,041	
Extracurricular Activities	5,979	
Total		226,385
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		408,627
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 governmental funds.		
Accrued Interest	771	
Accretion	(6,781)	
Amortization of Deferred Charge on Refunding	(53,528)	
Amortization of Bond Premiums	113,976	
Total		54,438
Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		3,179
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	3,853,604	
OPEB	116,618	
Total		3,970,222
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:		
Pension	309,638	
OPEB	261,330	
Total		570,968
Change in Net Position of Governmental Activities		$9,434,067

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$31,979,948	$33,069,207	$33,128,967	$59,760
Intergovernmental	11,715,041	12,093,088	12,104,811	11,723
Interest	27,078	28,000	66,488	38,488
Tuition and Fees	781,869	812,805	848,477	35,672
Rentals	5,802	6,000	6,994	994
Contributions and Donations	24,177	25,000	25,062	62
Payment in Lieu of Taxes	155,288	162,380	162,380	0
Miscellaneous	18,591	35,091	66,677	31,586
Total Revenues	44,707,794	46,231,571	46,409,856	178,285
Expenditures				
Current:				
Instruction:				
Regular	19,661,938	19,665,021	18,962,535	702,486
Special	4,497,801	4,497,706	4,193,848	303,858
Vocational	183,904	183,900	167,781	16,119
Support Services:				
Pupils	3,188,813	3,188,746	3,062,603	126,143
Instructional Staff	495,270	495,259	429,463	65,796
Board of Education	24,751	24,750	23,986	764
Administration	5,453,941	5,453,825	5,147,003	306,822
Fiscal	1,240,514	1,240,488	1,138,997	101,491
Business	40,189	40,188	36,992	3,196
Operation and Maintenance of Plant	4,746,311	4,746,210	4,459,574	286,636
Pupil Transportation	4,474,662	4,474,567	4,307,598	166,969
Central	425,839	425,830	398,351	27,479
Extracurricular Activities	534,701	534,689	490,478	44,211
Operation of Non-Instructional Services:				
Food Service Operations	85,702	85,700	84,992	708
Other Non-Instructional Services	4,800	4,800	4,746	54
Debt Service:				
Principal Retirement	58,628	58,627	58,627	0
Interest and Fiscal Charges	21,456	21,456	21,456	0
Total Expenditures	45,139,220	45,141,762	42,989,030	2,152,732
Excess of Revenues Over (Under) Expenditures	(431,426)	1,089,809	3,420,826	2,331,017
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	19,468	19,468
Advances In	1,826,858	1,889,082	1,889,082	0
Advances Out	0	0	(98,000)	(98,000)
Transfers Out	(1,980,042)	(1,980,000)	(1,988,847)	(8,847)
Total Other Financing Sources (Uses)	(153,184)	(90,918)	(178,297)	(87,379)
Net Change in Fund Balance	(584,610)	998,891	3,242,529	2,243,638
Fund Balance Beginning of Year	18,030,379	18,030,379	18,030,379	0
Prior Year Encumbrances Appropriated	368,262	368,262	368,262	0
Fund Balance End of Year	$17,814,031	$19,397,532	$21,641,170	$2,243,638

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Fund Net Position
Enterprise Funds
June 30, 2022

	Food Service	Nonmajor Enterprise Funds	Total Enterprise Funds
Assets			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	$938,428	$125,494	$1,063,922
Accounts Receivable	80	6,620	6,700
Intergovernmental Receivable	394,106	0	394,106
Inventory Held for Resale	16,942	0	16,942
Materials and Supplies Inventory	10,419	0	10,419
Total Current Assets	1,359,975	132,114	1,492,089
Noncurrent Assets:			
Depreciable Capital Assets, Net	70,426	0	70,426
Total Assets	1,430,401	132,114	1,562,515
Deferred Outflows of Resources			
Pension	100,736	44,774	145,510
OPEB	76,180	29,856	106,036
Total Deferred Outflows of Resources	176,916	74,630	251,546
Liabilities			
Current Liabilities:			
Accounts Payable	13,317	936	14,253
Accrued Wages and Benefits	111,491	2,415	113,906
Intergovernmental Payable	18,594	35	18,629
Compensated Absences Payable	0	16,455	16,455
Total Current Liabilities	143,402	19,841	163,243
Long-Term Liabilities (net of current portion):			
Compensated Absences Payable	58,335	17,235	75,570
Net Pension Liability	601,514	267,340	868,854
Net OPEB Liability	318,340	141,484	459,824
Total Long-Term Liabilities	978,189	426,059	1,404,248
Total Liabilities	1,121,591	445,900	1,567,491
Deferred Inflows of Resources			
Pension	331,317	147,251	478,568
OPEB	222,464	98,877	321,341
Total Deferred Inflows of Resources	553,781	246,128	799,909
Net Position			
Investment in Capital Assets	70,426	0	70,426
Unrestricted (Deficit)	(138,481)	(485,284)	(623,765)
Total Net Position	($68,055)	($485,284)	($553,339)

See accompanying notes to the basic financial statements

Riverside Local School District
Statement of Revenues,
Expenses and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2022

	Food Service	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating Revenues			
Charges for Services	$172,991	$394,954	$567,945
Operating Expenses			
Salaries	627,085	218,115	845,200
Fringe Benefits	235,772	25,630	261,402
Purchased Services	49,498	11,465	60,963
Materials and Supplies	1,053,183	13,896	1,067,079
Depreciation	22,910	0	22,910
Total Operating Expenses	1,988,448	269,106	2,257,554
Operating Income (Loss)	(1,815,457)	125,848	(1,689,609)
Non-Operating Revenues (Expenses)			
Operating Grants	3,025,881	0	3,025,881
Loss on Sale of Capital Assets	(11,319)	0	(11,319)
Interest	1,947	372	2,319
Total Non-Operating Revenues (Expenses)	3,016,509	372	3,016,881
Change in Net Position	1,201,052	126,220	1,327,272
Net Position Beginning of Year	(1,269,107)	(611,504)	(1,880,611)
Net Position End of Year	($68,055)	($485,284)	($553,339)

