

**RIVERSIDE LOCAL
SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

AUDIT REPORT

**FOR THE BIENNIAL FISCAL YEARS
ENDED JUNE 30, 2021 AND JUNE 30, 2020**

James G. Zupka, CPA, Inc.
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Riverside Local School District
2096 CR 24 S
Degraff, Ohio 43318

We have reviewed the *Independent Auditor's Report* of the Riverside Local School District, Logan County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2019 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Riverside Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 20, 2021

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
AUDIT REPORT
FOR THE BIENNIAL FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

TABLE OF CONTENTS

	<u>PAGE</u>
Single Audit Report for the Fiscal Year Ended June 30, 2021:	
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	5-17
Statement of Net Position	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of Total Governmental Fund Balances to Net Position – Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Notes to the Basic Financial Statements	26-63
Schedules of Required Supplementary Information:	
Schedule of the District’s Proportionate Share of the Net Pension Liability – School Employees Retirement System (SERS) of Ohio – Last Eight Fiscal Years	64-65
State Teachers Retirement System (STRS) of Ohio – Last Eight Fiscal Years	66-67
Schedule of District Pension Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	68-69
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	70-71
Schedule of the District’s Proportionate Share of the Net OPEB Liability – School Employees Retirement System (SERS) of Ohio – Last Five Fiscal Years	72
State Teachers Retirement System (STRS) of Ohio – Last Five Fiscal Years	73
Schedule of District OPEB Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	74-75
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	76-77
Notes to Required Supplementary Information	78-79
Schedule of Expenditures of Federal Awards	80
Notes to the Schedule of Expenditures of Federal Awards	81
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	82-83
Report on Internal Control for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	84-85
Schedule of Findings and Questioned Costs	86
Schedule of Prior Audit Findings and Recommendations	87

**RIVERSIDE LOCAL SCHOOL DISTRICT
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AUDIT REPORT
FOR THE BIENNIAL FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020**

TABLE OF CONTENTS

	<u>PAGE</u>
Audit Report for the Fiscal Year Ended June 30, 2020:	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-17
Statement of Net Position	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of Total Governmental Fund Balances to Net Position – Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26
Notes to the Basic Financial Statements	27-69
Schedules of Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability – School Employees Retirement System (SERS) of Ohio – Last Seven Fiscal Years	70-71
State Teachers Retirement System (STRS) of Ohio – Last Seven Fiscal Years	72-73
Schedule of District Pension Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	74-75
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	76-77
Schedule of the District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System (SERS) of Ohio – Last Four Fiscal Years	78
State Teachers Retirement System (STRS) of Ohio – Last Four Fiscal Years	79
Schedule of District OPEB Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	80-81
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	82-83
Notes to Required Supplementary Information	84-85
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	86-87
Schedule of Prior Audit Findings and Recommendations	88

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<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-17
Statement of Net Position	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of Total Governmental Fund Balances to Net Position – Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Notes to the Basic Financial Statements	26-63
Schedules of Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability – School Employees Retirement System (SERS) of Ohio – Last Eight Fiscal Years	64-65
State Teachers Retirement System (STRS) of Ohio – Last Eight Fiscal Years	66-67
Schedule of District Pension Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	68-69
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	70-71
Schedule of the District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System (SERS) of Ohio – Last Five Fiscal Years	72
State Teachers Retirement System (STRS) of Ohio – Last Five Fiscal Years	73
Schedule of District OPEB Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	74-75
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	76-77
Notes to Required Supplementary Information	78-79
Schedule of Expenditures of Federal Awards	80
Notes to the Schedule of Expenditures of Federal Awards	81
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	82-83
Report on Internal Control for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	84-85
Schedule of Findings and Questioned Costs	86
Schedule of Prior Audit Findings and Recommendations	87

JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Board of Education
Riverside Local School District
DeGraff, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Logan County, Ohio, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. As discussed in Note 21 to the basic financial statements, the school foundation aid received from the State of Ohio will be funded through the direct funding model. Our opinion is not modified with respect to these matters.

Other Matters

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 Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 is presented for purposes of additional analysis 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, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards 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. Such 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 of Expenditures of Federal Awards 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 November 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 24, 2021

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The management's discussion and analysis of the Riverside Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities increased \$902,235 which represents a 5.70% increase from 2020's net position.
- General revenues accounted for \$8,712,862 in revenue or 76.69% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,648,337 or 23.31% of total revenues of \$11,361,199.
- The District had \$10,458,964 in expenses related to governmental activities; \$2,648,337 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,712,862 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the permanent improvement fund and the capital projects fund. The general fund had \$9,530,313 in revenues and other financing sources and \$8,049,967 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$1,480,346 from a balance of \$11,680,261 to \$13,160,607.
- The permanent improvement fund had \$385,783 in revenues and other financing sources and \$126,458 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance increased \$259,325 from a deficit of \$470,311 to a deficit balance of \$210,986.
- The capital projects fund had no revenues and \$1,253,029 in expenditures. During fiscal year 2021, the capital projects fund's fund balance decreased \$1,256,029 from a balance of \$1,564,972 to a balance of \$311,943.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, the permanent improvement fund and the capital projects fund are by far the most significant funds, and the only governmental funds reported as a major funds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations. These services are primarily funded by property tax revenues, school district income tax and from intergovernmental revenues, including unrestricted state entitlements, federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the permanent improvement fund and the capital projects fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government 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 finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability and pension and OPEB contributions.

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 16,148,382	\$ 16,020,430
Net OPEB asset	436,452	408,347
Capital assets, net	<u>10,949,668</u>	<u>9,997,744</u>
Total assets	<u>27,534,502</u>	<u>26,426,521</u>
<u>Deferred Outflows of Resources</u>		
Pension	1,517,168	1,493,693
OPEB	<u>400,200</u>	<u>319,926</u>
Total deferred outflows of resources	<u>1,917,368</u>	<u>1,813,619</u>
<u>Liabilities</u>		
Current liabilities	722,971	697,540
Long-term liabilities:		
Due within one year	87,675	232,545
Due in more than one year:		
Net pension liability	8,279,514	7,425,736
OPEB liability	778,273	852,446
Other amounts	<u>528,338</u>	<u>671,790</u>
Total liabilities	<u>10,396,771</u>	<u>9,880,057</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	1,342,476	1,385,897
Unamortized deferred charges on debt refunding	-	2,219
Pension	56,806	405,003
OPEB	<u>920,262</u>	<u>733,644</u>
Total deferred inflows of resources	<u>2,319,544</u>	<u>2,526,763</u>
<u>Net Position</u>		
Net investment in capital assets	10,843,389	9,473,364
Restricted	571,906	926,316
Unrestricted	<u>5,320,260</u>	<u>5,433,640</u>
Total net position	<u>\$ 16,735,555</u>	<u>\$ 15,833,320</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The net pension liability (NPL) and the net OPEB liability (NOL) are the largest liabilities reported by the District at June 30, 2021 and are reported along with net OPEB asset pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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 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.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

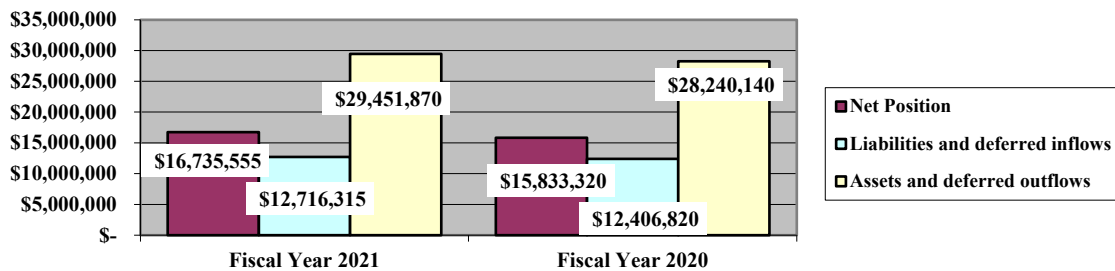
Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2021, the District’s assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$16,735,555.

At year-end, capital assets represented 39.77% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2021, were \$10,843,389. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$571,906, represents resources that are subject to external restriction on how they may be used.

The graph below shows the District’s assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2021 and 2020.

Governmental Activities



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The table below shows the change in net position for fiscal years 2021 and 2020.

	Change in Net Position	
	Governmental Activities 2021	Governmental Activities 2020
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 835,232	\$ 762,365
Operating grants and contributions	1,813,105	1,076,827
Capital grants and contributions	-	6,090
General revenues:		
Property taxes	1,899,372	1,841,556
School district income tax	1,249,765	1,310,396
Grants and entitlements	5,343,152	5,213,591
Investment earnings	180,542	534,479
Miscellaneous	40,031	29,854
Total revenues	11,361,199	10,775,158

(continued)

Charges for services increased \$72,867 or 9.56% primarily due to an increase in charges for services related to tuition revenue. Operating grants and contributions increased \$736,278 or 68.37% primarily due to an increase in elementary and secondary school emergency relief, coronavirus relief and other miscellaneous federal grants. Property tax revenue increased \$57,816 or 3.14% primarily due to an increase in the amount of real estate revenues received during the fiscal year. School district income tax decreased \$60,631 or 4.63% primarily due to a decrease in the amount of income tax revenues received during the fiscal year 2021 compared to fiscal year 2020. Investment earnings decreased \$353,937 primarily due to fluctuations in the amount of interest earned during the current fiscal year, accrued interest on investments and changes in fair market value. Grants and entitlements increased \$129,561 or 2.49% primarily due to an increase in the amount of foundation revenue received by the District during fiscal year 2021 compared to fiscal year 2020.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Change in Net Position (continued)	
	Governmental	Governmental
	Activities	Activities
	2021	2020
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,468,716	\$ 4,029,806
Special	1,245,163	1,286,929
Vocational	14,062	14,775
Other	46,856	39,983
Support services:		
Pupil	590,553	476,934
Instructional staff	579,350	447,362
Board of education	13,824	12,153
Administration	716,436	672,753
Fiscal	341,836	338,168
Business	179	175
Operations and maintenance	1,048,218	961,305
Pupil transportation	435,100	415,239
Central	7,975	-
Operation of non-instructional services:		
Food service operations	371,348	380,635
Other non-instructional services	79,549	103,656
Extracurricular activities	491,727	466,438
Interest and fiscal charges	8,072	10,686
Total expenses	10,458,964	9,656,997
Change in net position	902,235	1,118,161
Net position at beginning of year	15,833,320	14,715,159
Net position at end of year	\$ 16,735,555	\$ 15,833,320

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Activities

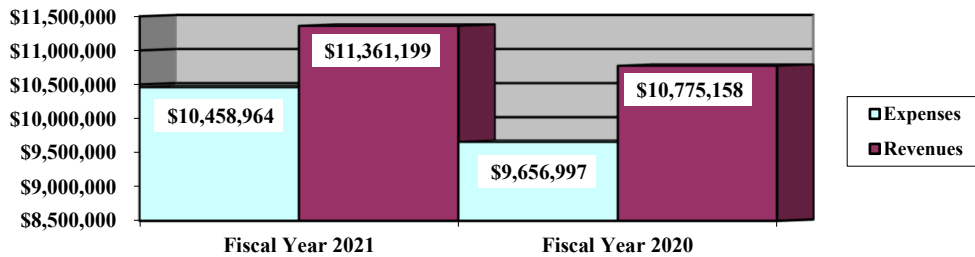
Net position of the District’s governmental activities increased \$902,235. Total governmental expenses of \$10,458,964 were offset by program revenues of \$2,648,337 and general revenues of \$8,712,862. Program revenues supported 25.32% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 74.75% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,774,797 or 55.21% of total governmental expenses for fiscal year 2021.

The graph below presents the District’s governmental activities revenues and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
Program expenses				
Instruction:				
Regular	\$ 4,468,716	\$ 3,337,003	\$ 4,029,806	\$ 3,483,126
Special	1,245,163	643,483	1,286,929	620,292
Vocational	14,062	6,221	14,775	6,934
Other	46,856	41,294	39,983	39,983
Support services:				
Pupil	590,553	386,618	476,934	389,255
Instructional staff	579,350	456,215	447,362	410,485
Board of education	13,824	13,824	12,153	12,153
Administration	716,436	716,436	672,753	672,753
Fiscal	341,836	341,836	338,168	338,168
Business	179	179	175	(583)
Operations and maintenance	1,048,218	939,728	961,305	924,313
Pupil transportation	435,100	411,223	415,239	395,793
Central	7,975	7,975	-	-
Operation of non-instructional services:				
Food service operations	371,348	59,593	380,635	69,540
Other non-instructional services	79,549	40,984	103,656	76,465
Extracurricular activities	491,727	399,943	466,438	362,352
Interest and fiscal charges	8,072	8,072	10,686	10,686
Total expenses	<u>\$ 10,458,964</u>	<u>\$ 7,810,627</u>	<u>\$ 9,656,997</u>	<u>\$ 7,811,715</u>

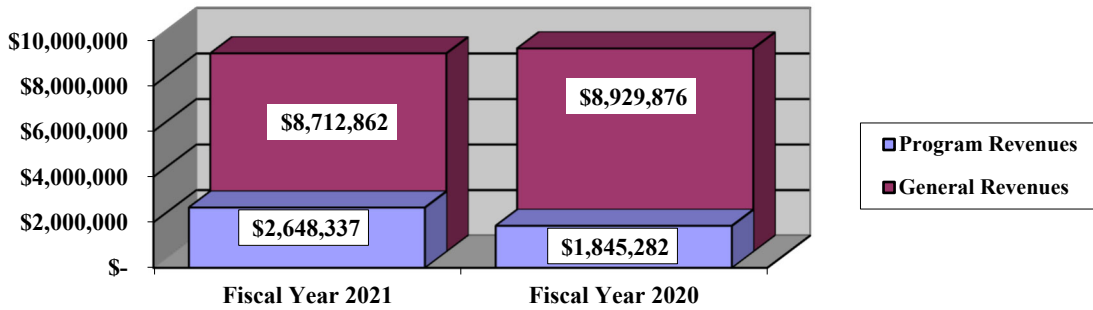
The dependence upon tax and other general revenues for governmental activities is apparent; most of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 74.68%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The graph below presents the District's governmental activities revenues for fiscal year 2021 and 2020.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$13,844,243, which is higher than last year's balance of \$13,674,169. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance (deficit) <u>June 30, 2021</u>	Fund Balance (deficit) <u>June 30, 2020</u>	Increase (Decrease)	Percentage Change
General	\$ 13,160,607	\$ 11,680,261	\$ 1,480,346	12.67 %
Permanent improvement	(210,986)	(470,311)	259,325	55.14 %
Capital projects	311,943	1,564,972	(1,253,029)	(80.07) %
Other Governmental	<u>582,679</u>	<u>899,247</u>	<u>(316,568)</u>	(35.20) %
Total	<u>\$ 13,844,243</u>	<u>\$ 13,674,169</u>	<u>\$ 170,074</u>	1.24 %

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

General Fund

The general fund's fund balance increased \$1,480,346 from a balance of \$11,680,261 to \$13,160,607. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
	<u>Amount</u>	<u>Amount</u>		
<u>Revenues</u>				
Taxes	\$ 2,868,093	\$ 2,854,480	\$ 13,613	0.48 %
Tuition	698,009	566,703	131,306	23.17 %
Earnings on investments	185,782	529,839	(344,057)	(64.94) %
Intergovernmental	5,601,586	5,491,321	110,265	2.01 %
Other revenues	<u>40,031</u>	<u>31,927</u>	<u>8,104</u>	25.38 %
Total	<u>\$ 9,393,501</u>	<u>\$ 9,474,270</u>	<u>\$ (80,769)</u>	(0.85) %
<u>Expenditures</u>				
Instruction	\$ 4,509,851	\$ 4,404,184	\$ 105,667	2.40 %
Support Services	2,932,095	2,716,078	216,017	7.95 %
Non-instructional services	63,960	85,697	(21,737)	(25.36) %
Extracurricular activities	289,468	244,056	45,412	18.61 %
Capital outlay	96,181	-	96,181	100.00 %
Debt Service	<u>58,412</u>	<u>32,825</u>	<u>25,587</u>	77.95 %
Total	<u>\$ 7,949,967</u>	<u>\$ 7,482,840</u>	<u>\$ 467,127</u>	6.24 %

Overall revenues of the general fund decreased \$80,769 or 0.85%. Tax revenue increased \$13,613 or 0.48% primarily due to an increase in the amount of real estate tax revenues received during the fiscal year. Earnings on investments decreased \$344,057 primarily due to fluctuations in the amount of interest earned during the current fiscal year, accrued interest on investments and changes in fair market value.

Overall expenditures of the general fund increased \$467,127 or 6.24%. This increase is mainly attributable to an increase in instruction and support services. Instruction and support services expenditures increased during the current fiscal year due to an increase in personnel costs. Capital outlay and debt service expenditures decreased during the current fiscal year due to a new capital lease agreement in the current fiscal year. The increase in extracurricular expense was a result of cancellation of events and programs in 2020 due to COVID-19 that resumed in fiscal year 2021.

Permanent Improvement Fund

The permanent improvement fund had \$385,783 in revenues and other financing sources and \$126,458 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance increased \$259,325 from a deficit of \$470,311 to a deficit balance of \$210,986.

Capital Projects Fund

The capital projects fund had no revenues and \$1,253,029 in expenditures. During fiscal year 2021, the capital projects fund's fund balance decreased \$1,256,029 from a balance of \$1,564,972 to a balance of \$311,943.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

General Fund Budgeting Highlights

The 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 budgeted fund is the general fund.

For the general fund, original and final budgeted revenues and other financing sources were \$8,569,038 and \$8,918,538, respectively. Actual revenues and other financing sources for fiscal year 2021 were \$9,503,567, which is higher than the final budgeted amounts by \$585,029.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$8,181,887, which were the same as the original budgeted appropriations estimate. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$7,965,538, which was \$216,349 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$10,949,668 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks. This entire amount is reported in governmental activities. The following table shows June 30, 2021 balances compared to June 30, 2020:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	June 30, 2021	June 30, 2020
Land	\$ 11,423	\$ 11,423
Construction in progress	-	680,239
Land improvements	519,416	485,959
Buildings and improvements	9,229,230	7,680,110
Furniture, fixtures and equipment	825,841	733,373
Vehicles	363,758	406,640
Total	\$ 10,949,668	\$ 9,997,744

The overall increase in capital assets is due to capital outlays of \$1,562,983 exceeding depreciation expense of \$567,464 and net disposals of \$43,595 in the current period.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Debt Administration

At June 30, 2021, the District had \$106,279 in capital leases outstanding. Of this total, \$23,530 is due within one year and \$82,749 is due in more than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Capital lease	\$ 106,279	\$ 34,544
General Obligation Bonds	<u>-</u>	<u>440,000</u>
Total	<u>\$ 106,279</u>	<u>\$ 474,544</u>

At June 30, 2021, the District's overall legal debt margin was \$7,469,690, and an unvoted debt margin of \$82,997.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District strives to be great stewards of public dollars received and was able to put on a new 40-year roof without asking the taxpayers for additional dollars. The District continues the process of updating the facilities in accordance with its capital spending plan, as the building is approaching 20 years old. Continued support by the community has also enabled the School Board to waive all academic and athletic fees since fiscal year 2017, offering every student an opportunity to thrive.

The administration continues to try to balance education needs and community interests with the resources made available. The challenge for all districts is to provide quality services to the public while staying within the restrictions imposed by limited and changing funding. Current operating trends indicate, that with careful oversight, the District will have at least two months of operating cash on hand and be financially solvent for the foreseeable future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ronnie Fitchpatrick CPA, Treasurer/CFO, Riverside Local School District, 2096 CR 24 S, DeGraff, Ohio 43318.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 13,532,059
Receivables:	
Property taxes	1,842,548
Income taxes	409,355
Accrued interest	26,495
Intergovernmental	311,247
Prepayments	12,252
Materials and supplies inventory	14,426
Net OPEB asset	436,452
Capital assets:	
Nondepreciable capital assets	11,423
Depreciable capital assets, net	10,938,245
Capital assets, net	10,949,668
Total assets	27,534,502
Deferred outflows of resources:	
Pension	1,517,168
OPEB	400,200
Total deferred outflows of resources	1,917,368
Liabilities:	
Accounts payable	12,457
Accrued wages and benefits payable	559,250
Intergovernmental payable	25,097
Pension obligation payable	126,167
Long-term liabilities:	
Due within one year	87,675
Due in more than one year:	
Net pension liability	8,279,514
Net OPEB liability	778,273
Other amounts due in more than one year	528,338
Total liabilities	10,396,771
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	1,342,476
Pension	56,806
OPEB	920,262
Total deferred inflows of resources	2,319,544
Net position:	
Net investment in capital assets	10,843,389
Restricted for:	
Classroom facilities maintenance	53,431
State funded programs	170,853
Federally funded programs	2,061
Food service operations	43,366
Extracurricular	68,466
Other purposes	233,729
Unrestricted	5,320,260
Total net position	\$ 16,735,555

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 4,468,716	\$ 662,457	\$ 469,256	\$ (3,337,003)
Special	1,245,163	35,243	566,437	(643,483)
Vocational	14,062	-	7,841	(6,221)
Other	46,856	-	5,562	(41,294)
Support services:				
Pupil	590,553	-	203,935	(386,618)
Instructional staff	579,350	-	123,135	(456,215)
Board of education	13,824	-	-	(13,824)
Administration	716,436	-	-	(716,436)
Fiscal	341,836	-	-	(341,836)
Business	179	-	-	(179)
Operations and maintenance	1,048,218	-	108,490	(939,728)
Pupil transportation	435,100	-	23,877	(411,223)
Central	7,975	-	-	(7,975)
Operation of non-instructional services:				
Food service operations	371,348	51,736	260,019	(59,593)
Other non-instructional services	79,549	-	38,565	(40,984)
Extracurricular activities	491,727	85,796	5,988	(399,943)
Interest and fiscal charges	8,072	-	-	(8,072)
Totals	\$ 10,458,964	\$ 835,232	\$ 1,813,105	(7,810,627)
General revenues:				
Property taxes levied for:				
General purposes				1,606,966
Debt service				84
Capital outlay				269,511
Special revenue				22,811
Income taxes levied for:				
General purposes				1,249,765
Grants and entitlements not restricted				
to specific programs				5,343,152
Investment earnings				180,542
Miscellaneous				40,031
Total general revenues				8,712,862
Change in net position				902,235
Net position at beginning of year				15,833,320
Net position at end of year				\$ 16,735,555

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 12,223,233	\$ 382,239	\$ 311,943	\$ 614,644	\$ 13,532,059
Receivables:					
Property taxes	1,600,494	216,434	-	25,620	1,842,548
Income taxes	409,355	-	-	-	409,355
Accrued interest	26,495	-	-	-	26,495
Intergovernmental	18,731	-	-	292,516	311,247
Prepayments	12,124	-	-	128	12,252
Materials and supplies inventory	14,426	-	-	-	14,426
Due from other funds	233,994	-	-	-	233,994
Loans receivable	650,000	-	-	-	650,000
Total assets	<u>\$ 15,188,852</u>	<u>\$ 598,673</u>	<u>\$ 311,943</u>	<u>\$ 932,908</u>	<u>\$ 17,032,376</u>
Liabilities:					
Accounts payable	\$ 9,248	\$ -	\$ -	\$ 3,209	\$ 12,457
Accrued wages and benefits payable	491,624	-	-	67,626	559,250
Intergovernmental payable	24,226	-	-	871	25,097
Pension obligation payable	107,258	-	-	18,909	126,167
Due to other funds	-	-	-	233,994	233,994
Loans payable	-	650,000	-	-	650,000
Total liabilities	<u>632,356</u>	<u>650,000</u>	<u>-</u>	<u>324,609</u>	<u>1,606,965</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	1,172,501	145,975	-	24,000	1,342,476
Delinquent property tax revenue not available	101,194	13,684	-	1,620	116,498
Income tax revenue not available	107,896	-	-	-	107,896
Intergovernmental revenue not available	-	-	-	-	-
Accrued interest not available	14,298	-	-	-	14,298
Total deferred inflows of resources	<u>1,395,889</u>	<u>159,659</u>	<u>-</u>	<u>25,620</u>	<u>1,581,168</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	14,426	-	-	-	14,426
Prepays	12,124	-	-	128	12,252
Long-term loans	650,000	-	-	-	650,000
Restricted:					
Classroom facilities maintenance	-	-	-	51,811	51,811
Food service operations	-	-	-	56,235	56,235
State funded programs	-	-	-	170,853	170,853
Federally funded programs	-	-	-	2,061	2,061
Extracurricular	-	-	-	68,466	68,466
Scholarships	-	-	-	230,390	230,390
Other purposes	-	-	-	3,339	3,339
Committed:					
Capital improvements	-	-	311,943	-	311,943
Termination benefits	146,629	-	-	-	146,629
Assigned:					
Student instruction	6,999	-	-	-	6,999
Student and staff support	87,499	-	-	-	87,499
Other purposes	1,029	-	-	-	1,029
Unassigned (deficit)	<u>12,241,901</u>	<u>(210,986)</u>	<u>-</u>	<u>(604)</u>	<u>12,030,311</u>
Total fund balances	<u>13,160,607</u>	<u>(210,986)</u>	<u>311,943</u>	<u>582,679</u>	<u>13,844,243</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 15,188,852</u>	<u>\$ 598,673</u>	<u>\$ 311,943</u>	<u>\$ 932,908</u>	<u>\$ 17,032,376</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	13,844,243
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			10,949,668
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	116,498	
Income taxes receivable		107,896	
Accrued interest receivable		14,298	
Total			238,692
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		1,517,168	
Deferred inflows - pension		(56,806)	
Net pension liability		(8,279,514)	
Deferred outflows - OPEB		400,200	
Deferred inflows - OPEB		(920,262)	
Net OPEB asset		436,452	
Net OPEB liability		(778,273)	
Total			(7,681,035)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(106,279)	
Compensated absences		(509,734)	
Total			(616,013)
Net position of governmental activities		\$	16,735,555

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 1,625,011	\$ 276,437	\$ -	\$ 23,005	\$ 1,924,453
Income taxes	1,243,082	-	-	-	1,243,082
Intergovernmental	5,601,586	35,735	-	1,472,996	7,110,317
Investment earnings	185,782	-	-	5,599	191,381
Tuition and fees	698,009	-	-	-	698,009
Extracurricular	-	-	-	85,487	85,487
Charges for services	-	-	-	51,736	51,736
Contributions and donations	1,119	-	-	36,235	37,354
Miscellaneous	38,912	-	-	5,203	44,115
Total revenues	<u>9,393,501</u>	<u>312,172</u>	<u>-</u>	<u>1,680,261</u>	<u>11,385,934</u>
Expenditures:					
Current:					
Instruction:					
Regular	3,547,899	27,252	-	464,197	4,039,348
Special	923,429	-	-	250,668	1,174,097
Other	38,523	-	-	5,562	44,085
Support services:					
Pupil	444,147	-	-	114,757	558,904
Instructional staff	387,171	-	-	122,163	509,334
Board of education	13,065	-	-	-	13,065
Administration	656,411	-	-	-	656,411
Fiscal	307,117	7,200	-	887	315,204
Business	179	-	-	-	179
Operations and maintenance	746,460	79,777	-	165,933	992,170
Pupil transportation	369,570	-	-	-	369,570
Central	7,975	-	-	-	7,975
Operation of non-instructional services:					
Food service operations	-	-	-	319,006	319,006
Other non-instructional services	63,960	-	-	9,750	73,710
Extracurricular activities	289,468	12,229	-	124,017	425,714
Facilities acquisition and construction	-	-	1,253,029	-	1,253,029
Capital outlay	96,181	-	-	-	96,181
Debt service:					
Principal retirement	53,796	-	-	440,000	493,796
Interest and fiscal charges	4,616	-	-	6,278	10,894
Total expenditures	<u>7,949,967</u>	<u>126,458</u>	<u>1,253,029</u>	<u>2,023,218</u>	<u>11,352,672</u>
Excess of revenues over (under) expenditures	<u>1,443,534</u>	<u>185,714</u>	<u>(1,253,029)</u>	<u>(342,957)</u>	<u>33,262</u>
Other financing sources (uses):					
Sale/loss of assets	11,281	-	-	-	11,281
Transfers in	-	73,611	-	100,000	173,611
Transfers (out)	(100,000)	-	-	(73,611)	(173,611)
Capital lease transaction	125,531	-	-	-	125,531
Total other financing sources (uses)	<u>36,812</u>	<u>73,611</u>	<u>-</u>	<u>26,389</u>	<u>136,812</u>
Net change in fund balances	1,480,346	259,325	(1,253,029)	(316,568)	170,074
Fund balances (deficit) at beginning of year	<u>11,680,261</u>	<u>(470,311)</u>	<u>1,564,972</u>	<u>899,247</u>	<u>13,674,169</u>
Fund balances (deficit) at end of year	<u>\$ 13,160,607</u>	<u>\$ (210,986)</u>	<u>\$ 311,943</u>	<u>\$ 582,679</u>	<u>\$ 13,844,243</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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, 2021