See accompanying notes to the basic financial statements

Riverside Local School District

Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2022

	Food Service	Nonmajor Enterprise Funds	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	$173,330	$391,352	$564,682
Cash Payments to Employees for Services	(616,017)	(216,167)	(832,184)
Cash Payments for Employee Benefits	(359,253)	(81,987)	(441,240)
Cash Payments to Suppliers for Goods and Services	(1,099,258)	(24,425)	(1,123,683)
Net Cash Provided by (Used for) Operating Activities	(1,901,198)	68,773	(1,832,425)
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	2,810,547	0	2,810,547
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(20,208)	0	(20,208)
Cash Flows from Investing Activities			
Interest on Investments	1,947	372	2,319
Net Increase (Decrease) in Cash and Cash Equivalents	891,088	69,145	960,233
Cash and Cash Equivalents Beginning of Year	47,340	56,349	103,689
Cash and Cash Equivalents End of Year	$938,428	$125,494	$1,063,922
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	($1,815,457)	$125,848	($1,689,609)
Adjustments:			
Depreciation	22,910	0	22,910
(Increase) Decrease in Assets:			
Accounts Receivable	339	(3,602)	(3,263)
Inventory Held for Resale	(2,728)	0	(2,728)
Materials and Supplies Inventory	(2,901)	0	(2,901)
Deferred Outflow - Pension	28,804	12,802	41,606
Deferred Outflow - OPEB	22,343	9,110	31,453
Increase (Decrease) in Liabilities:			
Accounts Payable	9,052	(161)	8,891
Accrued Wages	4,855	(645)	4,210
Compensated Absences Payable	6,213	3,655	9,868
Intergovernmental Payable	1,476	35	1,511
Net Pension Liability	4,053	1,801	5,854
Net OPEB Liability	21,872	9,721	31,593
Deferred Inflow - Pension	(148,017)	(65,786)	(213,803)
Deferred Inflow - OPEB	(54,012)	(24,005)	(78,017)
Total Adjustments	(85,741)	(57,075)	(142,816)
Net Cash Provided by (Used for) Operating Activities	($1,901,198)	$68,773	($1,832,425)

See accompanying notes to the basic financial statements

Note 1 - Description of the School District and Reporting Entity

Riverside Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a five-member elected Board of Education and is responsible for the provision of public education to residents of the School District. The School District is located in Lake County.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and Federal agencies. The Board of Education controls the School District's four elementary schools, middle school, junior high school and high school staffed by 215 classified employees and 298 certificated employees who provide services to 4,259 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in two jointly governed organizations, a claims servicing pool and a risk sharing pool. The organizations are the Lake Geauga Computer Association, the Ohio Schools' Council Association, the Health Care Benefits Program of Lake County Schools Council and Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. These statements distinguish between those activities of the School District that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The various funds of the School District are grouped into the categories governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

> ***General Fund*** The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Permanent Improvement Levy Fund*** The permanent improvement levy capital projects fund accounts for and reports property tax revenues restricted for various capital improvement projects at the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The School District only has enterprise funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District accounts for three enterprise funds. The food services fund is the School District's only major enterprise fund.

Food Service Fund The food service fund accounts for charges for services and operating grants for the food service operations of the School District.

The other enterprise funds account for charges for services for the adult education program and the latchkey program.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 9). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for the deferred charges on refundings, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 19 and 20.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, leases, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees and extracurricular fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 19 and 20).

Pensions/Other Postemployment Benefits (OPEB) For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2022, investments were limited to STAR Ohio, Money Market Funds, Negotiable CD's, Treasury Notes, Commercial Paper, Municipal Bonds, Federal Farm Credit Bank Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, and Federal Home Loan Mortgage Corporation Notes.

Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices, with the exception of certificates of deposit, which are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transactions to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to ($246,057), of which ($31,629) was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund are for unclaimed funds.

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 - 40 years	N/A
Building and Improvements	10 - 80 years	10 - 80 years
Furniture and Fixtures	5 - 10 years	5 - 10 years
Vehicles	10 - 15 years	N/A

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees at least fifty-five years of age with at least ten years of service.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds; however, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as interfund balances.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2023 budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for extracurricular activities, special instruction grants, limited English proficiency, and support services grants.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for food service, adult education and latchkey programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums

On the government-wide financial statements, bond premiums are amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Note 3 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principles

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements. The School District recognized $443,850 in leases receivable at July 1, 2021; however, this entire amount was offset by the deferred inflows related to leases.

The School District is also implementing *Implementation Guide No. 2020-1,* GASB Statement No. 92 – *Omnibus 2020, and* GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants resulting in a restatement of governmental activities net position in the amount of ($794,226) from ($5,652,353) to ($6,446,579) at July 1, 2021.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Investments are reported at cost (budget) rather than fair value (GAAP).

3. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

4. Advances in/out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).

6. Budgetary revenues and expenditures of the public school support fund and termination benefits fund are classified to general fund for GAAP Reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	$458,734
Net Adjustment for Revenue Accruals	(385,710)
Advances In	1,889,082
Beginning Fair Value Adjustment for Investments	(6,135)
Ending Fair Value Adjustment for Investments	323,519
Perspective Difference:	
Public School Support	(26,838)
Termination Benefits	68,300
Net Adjustment for Expenditure Accruals	1,543,487
Advances Out	(98,000)
Encumbrances	(523,910)
Budget Basis	$3,242,529

Note 5 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Permanent Improvement Levy	Other Governmental Funds	Total
Nonspendable				
Materials and Supplies Inventory	$212,546	$0	$0	$212,546
Unclaimed Monies	8,329	0	0	8,329
Total Nonspendable	220,875	0	0	220,875
Restricted for				
Capital Projects	0	7,413,934	95,168	7,509,102
Debt Service	0	0	1,832,446	1,832,446
Other Purposes:				
Athletics and Music	0	0	111,195	111,195
Student Activity	0	0	69,948	69,948
Early Literacy Reading	0	0	23,196	23,196
Student Wellness	0	0	28,230	28,230
Joint Financing District	0	0	1,149,383	1,149,383
Total Restricted	$0	$7,413,934	$3,309,566	$10,723,500

(continued)

Fund Balances	General	Permanent Improvement Levy	Other Governmental Funds	Total
Committed to				
Educational Services	$208,413	$0	$0	$208,413
Assigned to				
Capital Projects	0	0	716,325	716,325
Public School Support	102,247	0	0	102,247
Purchases on Order:				
Support Services	168,250	0	0	168,250
Fiscal Year 2023 Appropriations	631,126	0	0	631,126
Total Assigned	901,623	0	716,325	1,617,948
Unassigned (Deficit)	17,566,463	0	(251,384)	17,315,079
Total Fund Balances	$18,897,374	$7,413,934	$3,774,507	$30,085,815

Note 6 – Accountability

Fund balances at June 30, 2022, included the following individual fund deficits:

Special Revenue Funds	
Title VI-B	$113,779
Title I	38,136
ESSER	11,239
Title II-A	6,566
Miscellaneous Federal Grants	81,664

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 7 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2022, $803,663 of the School District's total bank balance of $1,867,527 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value. As of June 30, 2022, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value Per Share				
STAR Ohio	$18,738,648	Average 35.3 Days	AAAm	N/A
Fair Value - Level One Inputs				
Money Market Fund	9,089	Less than One Year	AA+	N/A
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposit	1,207,516	Less than Two Years	AA+	N/A
Treasury Note	1,252,699	Less than Five Years	N/A	N/A
Commercial Paper	5,645,735	Less than One Year	AA+	16.95 %
Municipal Bonds	1,613,276	Less than Six Years	AA+	N/A
Federal Farm Credit Bank Bonds	1,217,324	Less than Four Years	AA+	N/A
Federal National Mortgage Association Bonds	242,735	Less than Two Years	AA+	N/A
Federal Home Loan Bank Bonds	3,169,218	Less than Four Years	AA+	9.51
Federal Home Loan Mortgage Corporation Notes	216,493	Less than Two Years	AA+	N/A
Total Fair Value - Level Two Inputs	14,564,996			
Total Investments	$33,312,733			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is 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 other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the School District's investments in a single issuer. The School District's investment policy requires diversification of the portfolio, but only states that the Treasurer shall diversify use of investment instruments to avoid incurring unreasonable risks inherent in overinvesting in specific instruments, individual institutions or maturities.

Note 8 - Receivables

Receivables at June 30, 2022 consisted of property taxes, intergovernmental receivables arising from entitlements, leases and tuition and fees. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. All receivables except property taxes and leases, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
Governmental Activities:	
State of Ohio	$153,371
Title VI-B Grant	113,779
ESC of the Western Reserve	63,000
Title I Grant	38,136
Medicaid Rebate	26,073
Painesville City School District	12,607
Lake County Health District Consortium	11,807
ESSER Grant	11,239
Title II-A Grant	6,566
Lake County Auditor	363
Total	$436,941
Business-Type Activities:	
State of Ohio	$394,106

Leases Receivable

The School District is reporting leases receivable of $514,616 in the capital improvement capital projects fund at June 30, 2022. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For 2022, the School District recognized lease revenue of $8,433 and interest revenue of $13,767 in the capital improvement capital projects fund related to lease payments received. The School District has entered into a lease agreement for cell towers with American Tower. The lease commenced on September 21, 2018 for 25 years ending in 2043 with payments made monthly.

A summary of future lease revenue is as follows:

	Capital Improvement	
Fiscal Year	Principal	Interest
2023	$9,119	$14,281
2024	11,485	14,007
2025	13,259	13,651
2026	13,634	13,276
2027	14,021	12,889
2028-2032	91,545	57,521
2033-2037	129,195	42,230
2038-2042	176,081	21,058
2043-2044	56,277	1,178
	$514,616	$190,091

Note 9 – Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Lake County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2022, was $2,015,797 in the general fund, $185,405 in the joint financing district special revenue fund, $111,524 in the bond retirement fund and $166,808 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2021, was $4,224,173 in the general fund, $328,366 in the joint financing district special revenue fund, $204,459 in the bond retirement fund and $302,948 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2022 taxes were collected are as follows:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$1,082,511,370	95.37%	$1,260,402,300	95.99%
Public Utility Personal	52,549,810	4.63	52,617,480	4.01
Total	$1,135,061,180	100.00%	$1,313,019,780	100.00%
Full Tax Rate per $1,000 of assessed valuation	$60.44		$59.75	

Note 10 - Tax Abatements

School District property taxes were reduced by $65,337 under various community reinvestment act agreements entered into by the City of Painesville.

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities				
Capital Assets not being Depreciated:				
Land	$2,152,174	$0	$0	$2,152,174
Capital assets being Depreciated:				
Land Improvements	3,822,518	43,730	(77,297)	3,788,951
Buildings and Improvements	56,325,768	392,768	(2,484,668)	54,233,868
Furniture and Fixtures	3,306,025	97,120	(193,306)	3,209,839
Vehicles	6,233,045	1,418,331	(1,086,888)	6,564,488
Total Capital Assets being Depreciated	$69,687,356	$1,951,949	($3,842,159)	$67,797,146

(continued)

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental Activities *(continued)*				
Less Accumulated Depreciation:				
Land Improvements	($2,206,440)	($133,462)	$75,222	($2,264,680)
Buildings and Improvements	(10,898,205)	(1,006,590)	1,595,742	(10,309,053)
Furniture and Fixtures	(2,779,680)	(171,050)	165,792	(2,784,938)
Vehicles	(3,896,424)	(425,856)	1,086,444	(3,235,836)
Total Accumulated Depreciation	(19,780,749)	(1,736,958)	2,923,200	(18,594,507)
Depreciable Capital Assets, Net of Accumulated Depreciation	49,906,607	214,991	(918,959)	49,202,639
Governmental Activities Capital Assets, Net	$52,058,781	$214,991	($918,959)	$51,354,813
Business-Type Activities				
Buildings and Improvements	$22,600	$0	($22,600)	$0
Furniture and Fixtures	531,261	20,208	(13,507)	537,962
Total Capital Assets being Depreciated	553,861	20,208	(36,107)	537,962
Less Accumulated Depreciation:				
Buildings and Improvements	(12,618)	(188)	12,806	0
Furniture and Fixtures	(456,796)	(22,722)	11,982	(467,536)
Total Accumulated Depreciation	(469,414)	(22,910)	24,788	(467,536)
Business-Type Activities Capital Assets, Net	$84,447	($2,702)	($11,319)	$70,426

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	$147,329
Special	46
Support Services	
Administration	42,483
Operation and Maintenance of Plant	1,032,269
Pupil Transportation	397,203
Central	29,531
Operation of Food Service	75,132
Extracurricular Activities	12,965
Total Depreciation Expense	$1,736,958

Note 12 – Lake County School Financing District

The Board of Education of the ESC of The Western Reserve (formerly Lake County Educational Service Center) has, by a resolution adopted February 6, 1990, pursuant to Section 3311.50 of the Ohio Revised Code, created a county school financing district known as the Lake County School Financing District (the "Financing District") for the purpose of levying taxes for the provision of the following specified educational programs and services by the school districts that are part of the Financing District: the provision of necessary personnel, materials, supplies and transportation for instruction in language arts, social studies, mathematics, fine and practical arts, health and physical education, science and business education.

The Board of Education of the ESC of The Western Reserve (formerly Lake County Educational Service Center) acts as the taxing authority of the Financing District pursuant to Section 3311.50 of the Ohio Revised Code. The Financing District receives settlements of taxes levied and distributes them within ten days to each of the member school district's proportionate share of that tax settlement. Each member district's proportionate share is a fraction, the numerator being the member district's assessed property tax valuation of all member districts as of that date.

Property taxes collected by the Financing District available to the School District at June 30 are recorded in the same manner and included with property taxes receivable. Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The current Joint Financing District levy will expire December 31, 2025.

Note 13 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2022 were as follows:

	Principal Outstanding June 30, 2021	Additions	Deductions	Principal Outstanding June 30, 2022	Amount Due in One Year
Business-Type Activities					
Net Pension Liability					
SERS	$1,566,384	$0	($697,530)	$868,854	$0
Net OPEB Liability					
SERS	535,391	0	(75,567)	459,824	0
Compensated Absences	82,157	24,414	(14,546)	92,025	16,455
Total Business-Type Activities Long-Term Liabilities	$2,183,932	$24,414	($787,643)	$1,420,703	$16,455

	Principal Outstanding June 30, 2021	Additions	Deductions	Principal Outstanding June 30, 2022	Amount Due in One Year
Governmental Activities					
2017 School Construction and Improvement Bonds					
Series A & B					
Term Bonds	$15,315,000	$0	($25,000)	$15,290,000	$30,000
Premium	522,304	0	(15,827)	506,477	0
Series C					
Serial Bonds	2,580,000	0	(140,000)	2,440,000	160,000
Term Bonds	5,845,000	0	0	5,845,000	0
Premium	300,696	0	(17,688)	283,008	0
Total 2017 School Construction and Improvement Bonds	24,563,000	0	(198,515)	24,364,485	190,000
2019 Taxable Refunding Bonds					
Serial Bonds	1,925,000	0	(185,000)	1,740,000	195,000
Term Bonds	11,250,000	0	0	11,250,000	0
CAB Bonds	250,000	0	0	250,000	0
Accretion on Bonds	42,866	6,781	0	49,647	0
Premium	2,132,222	0	(80,461)	2,051,761	0
Total 2019 Taxable Refunding Bonds	15,600,088	6,781	(265,461)	15,341,408	195,000
2015 School Energy Conservation Improvement Bonds 3.68%	612,359	0	(58,627)	553,732	60,784
Total General Obligation Bonds	40,775,447	6,781	(522,603)	40,259,625	445,784
Other Long-term Obligations					
Net Pension Liability					
STRS	38,813,280	0	(17,696,040)	21,117,240	0
SERS	10,482,724	0	(4,668,085)	5,814,639	0
Total Net Pension Liability	49,296,004	0	(22,364,125)	26,931,879	0
Net OPEB Liability					
SERS	3,582,984	0	(505,698)	3,077,286	0
Compensated Absences	1,231,472	296,532	(299,711)	1,228,293	290,251
Asset Retirement Obligation	50,000	0	0	50,000	0
Total Other Long-term Obligations	54,160,460	296,532	(23,169,534)	31,287,458	290,251
Total Governmental Activities Long-Term Liabilities	$94,935,907	$303,313	($23,692,137)	$71,547,083	$736,035

On April 5, 2017, the School District issued $29,395,000 in general obligation bonds which included serial and term bonds in the amounts of $330,000 and $29,065,000, respectively. The general obligation bonds were issued for the purpose of school construction and improvement. The bonds were issued for a thirty-seven year period with a final maturity at October 1, 2053. The bonds will be retired from the bond retirement fund. As of June 30, 2022, all proceeds have been spent.