Net change in fund balances - total governmental funds	\$	170,074
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 1,562,983	
Current year depreciation	<u>(567,464)</u>	
Total		995,519
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(43,595)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(25,081)	
Income taxes	6,683	
Earnings on investments	(5,240)	
Intergovernmental	<u>(1,097)</u>	
Total		(24,735)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		493,796
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(125,531)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	603	
Amortization of deferred charges	<u>2,219</u>	
Total		2,822
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	636,377	
OPEB	<u>24,393</u>	
Total		660,770
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,118,483)	
OPEB	<u>(28,459)</u>	
Total		(1,146,942)
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.		
		<u>(79,943)</u>
Change in net position of governmental activities	\$	<u><u>902,235</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 1,472,592	\$ 1,472,592	\$ 1,602,494	\$ 129,902
Income taxes	986,672	1,186,672	1,269,488	82,816
Intergovernmental	5,309,000	5,309,000	5,584,391	275,391
Investment earnings	236,574	236,574	262,347	25,773
Tuition and fees	539,000	639,000	697,700	58,700
Miscellaneous	15,000	15,000	30,904	15,904
Total revenues	<u>8,558,838</u>	<u>8,858,838</u>	<u>9,447,324</u>	<u>588,486</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,627,948	3,627,948	3,546,675	81,273
Special	998,977	998,977	949,402	49,575
Other	53,131	53,131	38,825	14,306
Support services:				
Pupil	523,318	523,318	452,787	70,531
Instructional staff	366,016	366,016	388,986	(22,970)
Board of education	13,850	13,850	15,565	(1,715)
Administration	641,665	641,665	643,242	(1,577)
Fiscal	303,017	303,017	306,358	(3,341)
Operations and maintenance	663,923	663,923	776,301	(112,378)
Pupil transportation	425,334	425,334	368,204	57,130
Central	10,000	10,000	7,975	2,025
Operation of non-instructional services:				
Other non-instructional services	96,034	96,034	64,636	31,398
Extracurricular activities	226,612	226,612	276,496	(49,884)
Debt service:				
Principal	24,446	24,446	24,446	-
Interest and fiscal charges	4,616	4,616	4,616	-
Total expenditures	<u>7,978,887</u>	<u>7,978,887</u>	<u>7,864,514</u>	<u>114,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>579,951</u>	<u>879,951</u>	<u>1,582,810</u>	<u>702,859</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	45,000	44,962	(38)
Transfers (out)	(200,000)	(200,000)	(101,024)	98,976
Other uses	(3,000)	(3,000)	-	3,000
Sale of capital assets	10,200	14,700	11,281	(3,419)
Total other financing sources (uses)	<u>(192,800)</u>	<u>(143,300)</u>	<u>(44,781)</u>	<u>98,519</u>
Net change in fund balance	387,151	736,651	1,538,029	801,378
Fund balance at beginning of year	10,435,784	10,435,784	10,435,784	-
Prior year encumbrances appropriated	42,775	42,775	42,775	-
Fund balance at end of year	<u>\$ 10,865,710</u>	<u>\$ 11,215,210</u>	<u>\$ 12,016,588</u>	<u>\$ 801,378</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
Additions:	
Contributions and donations	1,200
Total additions	<u>1,200</u>
Deductions:	
Scholarships awarded	1,700
Total deductions	<u>1,700</u>
Change in net position	(500)
Net position at beginning of year	<u>500</u>
Net position at end of year	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Riverside Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and the privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District’s instructional/support facility staffed by 39 non-certified and 54 certified full-time teaching personnel who provide services to 577 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The following organizations are described due to their relationship to the District:

GROUP PURCHASING POOLS

Workers’ Compensation Group Rating Program

The District participates in a Workers’ Compensation Group Rating Program (GRP) administered by CompManagement. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Southwestern Ohio Educational Purchasing Council

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), and insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SOEPC is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SOEPC's business and affairs are conducted by a board consisting of seven school administrators, who are elected by the membership each year.

In addition the cooperative hires attorneys, auditor's and actuaries to assist in running the day to day program. Gallagher is responsible for the insurance program administration. JWF Specialty Company is responsible for processing claims between SOEPC and its members. Financial information can be obtained from Mr. Ken Swink, Southwestern Ohio Educational Purchasing Council Director.

Ohio School Plan

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a Board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. 450 educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Hylant Administrative Services, LLC., 811 Madison Avenue, P.O. Box 2083, Toledo, Ohio 43603-2083.

JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is a council of governments established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the state of Ohio, and is composed of 26 school districts, 3 educational service centers, 2 parochial schools, 2 career centers and 4 community schools. It was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of member districts. The Organization is governed by a Board of Directors consisting of 14 members: two Superintendents from each county that is represented, one treasurer representative, a student services representative, one city school representative and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the Board. Financial information can be obtained from Marcia Wierwille, who serves as Treasurer, at 129 East Court Street, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from participating school districts' elected boards. The degree of control exercised by the District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Eric Tom, who serves as Financial Advisor, 121 S. Opera Street, Bellefontaine, Ohio 43311.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

Capital projects fund - The capital projects fund is used to accumulate money for one or more capital projects.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted for debt service.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds are used to account for tournament monies collected on behalf of the Ohio High School Athletics Association (OHSAA) and monies held in a fiscal agent capacity for scholarship.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current 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 (i.e., revenues and other financing sources) and uses (i.e., 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.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

D. 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, income taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements.

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 District unavailable revenue includes, but is not limited to, delinquent property taxes, income tax and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function and object level in all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. Cash and Investments

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

During fiscal year 2021, investments were limited to nonnegotiable certificates of deposit, negotiable certificates of deposits, municipal bonds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, 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 District measures its 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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, 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 to the \$250 million limit.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$185,782, which includes \$21,372 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District’s capitalization threshold is \$2,500. 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. The District does not possess infrastructure.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 30 years
Buildings and improvements	30 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 15 years
Textbooks	10 years

I. Interfund Balances

On fund financial statements, long-term interfund loans are classified as “loans receivable/payables.” These amounts are eliminated in the governmental type activities columns of the statement of net position.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, are reported as obligations of the funds. However, 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 year. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain and Loss

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On fund financial statements and government-wide financial statements, issuance costs are expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District 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 classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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 District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service.

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

O. Estimates

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

P. Interfund Activity

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

S. Fair Value

The 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

	<u>Deficit</u>
<i>Major fund</i>	
Permanent improvement fund	\$ 210,986
<i>Nonmajor fund</i>	
Miscellaneous federal fund	604

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the fair 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 that 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 items (1) and (2) above 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, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year-end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$6,002,200 and the bank balance of all District deposits was \$6,219,772. The entire bank balance, \$6,219,772 was covered by federal depository insurance.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2021, certain District financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate of 102 percent through the OPCS.

C. Investments

As of June 30, 2021, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Net Asset Value:</i>						
STAR Ohio	\$ 1,561,063	\$ 1,561,063	\$ -	\$ -	\$ -	\$ -
<i>Fair Value:</i>						
Municipal Bonds	1,056,976	5,077	5,145	430,738	-	616,016
Negotiable CD's	4,911,720	493,750	776,637	806,621	778,841	2,055,871
Total	<u>\$ 7,529,759</u>	<u>\$ 2,059,890</u>	<u>\$ 781,782</u>	<u>\$ 1,237,359</u>	<u>\$ 778,841</u>	<u>\$ 2,671,887</u>

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The 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 table identifies the District's recurring fair value measurement as of June 30, 2021. As previously discussed STAR Ohio is reported at its net asset value.

The District's investments in municipal bonds and negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs).

The District's investments in negotiable certificates of deposit maintained by Charles Schwab are subject to coverage by the Securities Investor Protection Corporation (SIPC) due to Charles Schwab's status as an SIPC broker.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
STAR Ohio	\$ 1,561,063	20.73
Municipal bonds	1,056,976	14.04
Negotiable CD's	<u>4,911,720</u>	<u>65.23</u>
Total	<u>\$ 7,529,759</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,002,200
Investments	7,529,759
Cash on hand	<u>100</u>
Total	<u>\$ 13,532,059</u>
 <u>Cash and investments per statements of net position</u>	
Governmental activities	<u>\$ 13,532,059</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the fiscal year ended June 30, 2021, consisted of the following, as reported on the fund statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 100,000
Nonmajor governmental funds	Permanent improvement fund	<u>73,611</u>
		<u>\$ 173,611</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and (3) to move residual fund balances.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund balances at June 30, 2021, as reported on the fund financial statements, consist of the following loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Permanent improvement fund	<u>\$ 650,000</u>

Loans receivable/payable are long-term interfund loans and are not expected to be repaid in the subsequent fiscal year. The primary purpose of the loan is to cover costs where revenues were not received by June 30. The loan will be repaid once the anticipated revenues are received. Loans receivable/payable between governmental funds are eliminated and are not reported on the government-wide statement of net position.

- C.** Interfund loans receivable/payable consisted of the following at June 30, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 233,994</u>

The primary purpose of the interfund balances is to cover the costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continue)

The District receives property taxes from Logan and Shelby Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$326,799 in the general fund and \$56,775 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$304,282 in the general fund and \$52,963 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 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 was levied to finance current fiscal year operations and is 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.

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

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 79,033,820	96.72	\$ 79,849,580	96.21
Public utility personal	<u>2,678,670</u>	<u>3.28</u>	<u>3,146,980</u>	<u>3.79</u>
Total	<u>\$ 81,712,490</u>	<u>100.00</u>	<u>\$ 82,996,560</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$48.00		\$48.00	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The District levies a voted tax for general operations on the earned income of residents. Effective January 1, 2020, the District voters approved a 1.50% earned income tax levied on residents. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and refunds. Income tax revenue credited to the general fund during fiscal year 2021 amounted to \$1,243,082.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, income taxes, intergovernmental grants and entitlements and accrued interest. 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. A summary of the items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 1,842,548
Income taxes	409,355
Accrued interest	26,495
Intergovernmental	<u>311,247</u>
Total	<u>\$ 2,589,645</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance <u>June 30, 2020</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2021</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,423	\$ -	\$ -	\$ 11,423
Construction in progress	<u>680,239</u>	<u>1,253,029</u>	<u>(1,933,268)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>691,662</u>	<u>1,253,029</u>	<u>(1,933,268)</u>	<u>11,423</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,756,998	104,110	-	1,861,108
Buildings and improvements	14,484,629	1,926,658	-	16,411,287
Furniture, fixtures and equipment	2,046,860	212,454	(151,962)	2,107,352
Vehicles	773,782	-	-	773,782
Textbooks	<u>632,952</u>	<u>-</u>	<u>-</u>	<u>632,952</u>
Total capital assets, being depreciated	<u>19,695,221</u>	<u>2,243,222</u>	<u>(151,962)</u>	<u>21,786,481</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,271,039)	(70,653)	-	(1,341,692)
Buildings and improvements	(6,804,519)	(377,538)	-	(7,182,057)
Furniture, fixtures and equipment	(1,313,487)	(76,391)	108,367	(1,281,511)
Vehicles	(367,142)	(42,882)	-	(410,024)
Textbooks	<u>(632,952)</u>	<u>-</u>	<u>-</u>	<u>(632,952)</u>
Total accumulated depreciation	<u>(10,389,139)</u>	<u>(567,464)</u>	<u>108,367</u>	<u>(10,848,236)</u>
Governmental activities capital assets, net	<u>\$ 9,997,744</u>	<u>\$ 2,928,787</u>	<u>\$ (1,976,863)</u>	<u>\$ 10,949,668</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITAL ASSETS - (Continue)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 267,097
Special	6,516
Vocational	14,062
<u>Support services:</u>	
Instructional staff	38,487
Administration	9,263
Fiscal	3,258
Operations and maintenance	100,417
Pupil transportation	34,703
Extracurricular	58,471
Food service operations	<u>35,190</u>
Total depreciation expense	<u>\$ 567,464</u>

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During the current fiscal year and during a prior fiscal year, the District entered into capitalized leases for the acquisition of copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$125,531, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 was \$12,553, leaving a current book value of \$112,978. Principal payments in the 2021 fiscal year totaled \$19,252. This amount is reported as debt service payments of the general fund. In addition to the amount of principal retired, the District also terminated leases with principal balances of \$29,350.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2022	\$ 28,309
2023	28,309
2024	28,309
2025	28,309
2026	<u>4,719</u>
Total minimum lease payments	117,955
Less: amount representing interest	<u>(11,676)</u>
Present value of minimum lease payments	<u>\$ 106,279</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2021, the following changes occurred in governmental activities' long-term obligations.

	Balance			Balance	Amounts
	June 30, 2020	Additions	Reductions	June 30, 2021	Due in One Year
Governmental activities:					
Capital lease	\$ 34,544	\$ 125,531	\$ (53,796)	\$ 106,279	\$ 23,530
G.O. Refunding Bonds - Series 2016	440,000	-	(440,000)	-	-
Compensated absences	429,791	130,668	(50,725)	509,734	64,145
Net pension liability	7,425,736	853,778	-	8,279,514	-
Net OPEB liability	852,446	-	(74,173)	778,273	-
Total	\$ 9,182,517	\$ 1,109,977	\$ (618,694)	\$ 9,673,800	\$ 87,675

Net Pension Liability

The District's net pension liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset

The District's net OPEB liability/asset is described in Note 15. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences have been accrued for vacation and sick leave liabilities. The amounts will be paid from the funds from which employees' salaries are paid, which primarily are the general fund and food service fund (a nonmajor governmental fund).