On April 20, 2017, the School District issued $9,105,000 in general obligation bonds which included serial and term bonds in the amounts of $3,260,000 and $5,845,000, respectively. The general obligation bonds were issued for the purpose of school construction and improvement. The bonds were issued for a twenty-one year period with a final maturity at October 1, 2037. The bonds will be retired from the bond retirement fund.

The term bonds mature on October 1, 2022, 2024, 2027, 2032, 2037 and 2053, and are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus interest accrued to the redemption date, on October 1 in the years and in the respective principal amounts as follows:

	Issue			
Year	$5,000	$110,000	$25,000	$195,000
2022	$0	$25,000	$0	$0
2023	0	35,000	5,000	0
2024	0	0	5,000	0
2025	0	0	5,000	55,000
2026	0	0	5,000	65,000
Total Mandatory Sinking Fund Payments	0	60,000	20,000	120,000
Amount Due at Stated Maturity	5,000	50,000	5,000	75,000
Total	$5,000	$110,000	$25,000	$195,000
Stated Maturity	10/1/2022	10/1/2024	10/1/2027	10/1/2027

	Issue		
Year	$555,000	$880,000	$5,845,000
2028	$85,000	$0	$0
2029	100,000	0	520,000
2030	115,000	0	555,000
2031	120,000	0	580,000
2032	0	0	615,000
2033	0	155,000	655,000
2034	0	165,000	685,000
2035	0	175,000	715,000
2036	0	185,000	745,000
Total Mandatory Sinking Fund Payments	420,000	680,000	5,070,000
Amount Due at Stated Maturity	135,000	200,000	775,000
Total	$555,000	$880,000	$5,845,000
Stated Maturity	10/1/2032	10/1/2037	10/1/2037

	Issue	
Year	$10,765,000	$2,755,000
2048	$1,580,000	$400,000
2049	1,655,000	425,000
2050	1,745,000	445,000
2051	1,835,000	470,000
2052	1,925,000	495,000
Total Mandatory Sinking Fund Payments	8,740,000	2,235,000
Amount Due at Stated Maturity	2,025,000	520,000
Total	$10,765,000	$2,755,000
Stated Maturity	10/1/2053	10/1/2053

On December 30, 2019, the School District issued $13,720,000 in general obligation bonds which included serial, term and capital appreciation bonds in the amounts of $2,220,000, $11,250,000 and $250,000, respectively. The general obligation bonds were issued for the purpose of refunding a portion of bonds previously issued in fiscal year 2017 for school construction and improvement. The bonds were issued with interest rates varying from 3 to 15.5 percent. The bonds were issued for a twenty-seven year period with a final maturity at October 1, 2047. The bonds will be retired from the bond retirement fund.

The capital appreciation bonds were originally sold at a discount of $5,405,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is fiscal year 2043.

The maturity amount of outstanding capital appreciation bonds is $5,655,000. The accretion recorded for fiscal year 2022 was $6,781, resulting in a total outstanding bond liability of $299,647.

Net proceeds of $15,738,306 (including a $2,252,914 premium and after payment of $234,608 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2017 various purpose bonds. As a result, $14,239,523 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the School's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements.

The term bonds mature on October 1, 2034, 2038 and 2047, and are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus interest accrued to the redemption date, on October 1 in the years and in the respective principal amounts as follows:

Year	Issue $1,395,000	Issue $1,690,000	Issue $8,165,000
2030	$255,000	$0	$0
2031	260,000	0	0
2032	270,000	0	0
2033	295,000	0	0
2034	0	0	0
2035	0	340,000	0
2036	0	360,000	0
2037	0	380,000	0
2043	0	0	1,470,000
2044	0	0	1,550,000
2045	0	0	1,630,000
2046	0	0	1,715,000
Total Mandatory Sinking Fund Payments	1,080,000	1,080,000	6,365,000
Amount Due at Stated at Maturity	315,000	610,000	1,800,000
Total	$1,395,000	$1,690,000	$8,165,000
Stated Maturity	10/1/2034	10/1/2038	10/1/2047

On February 2, 2015, the School District issued $928,500 in school energy conservation improvement bonds for the purpose of energy improvements throughout the School District. The primary source of repayment of this obligation is through energy savings as a result of the improvements. The improvements were not capitalized. The bonds were issued for a 15 year period with a final maturity of December 1, 2029. The bonds will be repaid from the general fund.

The overall debt margin of the School District as of June 30, 2022, was $82,635,494 with an unvoted debt margin of $1,313,020. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2022, are as follows:

	General Obligation Bonds					
Fiscal Year	Serial		Term		Capital Appreciation	
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2023	$415,784	$175,163	$30,000	$1,184,137	$0	$0
2024	438,021	159,767	40,000	1,183,087	0	0
2025	635,340	140,024	55,000	1,181,672	0	0
2026	662,744	115,831	60,000	1,179,937	0	0
2027	710,238	90,206	70,000	1,177,986	0	0
2028 - 2032	1,871,605	102,120	2,670,000	5,778,796	0	0
2033 - 2037	0	0	5,810,000	5,050,084	0	0
2038 - 2042	0	0	1,965,000	4,276,982	195,000	4,015,000
2043 - 2047	0	0	6,365,000	3,764,579	55,000	1,390,000
2048 - 2052	0	0	10,355,000	2,074,789	0	0
2053 - 2054	0	0	4,965,000	201,100	0	0
Total	$4,733,732	$783,111	$32,385,000	$27,053,149	$250,000	$5,405,000

The asset retirement obligations will be paid from the general fund. Compensated absences will be paid from the general fund, joint financing district, title I, title VI-B and improving teacher quality special revenue funds and the food service and latchkey enterprise funds. The capital leases were repaid from the general fund and the permanent improvement levy capital projects fund. There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB plan contributions are made from the following funds: general fund and food service and latchkey enterprise funds. For additional information related to the net pension liability and net OPEB liability see Notes 19 and 20, respectively.