School Facilities Construction and Improvement General Obligation Bonds

On May 10, 2016, the District issued general obligation bonds (Series 2016 Refunding Bonds) to advance refund the callable portion of the Series 2006A general obligation refunding bonds (principal \$1,235,000). The issuance proceeds of \$1,235,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

This refunding issue was comprised of current interest bonds, par value \$1,235,000. Payments of principal and interest relating to this bond were recorded as an expenditure in the debt service fund (a nonmajor governmental fund). The bonds were paid in full during fiscal year 2021.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$7,469,690 and an unvoted debt margin of \$82,997.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 days of vacation per fiscal year, depending upon length of service.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 56.25 days for all employees.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

During fiscal year 2021, the District participated in the Ohio School Plan (OSP), a public entity insurance purchasing pool (See Note 2.A.). The District entered into an agreement with the OSP and its premium is based on types of coverage, limits of coverage and deductibles that it selects. The OSP is administered by Hylant Administrative Services.

The District is subject 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 District maintains comprehensive commercial insurance coverage for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured.

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$35,584,398. The policy includes a \$1,000 deductible for commercial property coverage.

The District's fleet insurance has a liability limit of \$3,000,000, \$5,000 for medical payments and \$1,000,000 for uninsured motorists. The policy includes a \$1,000 deductible for school buses and \$500 deductible for all other vehicles.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

B. Employee Benefits

On January 1, 2018, the District joined the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust. The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of seventy Districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust that will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Drive, Suite 208, Vandalia, Ohio 45377.

The District also participates with American United Life a OneAmerica Company life insurance coverage for employees.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2021, the District participated in a Workers' Compensation Group Rating Program (GRP). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick MCO provides administrative, cost control and actuarial services to the GRP.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

Pensions and 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 net pension/OPEB liability (asset) represent the 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the 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 remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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, annual cost-of-living adjustments, 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 after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$174,830 for fiscal year 2021. Of this amount, \$20,214 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement 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 website at www.strsoh.org.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. 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.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$461,547 for fiscal year 2021. Of this amount, \$81,560 is reported as pension and postemployment benefits payable.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03298270%	0.02465508%	
Proportion of the net pension liability current measurement date	<u>0.03432980%</u>	<u>0.02483369%</u>	
Change in proportionate share	<u>0.00134710%</u>	<u>0.00017861%</u>	
Proportionate share of the net pension liability	\$ 2,270,645	\$ 6,008,869	\$ 8,279,514
Pension expense	\$ 420,786	\$ 697,697	\$ 1,118,483

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 4,411	\$ 13,483	\$ 17,894
Net difference between projected and actual earnings on pension plan investments	144,140	292,213	436,353
Changes of assumptions	-	322,561	322,561
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	71,322	32,661	103,983
Contributions subsequent to the measurement date	<u>174,830</u>	<u>461,547</u>	<u>636,377</u>
Total deferred outflows of resources	<u>\$ 394,703</u>	<u>\$ 1,122,465</u>	<u>\$ 1,517,168</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 38,421	\$ 38,421
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>18,385</u>	<u>18,385</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 56,806</u>	<u>\$ 56,806</u>

\$636,377 reported as deferred outflows of resources related to pension resulting from 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, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 53,317	\$ 196,849	\$ 250,166
2023	61,349	101,105	162,454
2024	60,079	167,508	227,587
2025	<u>45,128</u>	<u>138,650</u>	<u>183,778</u>
Total	<u>\$ 219,873</u>	<u>\$ 604,112</u>	<u>\$ 823,985</u>

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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% 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, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 a 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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 (7.50%). 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the 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 7.50%, 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 (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,110,507	\$ 2,270,645	\$ 1,565,986

Changes Since Measurement Date - The United States and the State of Ohio declared a state of emergency in March 2020 due to COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. At its September 2020 meeting, the Board unanimously voted to approve a 0.5% cost-of-living adjustment (COLA) increase for eligible retirees and beneficiaries. Previously, COLAS were suspended for 2018 through 2020.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio’s 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 Real 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	<u>100.00 %</u>	

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 8,555,584	\$ 6,008,869	\$ 3,850,741

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The 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. 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 Comprehensive Annual 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$24,393.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$24,393 for fiscal year 2021. Of this amount, \$24,393 is reported as pension and postemployment benefits payable.

Plan Description - 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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, 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, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03389730%	0.02465508%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03581020%</u>	<u>0.02483369%</u>	
Change in proportionate share	<u>0.00191290%</u>	<u>0.00017861%</u>	
Proportionate share of the net OPEB liability	\$ 778,273	\$ -	\$ 778,273
Proportionate share of the net OPEB asset	\$ -	\$ (436,452)	\$ (436,452)
OPEB expense	\$ 54,534	\$ (26,075)	\$ 28,459

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 10,221	\$ 27,966	\$ 38,187
Net difference between projected and actual earnings on OPEB plan investments	8,769	15,294	24,063
Changes of assumptions	132,668	7,204	139,872
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	169,891	3,794	173,685
Contributions subsequent to the measurement date	<u>24,393</u>	<u>-</u>	<u>24,393</u>
Total deferred outflows of resources	<u>\$ 345,942</u>	<u>\$ 54,258</u>	<u>\$ 400,200</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 395,806	\$ 86,936	\$ 482,742
Changes of assumptions	19,602	414,558	434,160
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>3,360</u>	<u>3,360</u>
Total deferred inflows of resources	<u>\$ 415,408</u>	<u>\$ 504,854</u>	<u>\$ 920,262</u>

\$24,393 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (11,846)	\$ (112,831)	\$ (124,677)
2023	(11,214)	(102,480)	(113,694)
2024	(11,314)	(98,849)	(110,163)
2025	(23,208)	(95,504)	(118,712)
2026	(26,177)	(19,876)	(46,053)
Thereafter	<u>(10,100)</u>	<u>(21,056)</u>	<u>(31,156)</u>
Total	<u>\$ (93,859)</u>	<u>\$ (450,596)</u>	<u>\$ (544,455)</u>

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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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, 7.50%, 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the 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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 952,587	\$ 778,273	\$ 639,694

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 612,831	\$ 778,273	\$ 999,511

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Changes Since Measurement Date - The United States and the State of Ohio declared a state of emergency in March 2020 due to COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of SERS, including the fair value of SERS' investment portfolio. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that may be recognized in subsequent periods cannot be determined with half of the fiscal year remaining. In addition, the impact on SERS' future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. At its September 2020 meeting, the Board unanimously voted to approve a 0.5% cost-of-living adjustment (COLA) increase for eligible retirees and beneficiaries. Previously, COLAS were suspended for 2018 through 2020.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 Real 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	<u>100.00 %</u>	

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

Sensitivity of the 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, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) 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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 379,741	\$ 436,452	\$ 484,568

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 481,582	\$ 436,452	\$ 381,477

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,538,029
Net adjustment for revenue accruals	(63,259)
Net adjustment for expenditure accruals	(156,033)
Net adjustment for other sources/uses	81,593
Funds budgeted elsewhere	661
Adjustment for encumbrances	79,355
GAAP basis	<u>\$ 1,480,346</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies fund, public school support fund and termination benefits fund.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2021 have been finalized.

NOTE 18 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	112,992
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(112,992)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

During fiscal year 2001, the District issued \$2,881,817 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 - SET-ASIDES - (Continued)

The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$2,542,865 at June 30, 2021.

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 78,776
Permanent improvement fund	268,180
Capital projects fund	1,100
Nonmajor governmental funds	<u>162,685</u>
Total	<u>\$ 510,741</u>

NOTE 20 - 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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate 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. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 21 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$96,841 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.03432980%	0.03298270%	0.03086590%	0.02593240%
District's proportionate share of the net pension liability	\$ 2,270,645	\$ 1,973,413	\$ 1,767,747	\$ 1,549,404
District's covered payroll	\$ 1,196,686	\$ 1,155,504	\$ 1,006,756	\$ 926,986
District's proportionate share of the net pension liability as a percentage of its covered payroll	189.74%	170.78%	175.59%	167.14%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02412650%	0.02599480%	0.02506400%	0.02506400%
\$ 1,765,837	\$ 1,483,288	\$ 1,268,475	\$ 1,490,476
\$ 688,086	\$ 782,580	\$ 728,312	\$ 818,251
256.63%	189.54%	174.17%	182.15%
62.98%	69.16%	71.70%	65.52%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.02483369%	0.02465508%	0.02466695%	0.02451774%
District's proportionate share of the net pension liability	\$ 6,008,869	\$ 5,452,323	\$ 5,423,708	\$ 5,824,242
District's covered payroll	\$ 3,048,264	\$ 2,882,000	\$ 2,839,014	\$ 2,757,414
District's proportionate share of the net pension liability as a percentage of its covered payroll	197.12%	189.19%	191.04%	211.22%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.02466186%	0.02574017%	0.02570535%	0.02570535%
\$ 8,255,068	\$ 7,113,830	\$ 6,252,431	\$ 7,447,855
\$ 2,629,479	\$ 2,716,914	\$ 2,626,377	\$ 2,859,262
313.94%	261.83%	238.06%	260.48%
66.80%	72.10%	74.70%	69.30%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 174,830	\$ 167,536	\$ 155,993	\$ 135,912
Contributions in relation to the contractually required contribution	<u>(174,830)</u>	<u>(167,536)</u>	<u>(155,993)</u>	<u>(135,912)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,248,786	\$ 1,196,686	\$ 1,155,504	\$ 1,006,756
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 129,778	\$ 96,332	\$ 103,144	\$ 100,944	\$ 113,246	\$ 109,327
<u>(129,778)</u>	<u>(96,332)</u>	<u>(103,144)</u>	<u>(100,944)</u>	<u>(113,246)</u>	<u>(109,327)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 926,986	\$ 688,086	\$ 782,580	\$ 728,312	\$ 818,251	\$ 812,840
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 461,547	\$ 426,757	\$ 403,480	\$ 397,462
Contributions in relation to the contractually required contribution	<u>(461,547)</u>	<u>(426,757)</u>	<u>(403,480)</u>	<u>(397,462)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,296,764	\$ 3,048,264	\$ 2,882,000	\$ 2,839,014
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 386,038	\$ 368,127	\$ 380,368	\$ 341,429	\$ 371,704	\$ 406,780
<u>(386,038)</u>	<u>(368,127)</u>	<u>(380,368)</u>	<u>(341,429)</u>	<u>(371,704)</u>	<u>(406,780)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,757,414	\$ 2,629,479	\$ 2,716,914	\$ 2,626,377	\$ 2,859,262	\$ 3,129,077
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.03581020%	0.03389730%	0.03133680%	0.02632320%	0.02447047%
District's proportionate share of the net OPEB liability	\$ 778,273	\$ 852,446	\$ 869,367	\$ 706,446	\$ 697,499
District's covered payroll	\$ 1,196,686	\$ 1,155,504	\$ 1,006,756	\$ 926,986	\$ 688,086
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	65.04%	73.77%	86.35%	76.21%	101.37%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.02483369%	0.02465508%	0.02466695%	0.02451774%	0.02466186%
District's proportionate share of the net OPEB liability/(asset)	\$ (436,452)	\$ (408,347)	\$ (396,373)	\$ 956,592	\$ 1,318,923
District's covered payroll	\$ 3,048,264	\$ 2,882,000	\$ 2,839,014	\$ 2,757,414	\$ 2,629,479
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.32%	14.17%	13.96%	34.69%	50.16%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 24,393	\$ 23,886	\$ 26,920	\$ 22,067
Contributions in relation to the contractually required contribution	<u>(24,393)</u>	<u>(23,886)</u>	<u>(26,920)</u>	<u>(22,067)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,248,786	\$ 1,196,686	\$ 1,155,504	\$ 1,006,756
Contributions as a percentage of covered payroll	1.95%	2.00%	2.33%	2.19%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 14,383	\$ 12,472	\$ 19,336	\$ 28,285	\$ 21,398	\$ 47,843
<u>(14,383)</u>	<u>(12,472)</u>	<u>(19,336)</u>	<u>(28,285)</u>	<u>(21,398)</u>	<u>(47,843)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 926,986	\$ 688,086	\$ 782,580	\$ 728,312	\$ 818,251	\$ 812,840
1.55%	1.81%	2.47%	3.88%	2.62%	5.89%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,296,764	\$ 3,048,264	\$ 2,882,000	\$ 2,839,014
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 30,924	\$ 30,510	\$ 33,890
-	-	-	(30,924)	(30,510)	(33,890)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,757,414	\$ 2,629,479	\$ 2,716,914	\$ 2,626,377	\$ 2,859,262	\$ 3,129,077
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ 44,504	\$ 0
School Breakfast Program - COVID-19	10.553	N/A	3,928	0
National School Lunch Program	10.555	N/A	185,988	12,834
National School Lunch Program - COVID-19	10.555	N/A	19,431	0
Special Milk Program for Children	10.556	N/A	579	0
Special Milk Program for Children - COVID-19	10.556	N/A	85	0
Total Child Nutrition Cluster			<u>254,515</u>	<u>12,834</u>
Total U.S. Department of Agriculture			<u>254,515</u>	<u>12,834</u>
<u>U.S. Department of Education</u>				
<i>Passed through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	S010A150035	<u>120,490</u>	<u>0</u>
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	H027A150111	152,348	0
Special Education - Preschool Grants	84.173	H173A150119	<u>912</u>	<u>0</u>
Total Special Education Cluster			<u>153,260</u>	<u>0</u>
Special Education - State Personnel Development	84.323	N/A	<u>4,359</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	S367A150034	<u>18,620</u>	<u>0</u>
Rural Education	84.358	N/A	<u>30,186</u>	<u>0</u>
Striving Readers	84.371	N/A	<u>100,282</u>	<u>0</u>
Student Support and Academic Enrichment Program	84.424	N/A	<u>8,500</u>	<u>0</u>
Education Stabilization Fund -				
ESSER I	84.425D	N/A	126,943	0
ESSER II	84.425D	N/A	<u>184,392</u>	<u>0</u>
Total CFDA #84.425			<u>311,335</u>	<u>0</u>
Total U.S. Department of Education			<u>747,032</u>	<u>0</u>
<u>U.S. Department of Treasury</u>				
<i>Pass through Ohio Department of Education</i>				
Coronavirus Relief Fund:				
Broadband Ohio Connectivity Grant	21.019	OBM0100122-CRF	171,173	0
CRF Rural and Small Town Grant	21.019	N/A	<u>31,792</u>	<u>0</u>
Total CFDA #21.019			<u>202,965</u>	<u>0</u>
Total U.S. Department of Treasury			<u>202,965</u>	<u>0</u>
<u>The Institute of Museum and Library Services</u>				
<i>Passed through the State Library of Ohio</i>				
Grants to States -				
COVID-19 Library Services and Technology Act (LSTA) CARES Act	45.310	N/A	<u>3,000</u>	<u>0</u>
Total Institute of Museum and Library Services			<u>3,000</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,207,512</u>	<u>\$ 12,834</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Riverside Local School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Riverside Local School District, it is not intended to and does not present the cash financial position or changes in cash financial position of the Riverside Local School District.

NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE 5: FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

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Certified Public Accountants

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Ohio Society of Certified Public Accountants

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

To the Members of Board of Education
Riverside Local School District
DeGraff, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Logan County, Ohio, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District, and the school foundation aid received from the State of Ohio will be funded through the direct funding model.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 24, 2021

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Members of Board of Education
Riverside Local School District
DeGraff, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited the Riverside Local School District, Logan County, Ohio's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Riverside Local School District complied, in all material respects, with the types of 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, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 24, 2021

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinions	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list): Child Nutrition Cluster - CFDA #10.553, #10.555, and CFDA #10.556 Education Stabilization Fund - ESSER I and ESSER II - CFDA #84.425D	
2021(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others less than \$750,000
2021(ix)	Low Risk Auditee?	No

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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The prior audit report, as of June 30, 2020, included no findings. Management letter recommendations, as of June 30, 2020, have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

**RIVERSIDE LOCAL
SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2020**

James G. Zupka, CPA, Inc.
Certified Public Accountants

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-17
Statement of Net Position	18
Statement of Activities	19
Balance Sheet - Governmental Funds	20
Reconciliation of Total Governmental Fund Balances to Net Position – Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	24
Statement of Fiduciary Net Position - Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	26
Notes to the Basic Financial Statements	27-69
Schedules of Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability – School Employees Retirement System (SERS) of Ohio – Last Seven Fiscal Years	70-71
State Teachers Retirement System (STRS) of Ohio – Last Seven Fiscal Years	72-73
Schedule of District Pension Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	74-75
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	76-77
Schedule of the District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System (SERS) of Ohio – Last Four Fiscal Years	78
State Teachers Retirement System (STRS) of Ohio – Last Four Fiscal Years	79
Schedule of District OPEB Contributions – School Employees Retirement System (SERS) of Ohio – Last Ten Fiscal Years	80-81
State Teachers Retirement System (STRS) of Ohio – Last Ten Fiscal Years	82-83
Notes to Required Supplementary Information	84-85
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	86-87
Schedule of Prior Audit Findings and Recommendations	88

JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Board of Education
Riverside Local School District
DeGraff, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Logan County, Ohio, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. Also, as discussed in Note 3 to the basic financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to these matters.

Other Matters

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 Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 24, 2021

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The management's discussion and analysis of the Riverside Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position of governmental activities increased \$1,118,161 which represents a 7.60% increase from 2019's restated net position.
- General revenues accounted for \$8,929,876 in revenue or 82.87% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,845,282 or 17.13% of total revenues of \$10,775,158.
- The District had \$9,656,997 in expenses related to governmental activities; \$1,845,282 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,929,876 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$9,483,614 in revenues and other financing sources and \$8,478,051 in expenditures and other financing uses. During fiscal year 2020, the general fund's fund balance increased \$1,005,563 from a restated balance of \$10,674,698 to \$11,680,261.
- The permanent improvement fund had \$247,741 in revenues and \$486,984 in expenditures. During fiscal year 2020, the permanent improvement fund's fund balance decreased \$239,243 from a deficit of \$231,068 to a deficit balance of \$470,311.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the permanent improvement fund are by far the most significant funds, and the only governmental funds reported as a major funds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations. These services are primarily funded by property tax revenues, school district income tax and from intergovernmental revenues, including unrestricted state entitlements, federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the permanent improvement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government 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 finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability and pension and OPEB contributions. 55

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2020 and June 30, 2019. The net position at June 30, 2019 has been restated as described in Note 3B.

	Net Position	
	Governmental	Restated
	Activities 2020	Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 16,020,430	\$ 15,299,620
Net OPEB asset	408,347	396,373
Capital assets, net	<u>9,997,744</u>	<u>9,456,424</u>
Total assets	<u>26,426,521</u>	<u>25,152,417</u>
<u>Deferred Outflows of Resources</u>		
Pension	1,493,693	2,023,772
OPEB	<u>319,926</u>	<u>232,963</u>
Total deferred outflows of resources	<u>1,813,619</u>	<u>2,256,735</u>
<u>Liabilities</u>		
Current liabilities	697,540	802,576
Long-term liabilities:		
Due within one year	232,545	270,542
Due in more than one year:		
Net pension liability	7,425,736	7,191,455
OPEB liability	852,446	869,367
Other amounts	<u>671,790</u>	<u>814,015</u>
Total liabilities	<u>9,880,057</u>	<u>9,947,955</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	1,385,897	1,471,234
Unamortized deferred charges on debt refunding	2,219	3,136
Pension	405,003	578,285
OPEB	<u>733,644</u>	<u>693,383</u>
Total deferred inflows of resources	<u>2,526,763</u>	<u>2,746,038</u>
<u>Net Position</u>		
Net investment in capital assets	9,473,364	8,532,211
Restricted	926,316	1,185,449
Unrestricted (deficit)	<u>5,433,640</u>	<u>4,997,499</u>
Total net position	<u>\$ 15,833,320</u>	<u>\$ 14,715,159</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The net pension liability (NPL) and the net OPEB liability (NOL) are the largest liabilities reported by the District at June 30, 2020 and are reported along with net OPEB asset pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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 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.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

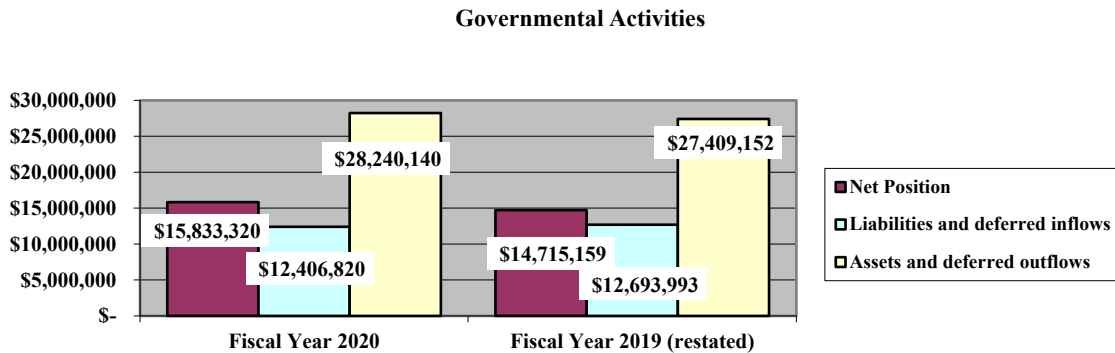
In accordance with GASB 68 and GASB 75, the District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2020, the District’s assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$15,833,320.

At year-end, capital assets represented 37.83% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$9,473,364. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$926,316, represents resources that are subject to external restriction on how they may be used.

The graph below shows the District’s assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2020 and 2019. The amounts at June 30, 2019 have been restated as described in Note 3B.



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The table below shows the change in net position for fiscal years 2020 and 2019. The net position at June 30, 2019 has been restated as described in Note 3B.

	Change in Net Position	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 762,365	\$ 705,034
Operating grants and contributions	1,076,827	916,352
Capital grants and contributions	6,090	-
General revenues:		
Property taxes	1,841,556	1,886,428
School district income tax	1,310,396	1,477,035
Grants and entitlements	5,213,591	5,345,203
Investment earnings	534,479	454,225
Miscellaneous	29,854	97,722
Total revenues	<u>10,775,158</u>	<u>10,881,999</u>

(continued)

Charges for services increased \$57,331 or 8.13% primarily due to an increase in charges for services related to tuition revenue. Operating grants and contributions increased \$160,475 or 17.51% primarily due to an increase in food service, student wellness and success, IDEA Part B and other miscellaneous federal grants. Property tax revenue decreased \$44,872 or 2.38% primarily due to a decrease in the amount of real estate revenues received during the fiscal year. School district income tax decreased \$166,639 or 11.28% primarily due to a decrease in the amount of income tax revenues received during the fiscal year 2020 compared to fiscal year 2019. Investment earnings increased \$80,254 primarily due to fluctuations in the amount of interest earned during the current fiscal year, accrued interest on investments and changes in fair market value. Grants and entitlements decreased \$131,612 or 2.46% primarily due to a decrease in the amount of foundation revenue received by the District during fiscal year 2020 compared to fiscal year 2019. The State Foundation decrease was a result of budget reductions made by the State of Ohio in response to COVID-19.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Change in Net Position (continued)	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 4,029,806	\$ 3,327,048
Special	1,286,929	1,055,365
Vocational	14,775	14,775
Other	39,983	43,646
Support services:		
Pupil	476,934	393,466
Instructional staff	447,362	266,513
Board of education	12,153	10,701
Administration	672,753	516,747
Fiscal	338,168	281,674
Business	175	2,909
Operations and maintenance	961,305	764,241
Pupil transportation	415,239	378,997
Central	-	28,480
Operation of non-instructional services:		
Food service operations	380,635	334,289
Other non-instructional services	103,656	37,449
Extracurricular activities	466,438	450,560
Interest and fiscal charges	10,686	26,862
Total expenses	9,656,997	7,933,722
Change in net position	1,118,161	2,948,277
Net position at beginning of year (restated)	14,715,159	11,766,882
Net position at end of year	\$ 15,833,320	\$ 14,715,159

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Governmental Activities

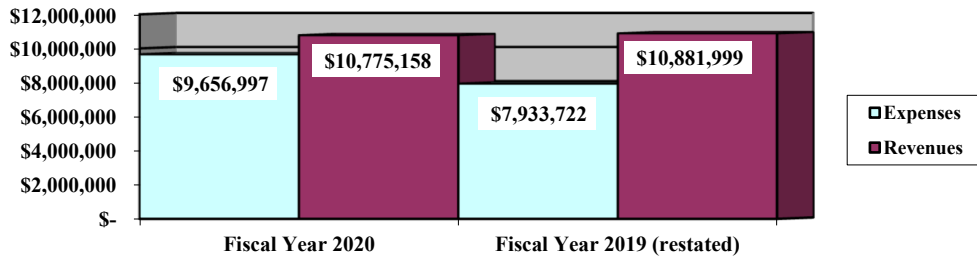
Net position of the District’s governmental activities increased \$1,118,161. Total governmental expenses of \$9,656,997 were offset by program revenues of \$1,845,282 and general revenues of \$8,929,876. Program revenues supported 19.11% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 77.64% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$5,371,493 or 55.62% of total governmental expenses for fiscal year 2020.

The graph below presents the District’s governmental activities revenues and expenses for fiscal years 2020 and 2019. The amounts at June 30, 2019 have been restated as described in Note 3B.

Governmental Activities - Revenues and Expenses



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2020 and 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The amounts at June 30, 2019 have been restated as described in Note 3B.

Governmental Activities

	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Restated Total Cost of Services <u>2019</u>	Restated Net Cost of Services <u>2019</u>
Program expenses				
Instruction:				
Regular	\$ 4,029,806	\$ 3,483,126	\$ 3,327,048	\$ 2,864,408
Special	1,286,929	620,292	1,055,365	400,997
Vocational	14,775	6,934	14,775	6,991
Other	39,983	39,983	43,646	41,485
Support services:				
Pupil	476,934	389,255	393,466	383,368
Instructional staff	447,362	410,485	266,513	257,595
Board of education	12,153	12,153	10,701	10,701
Administration	672,753	672,753	516,747	516,747
Fiscal	338,168	338,168	281,674	281,674
Business	175	(583)	2,909	1,005
Operations and maintenance	961,305	924,313	764,241	735,172
Pupil transportation	415,239	395,793	378,997	361,767
Central	-	-	28,480	28,480
Operation of non-instructional services:				
Food service operations	380,635	69,540	334,289	44,775
Other non-instructional services	103,656	76,465	37,449	25,050
Extracurricular activities	466,438	362,352	450,560	325,259
Interest and fiscal charges	<u>10,686</u>	<u>10,686</u>	<u>26,862</u>	<u>26,862</u>
Total expenses	<u>\$ 9,656,997</u>	<u>\$ 7,811,715</u>	<u>\$ 7,933,722</u>	<u>\$ 6,312,336</u>

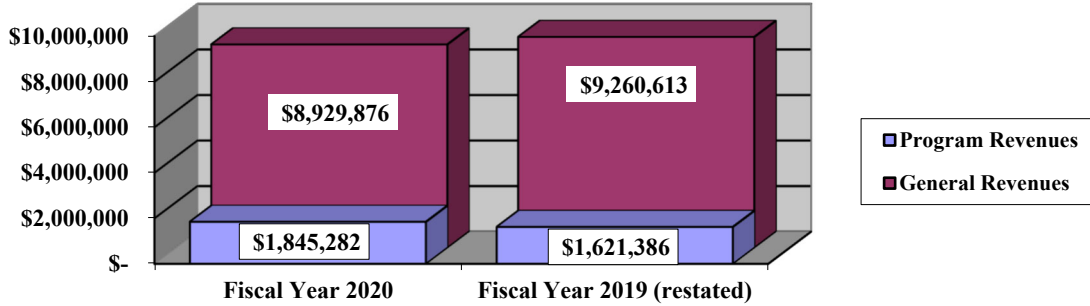
The dependence upon tax and other general revenues for governmental activities is apparent; most of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.89%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The graph below presents the District's governmental activities revenues for fiscal year 2020 and 2019. The amounts at June 30, 2019 have been restated as described in Note 3B.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$13,674,169, which is higher than last year's restated balance of \$12,772,398. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019. The fund balances at June 30, 2019 have been restated as described in Note 3B.

	Fund Balance (deficit) <u>June 30, 2020</u>	Restated Fund Balance (deficit) <u>June 30, 2019</u>	Increase (Decrease)	Percentage <u>Change</u>
General	\$ 11,680,261	\$ 10,674,698	\$ 1,005,563	9.42 %
Permanent improvement	(470,311)	(231,068)	(239,243)	103.54 %
Other Governmental	<u>2,464,219</u>	<u>2,328,768</u>	<u>135,451</u>	5.82 %
Total	<u>\$ 13,674,169</u>	<u>\$ 12,772,398</u>	<u>\$ 901,771</u>	7.06 %

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund

The general fund's fund balance increased \$1,005,563 from a restated balance of \$10,674,698 to \$11,680,261. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2020 <u>Amount</u>	Restated 2019 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 2,854,480	\$ 3,030,150	\$ (175,670)	(5.80) %
Tuition	566,703	452,290	114,413	25.30 %
Earnings on investments	529,839	451,964	77,875	17.23 %
Intergovernmental	5,491,321	5,593,688	(102,367)	(1.83) %
Other revenues	<u>31,927</u>	<u>99,610</u>	<u>(67,683)</u>	<u>(67.95) %</u>
Total	<u>\$ 9,474,270</u>	<u>\$ 9,627,702</u>	<u>\$ (153,432)</u>	<u>(1.59) %</u>
<u>Expenditures</u>				
Instruction	\$ 4,404,184	\$ 4,121,424	\$ 282,760	6.86 %
Support Services	2,716,078	2,636,820	79,258	3.01 %
Non-instructional services	85,697	75,785	9,912	13.08 %
Extracurricular activities	244,056	257,810	(13,754)	(5.33) %
Capital outlay	-	145,317	(145,317)	100.00 %
Debt Service	<u>32,825</u>	<u>95,740</u>	<u>(62,915)</u>	<u>(65.71) %</u>
Total	<u>\$ 7,482,840</u>	<u>\$ 7,332,896</u>	<u>\$ 149,944</u>	<u>2.04 %</u>

Overall revenues of the general fund decreased \$153,432 or 1.59%. Tax revenue decreased \$175,670 or 5.80% primarily due to a decrease in the amount of real estate and income tax revenues received during the fiscal year. Earnings on investments increased \$77,875 primarily due to fluctuations in the amount of interest earned during the current fiscal year, accrued interest on investments and changes in fair market value.

Overall expenditures of the general fund increased \$149,944 or 2.04%. This increase is mainly attributable to an increase in instruction, support services, and non-instructional services. Instruction and support services expenditures increased during the current fiscal year due to an increase in personnel costs. Capital outlay and debt service expenditures decreased during the current fiscal year due to a new capital lease agreement in the prior fiscal year and no new leases in the current year.

Permanent Improvement Fund

The permanent improvement fund had \$247,741 in revenues and \$486,984 in expenditures. During fiscal year 2020, the permanent improvement fund's fund balance decreased \$239,243 from a deficit of \$231,068 to a deficit balance of \$470,311.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

General Fund Budgeting Highlights

The 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 budgeted fund is the general fund.

For the general fund, original and final budgeted revenues and other financing sources were \$9,289,451. Actual revenues and other financing sources for fiscal year 2020 were \$9,380,386, which is higher than the final budgeted amounts by \$90,935.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$8,969,193, which was higher than the original budgeted appropriations estimate of \$7,969,193. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$8,596,009, which was \$373,184 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had \$9,997,744 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and textbooks. This entire amount is reported in governmental activities. The following table shows June 30, 2020 balances compared to June 30, 2019:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	June 30, 2020	June 30, 2019
Land	\$ 11,423	\$ 11,423
Construction in progress	680,239	137,115
Land improvements	485,959	546,062
Buildings and improvements	7,680,110	7,788,350
Furniture, fixtures and equipment	733,373	523,884
Vehicles	406,640	449,590
Total	\$ 9,997,744	\$ 9,456,424

The overall increase in capital assets is due to capital outlays of \$1,074,115 exceeding depreciation expense of \$532,795 in the current period.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Debt Administration

At June 30, 2020, the District had \$440,000 in general obligation bonds and \$34,544 in capital leases outstanding. Of this total, \$181,820 is due within one year and \$292,724 is due in more than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2020</u>	Governmental Activities <u>2019</u>
Capital lease	\$ 34,544	\$ 64,816
General Obligation Bonds	<u>440,000</u>	<u>645,000</u>
Total	<u><u>\$ 474,544</u></u>	<u><u>\$ 709,816</u></u>

At June 30, 2020, the District's overall legal debt margin was \$7,419,057, and an unvoted debt margin of \$81,712.

See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District strives to be great stewards of public dollars received and was able to lower (with approval from voters) the income tax rate a second time. This change from a 1.75% traditional income tax to a 1.50% earned income tax became effective January 1, 2020. The District is also in the process of updating the facilities in accordance with its capital spending plan, as the building is approaching 20 years old. Continued support by the community has also enabled the School Board to waive all academic and athletic fees since fiscal year 2017, offering every student an opportunity to thrive.

The administration continues to try to balance education needs and community interests with the resources made available. The challenge for all districts is to provide quality services to the public while staying within the restrictions imposed by limited and changing funding. Current operating trends indicate, that with careful oversight, the District will have at least two months of operating cash on hand and be financially solvent for the foreseeable future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ronnie Fitchpatrick CPA, Treasurer/CFO, Riverside Local School District, 2096 CR 24 S, DeGraff, Ohio 43318.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 13,591,501
Receivables:	
Property taxes	1,884,721
Income taxes.	429,078
Accrued interest	35,026
Intergovernmental	33,120
Prepayments	46,984
Net OPEB asset.	408,347
Capital assets:	
Nondepreciable capital assets	691,662
Depreciable capital assets, net.	9,306,082
Capital assets, net	9,997,744
Total assets.	26,426,521
Deferred outflows of resources:	
Pension	1,493,693
OPEB	319,926
Total deferred outflows of resources	1,813,619
Liabilities:	
Accounts payable	15,394
Retainage payable	47,617
Accrued wages and benefits payable.	475,712
Intergovernmental payable	42,023
Pension and post employment benefits payable.	116,191
Accrued interest payable.	603
Long-term liabilities:	
Due within one year	232,545
Due in more than one year:	
Net pension liability.	7,425,736
Other amounts	671,790
Net OPEB liability.	852,446
Total liabilities.	9,880,057
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	1,385,897
Unamortized deferred charges	
on debt refunding	2,219
Pension.	405,003
OPEB.	733,644
Total deferred inflows of resources	2,526,763
Net position:	
Net investment in capital assets	9,473,364
Restricted for:	
Classroom facilities maintenance	59,385
Debt service.	524,940
Locally funded programs	1,005
State funded programs.	82,600
Student activities	51,008
Other purposes	207,378
Unrestricted	5,433,640
Total net position.	\$ 15,833,320

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 4,029,806	\$ 522,767	\$ 23,913	\$ -	\$ (3,483,126)
Special	1,286,929	45,251	621,386	-	(620,292)
Vocational	14,775	-	7,841	-	(6,934)
Other	39,983	-	-	-	(39,983)
Support services:					
Pupil	476,934	-	87,679	-	(389,255)
Instructional staff	447,362	-	36,877	-	(410,485)
Board of education	12,153	-	-	-	(12,153)
Administration	672,753	-	-	-	(672,753)
Fiscal	338,168	-	-	-	(338,168)
Business	175	758	-	-	583
Operations and maintenance	961,305	-	30,902	6,090	(924,313)
Pupil transportation	415,239	-	19,446	-	(395,793)
Operation of non-instructional services:					
Other non-instructional services	103,656	-	27,191	-	(76,465)
Food service operations	380,635	104,906	206,189	-	(69,540)
Extracurricular activities	466,438	88,683	15,403	-	(362,352)
Interest and fiscal charges	10,686	-	-	-	(10,686)
Total governmental activities	\$ 9,656,997	\$ 762,365	\$ 1,076,827	\$ 6,090	(7,811,715)

General revenues:

Property taxes levied for:		
General purposes		1,547,485
Debt service		61,334
Capital outlay		211,494
Special revenue		21,243
School district income tax:		
General purposes		1,310,396
Grants and entitlements not restricted to specific programs		5,213,591
Investment earnings		534,479
Miscellaneous		29,854
Total general revenues		8,929,876
Change in net position		1,118,161
Net position at beginning of year (restated)		14,715,159
Net position at end of year		\$ 15,833,320

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 10,912,456	\$ 126,726	\$ 2,552,319	\$ 13,591,501
Receivables:				
Property taxes.	1,587,331	274,360	23,030	1,884,721
Income taxes	429,078	-	-	429,078
Accrued interest	35,026	-	-	35,026
Intergovernmental.	1,097	-	32,023	33,120
Prepayments	46,876	-	108	46,984
Loans receivable.	650,000	-	-	650,000
Total assets	<u>\$ 13,661,864</u>	<u>\$ 401,086</u>	<u>\$ 2,607,480</u>	<u>\$ 16,670,430</u>
Liabilities:				
Accounts payable	\$ 13,211	\$ -	\$ 2,183	\$ 15,394
Retainage payable.	-	-	47,617	47,617
Accrued wages and benefits payable	421,575	-	54,137	475,712
Intergovernmental payable	41,323	-	700	42,023
Pension and post employment benefits payable.	100,597	-	15,594	116,191
Loans payable	-	650,000	-	650,000
Total liabilities.	<u>576,706</u>	<u>650,000</u>	<u>120,231</u>	<u>1,346,937</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	1,163,810	200,787	21,300	1,385,897
Delinquent property tax revenue not available.	119,239	20,610	1,730	141,579
Income tax revenue not available	101,213	-	-	101,213
Intergovernmental revenue not available.	1,097	-	-	1,097
Accrued interest not available.	19,538	-	-	19,538
Total deferred inflows of resources	<u>1,404,897</u>	<u>221,397</u>	<u>23,030</u>	<u>1,649,324</u>
Fund balances:				
Nonspendable:				
Prepays.	46,876	-	108	46,984
Long-term loans.	650,000	-	-	650,000
Restricted:				
Debt service	-	-	504,933	504,933
Classroom facilities maintenance	-	-	57,655	57,655
Food service operations	-	-	13,506	13,506
Scholarships	-	-	201,575	201,575
Other purposes.	-	-	1,529	1,529
Extracurricular.	-	-	51,008	51,008
Student wellness and success.	-	-	82,076	82,076
Committed:				
Capital improvements	-	-	1,564,972	1,564,972
Termination benefits.	146,629	-	-	146,629
Assigned:				
Student instruction	5,005	-	-	5,005
Student and staff support.	12,024	-	-	12,024
Extracurricular activities	376	-	-	376
Other purposes.	8,971	-	-	8,971
Unassigned (deficit)	10,810,380	(470,311)	(13,143)	10,326,926
Total fund balances (deficit).	<u>11,680,261</u>	<u>(470,311)</u>	<u>2,464,219</u>	<u>13,674,169</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,661,864</u>	<u>\$ 401,086</u>	<u>\$ 2,607,480</u>	<u>\$ 16,670,430</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		\$	13,674,169
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			9,997,744
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Delinquent property taxes	\$	141,579	
Income taxes		101,213	
Accrued interest		19,538	
Intergovernmental		1,097	
Total		263,427	263,427
Unamortized deferred charges are not recognized in the funds.			(2,219)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(603)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		1,493,693	
Deferred inflows of resources - pension		(405,003)	
Net pension liability		(7,425,736)	
Total		(6,337,046)	(6,337,046)
The net OPEB liability is not due and payable in the current period; and the net OPEB asset is not available for spending in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		319,926	
Deferred inflows of resources - OPEB		(733,644)	
Net OPEB asset		408,347	
Net OPEB liability		(852,446)	
Total		(857,817)	(857,817)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(440,000)	
Capital lease obligations		(34,544)	
Compensated absences		(429,791)	
Total		(904,335)	(904,335)
Net position of governmental activities		\$	15,833,320

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 1,539,893	\$ 224,888	\$ 69,190	\$ 1,833,971
Income taxes	1,314,587	-	-	1,314,587
Tuition	566,703	-	-	566,703
Earnings on investments	529,839	-	25,283	555,122
Charges for services	-	-	104,906	104,906
Extracurricular	758	-	88,683	89,441
Classroom materials and fees	1,315	-	-	1,315
Contributions and donations	7,099	-	8,340	15,439
Other local revenues	22,755	-	16,641	39,396
Intergovernmental - intermediate	298	-	2,076	2,374
Intergovernmental - state	5,476,637	22,853	150,304	5,649,794
Intergovernmental - federal	14,386	-	578,593	592,979
Total revenues	<u>9,474,270</u>	<u>247,741</u>	<u>1,044,016</u>	<u>10,766,027</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,488,919	15,989	28,387	3,533,295
Special	878,507	-	326,616	1,205,123
Other	36,758	-	-	36,758
Support services:				
Pupil	437,659	-	5,677	443,336
Instructional staff	346,471	-	37,804	384,275
Board of education	11,356	-	-	11,356
Administration	603,466	-	-	603,466
Fiscal	303,274	4,575	2,927	310,776
Business	175	-	-	175
Operations and maintenance	655,818	417,584	117,754	1,191,156
Pupil transportation	357,859	-	-	357,859
Operation of non-instructional services:				
Other non-instructional services	85,697	6,159	3,500	95,356
Food service operations	-	-	340,417	340,417
Extracurricular activities	244,056	16,828	144,937	405,821
Facilities acquisition and construction	-	25,849	681,426	707,275
Debt service:				
Principal retirement	30,272	-	205,000	235,272
Interest and fiscal charges	2,553	-	9,331	11,884
Total expenditures	<u>7,482,840</u>	<u>486,984</u>	<u>1,903,776</u>	<u>9,873,600</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,991,430</u>	<u>(239,243)</u>	<u>(859,760)</u>	<u>892,427</u>
Other financing sources (uses):				
Sale of capital assets	9,344	-	-	9,344
Transfers in	-	-	995,211	995,211
Transfers (out)	(995,211)	-	-	(995,211)
Total other financing sources (uses)	<u>(985,867)</u>	<u>-</u>	<u>995,211</u>	<u>9,344</u>
Net change in fund balances	1,005,563	(239,243)	135,451	901,771
Fund balances (deficit) at beginning				
beginning of year (restated)	10,674,698	(231,068)	2,328,768	12,772,398
Fund balances (deficit) at end of year	<u>\$ 11,680,261</u>	<u>\$ (470,311)</u>	<u>\$ 2,464,219</u>	<u>\$ 13,674,169</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