Note 14 - Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2022, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Elementary/Secondary School Emergency Relief	$16,000
Miscellaneous Federal Grants	82,000
Total	$98,000

The interfund payables are advances for grant monies that were not received by fiscal year end and were to support programs and projects in the special revenue funds. Advances will be repaid within one year.

Interfund Transfers

The general fund made transfers to the permanent improvement levy capital projects fund in the amount of $1,650,000 and other governmental funds in the amount of $83,845 to support future projects and to move unrestricted balances to support programs accounted for in other funds.

Note 15 - Jointly Governed Organizations

Lake Geauga Computer Association The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its twenty-two member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The Board exercises total control over operations of the LGCA including the budgetary, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2022, the School District paid $234,718 to the LGCA. Financial information can be obtained from: Lake Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

Ohio Schools' Council Association The Ohio Schools' Council Association (Council) is a jointly governed organization among 274 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The degree of control exercised by any participating school district is limited to its representation on the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Council including budgetary, appropriating, contracting and designating management. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2022, the School District paid $79,577 to the Ohio Schools' Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools' Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program. The Council provides over 250 school districts in the Ohio Edison, The Illuminating Company, Toledo Edison, Duke Energy and AEP Ohio Power service areas the ability to purchase electricity at reduced rates. The Council's current program, Power 4 Schools, provides for a fixed per kilowatt-hour for electricity generation until December 2023.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy serves as the new supplier and program manager for the period from July 1, 2019 through June 30, 2023. There are currently 178 participants in the program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 16 – Claims Servicing Pool

The School District participates in the Health Care Benefits Program of Lake County Schools Council (the Program), a claims servicing pool comprised of an education service center, community college, one Cuyahoga County school district and eight Lake County school districts. Each school district has a representative on the assembly (usually the superintendent or designee). Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five member Board of Directors elected by the Program's assembly. The assembly elects officers for one year terms to serve on the Board of Directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claim flow. The program is operated as a full indemnity program with no financial liability (other than the monthly premiums) or risk to the School District. The Council shall pay the run out of all claims for a withdrawing member. Any member that withdraws from the Council pursuant to the Council Agreement shall have no claim to the Council's assets. Financial information can be obtained from Lew Galante, Treasurer, Perry Local School District, 4325 Manchester Road.

Note 17 – Risk Sharing Pool

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 130 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Note 18 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through Schools of Ohio Risk Sharing Authority (Note 17).

Type of Coverage	Coverage Amount
Property - Building, Business Personal	
and Equipment Breakdown	$158,524,440
Crime Coverage per occurrence	1,000,000
Unintentional Errors and Omissions	1,000,000
Utility Service Direct Damage	500,000
Valuable Papers	1,000,000
General Liability:	
Bodily Injury and Property Damage	15,000,000
Personal Injury	15,000,000
Products/Completed Operations	15,000,000
Automobile Bodily Injury	15,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Employee Medical Coverage

The School District has elected to provide medical coverage through premium payments to the Health Care Benefits Program of Lake County Schools Council (See Note 16).

Note 19 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 20 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $977,937 for fiscal year 2022. Of this amount $117,131 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $3,002,798 for fiscal year 2022. Of this amount $494,477 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.181138700%	0.165160390%	
Prior Measurement Date	0.182170000%	0.160409040%	
Change in Proportionate Share	-0.001031300%	0.004751350%	
Proportionate Share of the Net Pension Liability	$6,683,493	$21,117,240	$27,800,733
Pension Expense	($301,631)	($47,219)	($348,850)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$645	$652,421	$653,066
Changes of assumptions	140,735	5,858,301	5,999,036
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	809,993	809,993
School District contributions subsequent to the measurement date	977,937	3,002,798	3,980,735
Total Deferred Outflows of Resources	$1,119,317	$10,323,513	$11,442,830
Deferred Inflows of Resources			
Differences between expected and actual experience	$173,330	$132,362	$305,692
Net difference between projected and actual earnings on pension plan investments	3,442,194	18,199,019	21,641,213
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	65,772	35,723	101,495
Total Deferred Inflows of Resources	$3,681,296	$18,367,104	$22,048,400

$3,980,735 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($897,283)	($2,777,516)	($3,674,799)
2024	(767,659)	(2,300,273)	(3,067,932)
2025	(818,430)	(2,547,966)	(3,366,396)
2026	(1,056,544)	(3,420,634)	(4,477,178)
Total	($3,539,916)	($11,046,389)	($14,586,305)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, 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 substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$11,119,690	$6,683,493	$2,942,253

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.

Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$39,544,687	$21,117,240	$5,546,087

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Note 20 – Defined Benefit OPEB Plans

See note 19 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was $125,628.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $125,628 for fiscal year 2022. Of this amount $125,628 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.186893300%	0.165160390%	
Prior Measurement Date	0.189496300%	0.160409040%	
Change in Proportionate Share	-0.002603000%	0.004751350%	
Proportionate Share of the:			
Net OPEB Liability	$3,537,110	$0	$3,537,110
Net OPEB (Asset)	$0	($3,482,270)	($3,482,270)
OPEB Expense	($8,735)	($258,556)	($267,291)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$37,703	$123,992	$161,695
Changes of assumptions	554,889	222,433	777,322
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	153,755	9,614	163,369
School District contributions subsequent to the measurement date	125,628	0	125,628
Total Deferred Outflows of Resources	$871,975	$356,039	$1,228,014
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,761,640	$638,015	$2,399,655
Changes of assumptions	484,377	2,077,429	2,561,806
Net difference between projected and actual earnings on OPEB plan investments	76,845	965,225	1,042,070
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	149,003	32,020	181,023
Total Deferred Inflows of Resources	$2,471,865	$3,712,689	$6,184,554

$125,628 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($369,043)	($966,485)	($1,335,528)
2024	(369,582)	(942,327)	(1,311,909)
2025	(399,344)	(911,386)	(1,310,730)
2026	(349,973)	(403,354)	(753,327)
2027	(179,531)	(136,667)	(316,198)
Thereafter	(58,045)	3,569	(54,476)
Total	($1,725,518)	($3,356,650)	($5,082,168)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, 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 substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 19.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the Single Equivalent Interest Rate (SEIR) for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	$4,382,906	$3,537,110	$2,861,426

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$2,723,284	$3,537,110	$4,624,129

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 19.

Discount Rate The discount rate used to measure the total OPEB liability (asset) was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability (asset) as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	$2,938,499	$3,482,270	$3,936,512

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$3,918,106	$3,482,270	$2,943,322

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

Note 21 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers and most administrators do not earn vacation. The maximum vacation accumulation for classified employees is 10 days. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Teachers and administrators can accumulate sick leave up to a maximum of 300 days and classified staff up to a maximum of 269 days. Upon retirement and having been employed by the School District for at least ten years, all employees receive payment for one-fourth of the total sick leave accumulation, up to a maximum of 67.25 days for classified employees and 62 days for certificated employees.

Early Retirement Incentive

The School District offered an early retirement incentive during fiscal year 2022. The incentive was available to all eligible State Teachers Retirement System (STRS) members enrolled in the Defined Benefit Plan. The School District limits the number of people for whom it purchases retirement incentive credit to not more than five percent of its employees who are STRS members enrolled in the Defined Benefit Plan on January 1, 2022. The School District did not have any employees qualify for the incentive in fiscal year 2022.

Note 22 - Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2022 have been finalized.

Litigation

The School District is not a party to legal proceedings.

Note 23 - Set Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvements
Set Aside Balance as of June 30, 2021	$0
Current Year Set-aside Requirement	754,697
Current Year Offsets	(2,679,047)
Qualifying Disbursements	(295,886)
Total	($2,220,236)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set Aside Balance as of June 30, 2022	$0

Although the School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 24 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and it facilitates effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds		**Enterprise Funds**	
General	$523,910	Food Service	$15,935
Permanent Improvement Levy	752,238	Latchkey	27,846
Other Governmental Funds	105,782	*Total Enterprise Funds*	$43,781
Total Governmental Funds	$1,381,930		

Contractual Commitments

At June 30, 2022, the School District's significant contractual commitments consisted of a contract with S.A. Comunale Co, Inc. in the amount of $374,280 for a boiler replacement at LaMuth Middle School. As of June 30, 2022, nothing has been paid on the project.

All of the remaining commitment amounts were encumbered at fiscal year-end.

Note 25 –Asset Retirement Obligations

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations,* provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of $50,000 associated with the School District's underground storage tanks was estimated by the School District. The UST is fully depreciated. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 26 –COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Riverside Local School District, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.181138700%	0.182170000%	0.183345800%
School District's Proportionate Share of the Net Pension Liability	$6,683,493	$12,049,108	$10,969,900
School District's Covered Payroll	$6,213,029	$6,413,721	$6,307,741
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	107.57%	187.86%	173.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.190173000%	0.174856200%	0.185386000%	0.188972900%	0.184243000%	0.184243000%
$10,891,560	$10,447,270	$13,568,545	$10,782,979	$9,324,433	$10,956,340
$6,134,570	$5,899,457	$5,961,186	$5,707,879	$5,353,725	$5,251,046
177.54%	177.09%	227.61%	188.91%	174.17%	208.65%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Riverside Local School District, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.186893300%	0.189496300%	0.187844500%
School District's Proportionate Share of the Net OPEB Liability	$3,537,110	$4,118,375	$4,723,895
School District's Covered Payroll	$6,213,029	$6,413,721	$6,307,741
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.93%	64.21%	74.89%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information

2019	2018	2017
0.192211200%	0.177661600%	0.187735100%
$5,332,459	$4,767,970	$5,351,145
$6,134,570	$5,899,457	$5,961,186
86.92%	80.82%	89.77%
13.57%	12.46%	11.49%

Riverside Local School District, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.165160390%	0.160409040%	0.160286160%
School District's Proportionate Share of the Net Pension Liability	$21,117,240	$38,813,280	$35,446,322
School District's Covered Payroll	$20,541,500	$19,475,750	$18,962,207
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	102.80%	199.29%	186.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.159081410%	0.158943850%	0.161039470%	0.159931500%	0.159255210%	0.159255210%
$34,978,430	$37,757,453	$53,904,765	$44,200,389	$38,736,379	$46,142,521
$18,144,329	$17,532,179	$17,064,757	$16,703,843	$16,240,579	$17,621,423
192.78%	215.36%	315.88%	264.61%	238.52%	261.85%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Riverside Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB (Asset) Liability	0.165160390%	0.160409040%	0.160286160%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($3,482,270)	($2,819,186)	($2,654,724)
School District's Covered Payroll	$20,541,500	$19,475,750	$18,962,207
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-16.95%	-14.48%	-14.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

* Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

See accompanying notes to the Required Supplementary Information

2019	2018	2017
0.159081410%	0.158943850%	0.161039470%
($2,556,276)	$6,201,402	$8,612,433
$18,144,329	$17,532,179	$17,064,757
-14.09%	35.37%	50.47%
176.00%	47.10%	37.30%

Riverside Local School District, Ohio

Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	$977,937	$869,824	$897,921	$851,545
Contributions in Relation to the Contractually Required Contribution	(977,937)	(869,824)	(897,921)	(851,545)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$6,985,264	$6,213,029	$6,413,721	$6,307,741
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability:				
Contractually Required Contribution (2)	$125,628	$120,596	$123,907	$145,964
Contributions in Relation to the Contractually Required Contribution	(125,628)	(120,596)	(123,907)	(145,964)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.80%	1.94%	1.93%	2.31%
Total Contributions as a Percentage of Covered Payroll (2)	15.80%	15.94%	15.93%	15.81%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014	2013
$828,167	$825,924	$834,566	$752,298	$742,026	$726,745
(828,167)	(825,924)	(834,566)	(752,298)	(742,026)	(726,745)
$0	$0	$0	$0	$0	$0
$6,134,570	$5,899,457	$5,961,186	$5,707,879	$5,353,725	$5,251,046
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$131,319	$97,861	$94,423	$145,351	$97,678	$98,585
(131,319)	(97,861)	(94,423)	(145,351)	(97,678)	(98,585)
$0	$0	$0	$0	$0	$0
2.14%	1.66%	1.58%	2.55%	1.82%	1.88%
15.64%	15.66%	15.58%	15.73%	15.68%	15.72%

Riverside Local School District, Ohio

Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	$3,002,798	$2,875,810	$2,726,605	$2,654,709
Contributions in Relation to the Contractually Required Contribution	(3,002,798)	(2,875,810)	(2,726,605)	(2,654,709)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$21,448,557	$20,541,500	$19,475,750	$18,962,207
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability:				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014	2013
$2,540,206	$2,454,505	$2,389,066	$2,338,538	$2,111,275	$2,290,785
(2,540,206)	(2,454,505)	(2,389,066)	(2,338,538)	(2,111,275)	(2,290,785)
$0	$0	$0	$0	$0	$0
$18,144,329	$17,532,179	$17,064,757	$16,703,843	$16,240,579	$17,621,423
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$162,406	$176,214
0	0	0	0	(162,406)	(176,214)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability(Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Pass Through Grantor Program Title	AL Number	Pass Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2022	$539,168
COVID-19 National School Lunch Program	10.555	2022	50,422
National School Lunch Program	10.555	2022	1,401,192
National School Lunch Program - Non Cash Assistance	10.555	2022	101,177
Total Child Nutrition Cluster			**2,091,959**
COVID-19 - Pandemic EBT Administrative Costs Grant	10.649	2022	**3,063**
Total - U.S. Department of Agriculture			**2,095,022**
U.S. Department of the Treasury			
Direct Funding Through the Federal Communications Commission			
COVID-19 - Emergency Connectivity Fund Program	32.009	2022	**476,787**
Total - U.S. Department of Treasury			**476,787**
U.S. Environmental Protection Agency			
Passed Through Ohio Department of Education			
Diesel Emissions Reduction Grant	66.039	2022	**60,000**
Total U.S. Environmental Protection Agency			**60,000**
U.S. Department of Education			
Passed Through Ohio Department of Education			
Special Education Cluster:			
Special Education Preschool Grants	84.173A	2022	9,032
Special Education Grants to States	84.027A	2021	109,671
Special Education Grants to States	84.027A	2022	932,890
Total - Special Education Cluster			**1,051,593**
Title I Grants to Local Educational Agencies	84.010A	2021	83,491
Title I Grants to Local Educational Agencies	84.010A	2022	402,647
Total - Title I Grants to Local Educational Agencies			**486,138**
English Language Acquisition Grants	84.365A	2022	**17,459**
Improving Teacher Quality State Grants	84.367A	2021	21,205
Improving Teacher Quality State Grants	84.367A	2022	75,278
Total - Improving Teacher Quality State Grants			**96,483**
Student Support and Academic Enrichment Program	84.424A	2021	4,970
Student Support and Academic Enrichment Program	84.424A	2022	34,249
Total - Student Support and Academic Enrichment Program			**39,219**
Elementary and Secondary School Emergency Relief:			
COVID-19 - RemotEDx	84.425D	2022	3,891
COVID-19 - ESSER II	84.425D	2022	454,666
COVID-19 - American Rescue Plan (ARP) ESSER	84.425U	2022	1,227,856
Total - ESSER			**1,686,413**
Total - U.S. Department of Education			**3,377,305**
Total - Expenditures of Federal Awards			**$ 6,009,114**

The accompanying notes to this schedule are an integral part of this schedule.

RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Riverside Local School District, Lake County, Ohio (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Riverside Local School District
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Lake County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Riverside Local School District
Lake County
585 Riverside Drive
Painesville, Ohio 44077

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Riverside Local School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Riverside Local School District's major federal programs for the year ended June 30, 2022. Riverside Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Riverside Local School District 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District 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 District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's 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 District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District'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 District'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 District'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 District'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 District'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 14, 2023

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RIVERSIDE LOCAL SCHOOL DISTRICT
LAKE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL# 84.425D – ESSER I, II AL# 84.425U - ARP ESSER; AL#10.553/10.555 – Child Nutrition Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

RIVERSIDE LOCAL SCHOOL DISTRICT

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 3/28/2023

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