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, 2020

Net change in fund balances - total governmental funds	\$	901,771
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 1,074,115	
Current year depreciation	<u>(532,795)</u>	
Total		541,320
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	7,585	
Income taxes	(4,191)	
Accrued interest	4,640	
Intergovernmental	<u>1,097</u>	
Total		9,131
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	205,000	
Capital leases	<u>30,272</u>	
Total		235,272
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	281	
Amortization of deferred charges	<u>917</u>	
Total		1,198
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		594,293
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,185,371)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		23,886
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability and net OPEB asset are reported as OPEB expense in the statement of activities.		
		51,711
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.		
		<u>(55,050)</u>
Change in net position of governmental activities	\$	<u>1,118,161</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 1,497,945	\$ 1,497,945	\$ 1,499,525	\$ 1,580
Income taxes	1,420,000	1,420,000	1,458,454	38,454
Tuition	442,000	442,000	566,703	124,703
Earnings on investments	285,000	285,000	315,970	30,970
Classroom materials and fees	2,250	2,250	1,315	(935)
Other local revenues	25,000	25,000	18,408	(6,592)
Intergovernmental - intermediate	-	-	298	298
Intergovernmental - state	5,606,756	5,606,756	5,476,282	(130,474)
Intergovernmental - federal	10,000	10,000	14,386	4,386
Total revenues	<u>9,288,951</u>	<u>9,288,951</u>	<u>9,351,341</u>	<u>62,390</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,094,642	3,487,088	3,473,946	13,142
Special	894,625	1,006,885	893,237	113,648
Other	37,865	42,616	38,294	4,322
Support services:				
Pupil	444,054	499,775	430,519	69,256
Instructional staff	254,936	286,926	339,498	(52,572)
Board of education	12,315	13,860	12,106	1,754
Administration	538,122	605,647	607,715	(2,068)
Fiscal	289,526	325,857	299,191	26,666
Operations and maintenance	633,278	712,744	670,185	42,559
Pupil transportation	361,688	407,074	366,748	40,326
Central	444	500	-	500
Other operation of non-instructional services	76,931	86,585	85,227	1,358
Extracurricular activities	275,269	309,811	250,723	59,088
Debt service:				
Principal	30,272	30,272	30,272	-
Interest and fiscal charges	2,553	2,553	2,553	-
Total expenditures	<u>6,946,520</u>	<u>7,818,193</u>	<u>7,500,214</u>	<u>317,979</u>
Excess of revenues over expenditures	<u>2,342,431</u>	<u>1,470,758</u>	<u>1,851,127</u>	<u>380,369</u>
Other financing sources (uses):				
Sale of capital assets	500	500	9,344	8,844
Transfers (out)	(932,933)	(1,050,000)	(995,211)	54,789
Advances (out)	(88,851)	(100,000)	(100,000)	-
Refund of prior year's expenditures	-	-	19,701	19,701
Refund of prior year's receipts	-	-	(584)	(584)
Other uses	(889)	(1,000)	-	1,000
Total other financing sources (uses)	<u>(1,022,173)</u>	<u>(1,150,500)</u>	<u>(1,066,750)</u>	<u>83,750</u>
Net change in fund balance	<u>1,320,258</u>	<u>320,258</u>	<u>784,377</u>	<u>464,119</u>
Fund balance at beginning of year	9,578,928	9,578,928	9,578,928	-
Prior year encumbrances appropriated	72,479	72,479	72,479	-
Fund balance at end of year	<u>\$ 10,971,665</u>	<u>\$ 9,971,665</u>	<u>\$ 10,435,784</u>	<u>\$ 464,119</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Custodial
Assets:	
Equity in pooled cash and cash equivalents	\$ 500
Total assets.	500
Net position:	
Restricted for individuals, organizations and other governments . .	\$ 500
Total net position.	\$ 500

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
From local sources:	
Contributions and donations	\$ 500
Collections for OHSAA	3,687
Total additions.	4,187
Deductions:	
Distributions for scholarships.	4,200
Distributions to OSHAA	3,687
Total deductions	7,887
Change in net position	(3,700)
Net position at beginning of year (restated)	4,200
Net position at end of year	\$ 500

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Riverside Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and the privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District’s instructional/support facility staffed by 39 non-certified and 52 certified full-time teaching personnel who provide services to 634 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

GROUP PURCHASING POOLS

Workers' Compensation Group Rating Program

The District participates in a Workers' Compensation Group Rating Program (GRP) administered by CompManagement. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), and insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SOEPC is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SOEPC's business and affairs are conducted by a board consisting of seven school administrators, who are elected by the membership each year.

In addition the cooperative hires attorneys, auditor's and actuaries to assist in running the day to day program. Gallagher is responsible for the insurance program administration. JWF Specialty Company is responsible for processing claims between SOEPC and its members. Financial information can be obtained from Mr. Ken Swink, Southwestern Ohio Educational Purchasing Council Director.

Ohio School Plan

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a Board of thirteen school superintendents, business managers and treasurers. Harcum-Schuett, the insurance agency, has one board seat. OSBA, BASA and OASBO executive directors serve as ex-officio members. 450 educational entities are served by the Plan. The Plan's board elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Hylant Administrative Services, LLC., 811 Madison Avenue, P.O. Box 2083, Toledo, Ohio 43603-2083.

JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is a council of governments established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the state of Ohio, and is composed of 26 school districts, 3 educational service centers, 2 parochial schools, 2 career centers and 4 community schools. It was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of member districts. The Organization is governed by a Board of Directors consisting of 14 members: two Superintendents from each county that is represented, one treasurer representative, a student services representative, one city school representative and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the Board. Financial information can be obtained from Marcia Wierwille, who serves as Treasurer, at 129 East Court Street, Sidney, Ohio 45365.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from participating school districts' elected boards. The degree of control exercised by the District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

Logan County Education Foundation

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Eric Tom, who serves as Financial Advisor, 121 S. Opera Street, Bellefontaine, Ohio 43311.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary funds.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted for debt service.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds are used to account for tournament monies collected on behalf of the Ohio High School Athletics Association (OHSAA) and monies held in a fiscal agent capacity for scholarship.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current 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 (i.e., revenues and other financing sources) and uses (i.e., 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

D. 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, income taxes, interest, tuition, grants, student fees and rentals.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements.

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 District unavailable revenue includes, but is not limited to, delinquent property taxes, income tax and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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.

E. Budgets

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function and object level in all funds are made by the Treasurer.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

F. Cash and Investments

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

During fiscal year 2020, investments were limited to nonnegotiable certificates of deposit, negotiable certificates of deposits, municipal bonds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, 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 District measures its 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 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$529,839, which includes \$91,730 assigned from other funds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District’s capitalization threshold is \$2,500. 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. The District does not possess infrastructure.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	15 - 30 years
Buildings and improvements	30 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 15 years
Textbooks	10 years

I. Interfund Balances

On fund financial statements, long-term interfund loans are classified as “loans receivable/payables.” These amounts are eliminated in the governmental type activities columns of the statement of net position.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2020, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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, are reported as obligations of the funds. However, 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 year. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain and Loss

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On fund financial statements and government-wide financial statements, issuance costs are expensed in the fiscal year they occur.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District 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 classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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 District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service.

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

O. Estimates

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

P. Interfund Activity

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Fair Value

The 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, "Fiduciary Activities" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These fund reclassifications resulted in the restatement of the District's financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balance as previously reported	\$ 10,674,893	\$ (231,068)	\$ 2,105,470	\$ 12,549,295
GASB Statement No. 84	<u>(195)</u>	<u>-</u>	<u>223,298</u>	<u>223,103</u>
Restated Fund Balance, at June 30, 2019	<u>\$ 10,674,698</u>	<u>\$ (231,068)</u>	<u>\$ 2,328,768</u>	<u>\$ 12,772,398</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	\$ 14,492,056
GASB Statement No. 84	223,103
Restated net position at June 30, 2019	\$ 14,715,159

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of \$4,200. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$45,414. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting private purpose trust funds. At June 30, 2019, private purpose funds reported a net position of \$181,889.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

	Deficit
<u>Major fund</u>	
Permanent Improvement Fund	\$ 470,311
<u>Nonmajor funds</u>	
IDEA, Part B	673
Title I, Disadvantaged Children	8,856
Improving Teacher Quality	2,029
Miscellaneous Federal Grants	1,585

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the fair 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 that 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 items (1) and (2) above 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, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year-end, the District had \$100 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents.

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$3,370,803 and the bank balance of all District deposits was \$392,107. The entire bank balance, \$392,107 was covered by federal depository insurance.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2020, certain District financial institutions did not participate in the OPCS while certain other financial institutions did participate in the OPCS. Those financial institutions that did participate were approved for a reduced collateral rate of 102 percent through the OPCS.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2020, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	Investment Maturities				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Net Asset Value:</i>						
STAR Ohio	\$ 2,516,160	\$ 2,516,160	\$ -	\$ -	\$ -	\$ -
<i>Fair Value:</i>						
Municipal Bonds	941,587	-	-	5,253	5,269	931,065
Negotiable CD's	<u>6,763,351</u>	<u>739,204</u>	<u>759,014</u>	<u>503,064</u>	<u>790,425</u>	<u>3,971,644</u>
Total	<u>\$ 10,221,098</u>	<u>\$ 3,255,364</u>	<u>\$ 759,014</u>	<u>\$ 508,317</u>	<u>\$ 795,694</u>	<u>\$ 4,902,709</u>

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The 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 table identifies the District's recurring fair value measurement as of June 30, 2020. As previously discussed STAR Ohio is reported at its net asset value.

The District's investments in municipal bonds and negotiable certificates of deposit are valued using quoted market prices (Level 1 inputs).

The District's investments in negotiable certificates of deposit maintained by Charles Schwab are subject to coverage by the Securities Investor Protection Corporation (SIPC) due to Charles Schwab's status as an SIPC broker.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
STAR Ohio	\$ 2,516,160	24.62
Municipal bonds	941,587	9.21
Negotiable CD's	<u>6,763,351</u>	<u>66.17</u>
Total	<u>\$ 10,221,098</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,370,803
Investments	10,221,098
Cash on hand	<u>100</u>
Total	<u>\$ 13,592,001</u>

<u>Cash and investments per statements of net position</u>	
Governmental activities	\$ 13,591,501
Custodial fund	<u>500</u>
Total	<u>\$ 13,592,001</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the fiscal year ended June 30, 2020, consisted of the following, as reported on the fund statements:

<u>Transfer from:</u>	<u>Transfer to:</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 995,211</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund balances at June 30, 2020, as reported on the fund financial statements, consist of the following loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Permanent improvement fund	<u>\$ 650,000</u>

Loans receivable/payable are long-term interfund loans and are not expected to be repaid in the subsequent fiscal year. The primary purpose of the loan is to cover costs where revenues were not received by June 30. The loan will be repaid once the anticipated revenues are received. Loans receivable/payable between governmental funds are eliminated and are not reported on the government-wide statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair 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 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Logan and Shelby Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$304,282 in the general fund and \$52,963 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$263,914 in the general fund, \$49,640 in the debt service fund (a nonmajor governmental fund) and \$12,977 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 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 was levied to finance current fiscal year operations and is 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES - (Continue)

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 81,437,570	97.00	\$ 79,033,820	96.72
Public utility personal	<u>2,515,820</u>	<u>3.00</u>	<u>2,678,670</u>	<u>3.28</u>
Total	<u>\$ 83,953,390</u>	<u>100.00</u>	<u>\$ 81,712,490</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$51.50		\$48.00	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The District levies a voted tax for general operations on the income of residents and of estates. The District voters approved a five year 1.75% income tax levy on November 5, 2013, effective January 1, 2015 through December 31, 2019. A change in rate and type was approved by voters on November 6, 2018. Effective January 1, 2020, it is now a 1.50% earned income tax levied on residents. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund during fiscal year 2020 amounted to \$1,314,587.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, income taxes, intergovernmental grants and entitlements and accrued interest. 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. A summary of the items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 1,884,721
Income taxes	429,078
Accrued interest	35,026
Intergovernmental	<u>33,120</u>
Total	<u>\$ 2,381,945</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2020</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 11,423	\$ -	\$ -	\$ 11,423
Construction in progress	<u>137,115</u>	<u>730,226</u>	<u>(187,102)</u>	<u>680,239</u>
Total capital assets, not being depreciated	<u>148,538</u>	<u>730,226</u>	<u>(187,102)</u>	<u>691,662</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,756,998	-	-	1,756,998
Buildings and improvements	14,241,456	243,173	-	14,484,629
Furniture, fixtures and equipment	1,997,459	287,818	(238,417)	2,046,860
Vehicles	773,782	-	-	773,782
Textbooks	<u>632,952</u>	<u>-</u>	<u>-</u>	<u>632,952</u>
Total capital assets, being depreciated	<u>19,402,647</u>	<u>530,991</u>	<u>(238,417)</u>	<u>19,695,221</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,210,936)	(60,103)	-	(1,271,039)
Buildings and improvements	(6,453,106)	(351,413)	-	(6,804,519)
Furniture, fixtures and equipment	(1,473,575)	(78,329)	238,417	(1,313,487)
Vehicles	(324,192)	(42,950)	-	(367,142)
Textbooks	<u>(632,952)</u>	<u>-</u>	<u>-</u>	<u>(632,952)</u>
Total accumulated depreciation	<u>(10,094,761)</u>	<u>(532,795)</u>	<u>238,417</u>	<u>(10,389,139)</u>
Governmental activities capital assets, net	<u>\$ 9,456,424</u>	<u>\$ 728,422</u>	<u>\$ (187,102)</u>	<u>\$ 9,997,744</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 265,353
Special	6,516
Vocational	14,775
<u>Support services:</u>	
Instructional staff	38,487
Administration	9,264
Fiscal	3,258
Operations and maintenance	67,354
Pupil transportation	34,772
Extracurricular	57,929
Food service operations	<u>35,087</u>
Total depreciation expense	<u>\$ 532,795</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During a prior fiscal year, the District entered into capitalized leases for the acquisition of copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease have been originally capitalized in the amount of \$145,317, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2020 was \$101,722, leaving a current book value of \$43,595. Principal payments in the 2020 fiscal year totaled \$30,272. This amount is reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2020.

Fiscal Year Ending June 30,	Total
2021	\$ 32,825
2022	2,735
Total minimum lease payments	35,560
Less: amount representing interest	(1,016)
Present value of minimum lease payments	\$ 34,544

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2020, the following changes occurred in governmental activities' long-term obligations.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts Due in One Year
Governmental activities:					
Capital lease	\$ 64,816	\$ -	\$ (30,272)	\$ 34,544	\$ 31,820
G.O. Refunding Bonds - Series 2016	645,000	-	(205,000)	440,000	150,000
Compensated absences	374,741	90,320	(35,270)	429,791	50,725
Net pension liability	7,191,455	234,281	-	7,425,736	-
Net OPEB liability	869,367	-	(16,921)	852,446	-
Total	\$ 9,145,379	\$ 324,601	\$ (287,463)	\$ 9,182,517	\$ 232,545

Net Pension Liability

The District's net pension liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Net OPEB Liability/Asset

The District's net OPEB liability/asset is described in Note 15. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences have been accrued for vacation and sick leave liabilities. The amounts will be paid from the funds from which employees' salaries are paid, which primarily are the general fund and food service fund (a nonmajor governmental fund).

School Facilities Construction and Improvement General Obligation Bonds

On May 10, 2016, the District issued general obligation bonds (Series 2016 Refunding Bonds) to advance refund the callable portion of the Series 2006A general obligation refunding bonds (principal \$1,235,000). The issuance proceeds of \$1,235,000 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt.

This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

This refunding issue was comprised of current interest bonds, par value \$1,235,000. The bonds were issued for a seven year period with final maturity at December 1, 2022. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund (a nonmajor governmental fund).

The following is a schedule of activity for fiscal year 2020 on the 2016 series refunding bonds:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2020</u>
Current interest bonds - 2016 series	\$ 645,000	\$ -	\$ (205,000)	\$ 440,000
Total	<u>\$ 645,000</u>	<u>\$ -</u>	<u>\$ (205,000)</u>	<u>\$ 440,000</u>

The following is a summary of the future debt service requirements to maturity for the 2016 series refunding bonds:

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2021	\$ 150,000	\$ 6,278	\$ 156,278
2022	155,000	3,655	158,655
2023	<u>135,000</u>	<u>1,161</u>	<u>136,161</u>
Total	<u>\$ 440,000</u>	<u>\$ 11,094</u>	<u>\$ 451,094</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$7,419,057 (including available funds of \$504,933) and an unvoted debt margin of \$81,712.

NOTE 12 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 56.25 days for all employees.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

During fiscal year 2020, the District participated in the Ohio School Plan (OSP), a public entity insurance purchasing pool (See Note 2.A.). The District entered into an agreement with the OSP and its premium is based on types of coverage, limits of coverage and deductibles that it selects. The OSP is administered by Hylant Administrative Services.

The District is subject 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 District maintains comprehensive commercial insurance coverage for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured.

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$34,832,742. The policy includes a \$1,000 deductible for commercial property coverage.

The District's fleet insurance has a liability limit of \$3,000,000, \$5,000 for medical payments and \$1,000,000 for uninsured motorists. The policy includes a \$1,000 deductible for school buses and \$500 deductible for all other vehicles.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Employee Benefits

On January 1, 2018, the District joined the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust. The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of seventy Districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants, The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust that will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Drive, Suite 208, Vandalia, Ohio 45377.

The District also participates with American United Life a OneAmerica Company life insurance coverage for employees.

C. Workers' Compensation

For fiscal year 2020, the District participated in a Workers' Compensation Group Rating Program (GRP). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - District Employees Retirement System (SERS)

Plan Description - The 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, annual cost-of-living adjustments, 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 after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$167,536 for fiscal year 2020. Of this amount, \$18,853 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement 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 website 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. 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 until August 1, 2023 when retirement eligibility will be five year qualifying service credit and age 60, or 30 years or service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment at age 50 or later.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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. For fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$426,757 for fiscal year 2020. Of this amount, \$73,452 is reported as pension and postemployment benefits 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03086590%	0.02466695%	
Proportion of the net pension liability current measurement date	<u>0.03298270%</u>	<u>0.02465508%</u>	
Change in proportionate share	<u>0.00211680%</u>	<u>-0.00001187%</u>	
Proportionate share of the net pension liability	\$ 1,973,413	\$ 5,452,323	\$ 7,425,736
Pension expense	\$ 471,452	\$ 713,919	\$ 1,185,371

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 50,040	\$ 44,393	\$ 94,433
Changes of assumptions	-	640,481	640,481
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	151,179	13,307	164,486
Contributions subsequent to the measurement date	<u>167,536</u>	<u>426,757</u>	<u>594,293</u>
Total deferred outflows of resources	<u>\$ 368,755</u>	<u>\$ 1,124,938</u>	<u>\$ 1,493,693</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 23,602	\$ 23,602
Net difference between projected and actual earnings on pension plan investments	25,328	266,478	291,806
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>89,595</u>	<u>89,595</u>
Total deferred inflows of resources	<u>\$ 25,328</u>	<u>\$ 379,675</u>	<u>\$ 405,003</u>

\$594,293 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 183,707	\$ 269,407	\$ 453,114
2022	(20,494)	57,739	37,245
2023	(1,685)	(37,265)	(38,950)
2024	<u>14,363</u>	<u>28,625</u>	<u>42,988</u>
Total	<u>\$ 175,891</u>	<u>\$ 318,506</u>	<u>\$ 494,397</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2019, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% 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, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 a 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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 earning were calculated using the long-term assumed investment rate of return (7.50%). 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 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 7.50%, 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 (6.50%), or one percentage point higher (8.50%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 2,675,457	\$ 1,973,413	\$ 1,309,185

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's 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 Real 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 %	

*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 7,967,962	\$ 5,452,323	\$ 3,322,705

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net 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.

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - District Employees Retirement System (SERS)

Health Care Plan Description - The 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. 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 Comprehensive Annual 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The surcharge is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$23,886 for fiscal year 2020. Of this amount, \$23,886 is reported as pension and postemployment benefits payable.

Plan Description - 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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. 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. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, 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, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03133680%	0.02466695%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.03389730%</u>	<u>0.02465508%</u>	
Change in proportionate share	<u>0.00256050%</u>	<u>-0.00001187%</u>	
Proportionate share of the net OPEB liability	\$ 852,446	\$ -	\$ 852,446
Proportionate share of the net OPEB asset	\$ -	\$ (408,347)	\$ (408,347)
OPEB expense	\$ 74,055	\$ (125,766)	\$ (51,711)

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2020, the 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	\$ 12,514	\$ 37,020	\$ 49,534
Net difference between projected and actual earnings on OPEB plan investments	2,046	-	2,046
Changes of assumptions	62,261	8,583	70,844
Difference between employer contributions and proportionate share of contributions/change in proportionate share	169,186	4,430	173,616
Contributions subsequent to the measurement date	23,886	-	23,886
Total deferred outflows of resources	\$ 269,893	\$ 50,033	\$ 319,926
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 187,276	\$ 20,775	\$ 208,051
Net difference between projected and actual earnings on OPEB plan investments	-	25,646	25,646
Changes of assumptions	47,769	447,705	495,474
Difference between employer contributions and proportionate share of contributions/change in proportionate share	-	4,473	4,473
Total deferred inflows of resources	\$ 235,045	\$ 498,599	\$ 733,644

\$23,886 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. 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:			
2021	\$ (5,589)	\$ (98,221)	\$ (103,810)
2022	8,062	(98,221)	(90,159)
2023	8,660	(87,941)	(79,281)
2024	8,561	(84,334)	(75,773)
2025	(3,377)	(81,006)	(84,383)
Thereafter	(5,355)	1,157	(4,198)
Total	\$ 10,962	\$ (448,566)	\$ (437,604)

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

The most recent experience study was completed for the five year period ended June 30, 2015.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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, 7.50%, 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the 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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,034,708	\$ 852,446	\$ 707,526

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 682,982	\$ 852,446	\$ 1,077,284

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - 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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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 Real 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	<u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include 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 OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the 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, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 348,443	\$ 408,347	\$ 458,713

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 463,047	\$ 408,347	\$ 341,353

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 784,377
Net adjustment for revenue accruals	110,725
Net adjustment for expenditure accruals	(7,505)
Net adjustment for other sources/uses	80,883
Funds budgeted elsewhere	(5,692)
Adjustment for encumbrances	42,775
GAAP basis	<u>\$ 1,005,563</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies fund, public school support fund and termination benefits fund.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2019-2020 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2020 have been finalized.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17 - CONTINGENCIES - (Continued)

D. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District’s investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 18 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	115,857
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	-
Excess qualified expenditures from prior years	-
Current year offsets	(1,201,897)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (1,086,040)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

During fiscal year 2001, the District issued \$2,881,817 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years.

The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$2,542,865 at June 30, 2020.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 10,086
Permanent improvement fund	14,461
Nonmajor governmental funds	<u>1,275,461</u>
Total	<u>\$ 1,300,008</u>

NOTE 20 - CONTRACTUAL COMMITMENT

As of June 30, 2020, the District had the following contractual commitment outstanding related to a roof project:

<u>Contractor</u>	<u>Contractual Commitment</u>	<u>Amount Paid as of 6/30/2020</u>	<u>Amount Remaining on Contract</u>
Waibel Energy Systems	<u>\$ 1,945,211</u>	<u>\$ 632,622</u>	<u>\$ 1,312,589</u>

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REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.03298270%	0.03086590%	0.02593240%	0.02412650%
District's proportionate share of the net pension liability	\$ 1,973,413	\$ 1,767,747	\$ 1,549,404	\$ 1,765,837
District's covered payroll	\$ 1,155,504	\$ 1,006,756	\$ 926,986	\$ 688,086
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.78%	175.59%	167.14%	256.63%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02599480%	0.02506400%	0.02506400%
\$ 1,483,288	\$ 1,268,475	\$ 1,490,476
\$ 782,580	\$ 728,312	\$ 818,251
189.54%	174.17%	182.15%
69.16%	71.70%	65.52%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.02465508%	0.02466695%	0.02451774%	0.02466186%
District's proportionate share of the net pension liability	\$ 5,452,323	\$ 5,423,708	\$ 5,824,242	\$ 8,255,068
District's covered payroll	\$ 2,882,000	\$ 2,839,014	\$ 2,757,414	\$ 2,629,479
District's proportionate share of the net pension liability as a percentage of its covered payroll	189.19%	191.04%	211.22%	313.94%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02574017%	0.02570535%	0.02570535%
\$ 7,113,830	\$ 6,252,431	\$ 7,447,855
\$ 2,716,914	\$ 2,626,377	\$ 2,859,262
261.83%	238.06%	260.48%
72.10%	74.70%	69.30%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 167,536	\$ 155,993	\$ 135,912	\$ 129,778
Contributions in relation to the contractually required contribution	<u>(167,536)</u>	<u>(155,993)</u>	<u>(135,912)</u>	<u>(129,778)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,196,686	\$ 1,155,504	\$ 1,006,756	\$ 926,986
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 96,332	\$ 103,144	\$ 100,944	\$ 113,246	\$ 109,327	\$ 92,422
<u>(96,332)</u>	<u>(103,144)</u>	<u>(100,944)</u>	<u>(113,246)</u>	<u>(109,327)</u>	<u>(92,422)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 688,086	\$ 782,580	\$ 728,312	\$ 818,251	\$ 812,840	\$ 735,259
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 426,757	\$ 403,480	\$ 397,462	\$ 386,038
Contributions in relation to the contractually required contribution	<u>(426,757)</u>	<u>(403,480)</u>	<u>(397,462)</u>	<u>(386,038)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,048,264	\$ 2,882,000	\$ 2,839,014	\$ 2,757,414
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 368,127	\$ 380,368	\$ 341,429	\$ 371,704	\$ 406,780	\$ 402,007
<u>(368,127)</u>	<u>(380,368)</u>	<u>(341,429)</u>	<u>(371,704)</u>	<u>(406,780)</u>	<u>(402,007)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,629,479	\$ 2,716,914	\$ 2,626,377	\$ 2,859,262	\$ 3,129,077	\$ 3,092,362
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.03389730%	0.03133680%	0.02632320%	0.02447047%
District's proportionate share of the net OPEB liability	\$ 852,446	\$ 869,367	\$ 706,446	\$ 697,499
District's covered payroll	\$ 1,155,504	\$ 1,006,756	\$ 926,986	\$ 688,086
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	73.77%	86.35%	76.21%	101.37%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.02465508%	0.02466695%	0.02451774%	0.02466186%
District's proportionate share of the net OPEB liability/(asset)	\$ (408,347)	\$ (396,373)	\$ 956,592	\$ 1,318,923
District's covered payroll	\$ 2,882,000	\$ 2,839,014	\$ 2,757,414	\$ 2,629,479
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.17%	13.96%	34.69%	50.16%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 23,886	\$ 26,920	\$ 22,067	\$ 14,383
Contributions in relation to the contractually required contribution	<u>(23,886)</u>	<u>(26,920)</u>	<u>(22,067)</u>	<u>(14,383)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,196,686	\$ 1,155,504	\$ 1,006,756	\$ 926,986
Contributions as a percentage of covered payroll	2.00%	2.33%	2.19%	1.55%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 12,472	\$ 19,336	\$ 28,285	\$ 21,398	\$ 47,843	\$ 12,830
<u>(12,472)</u>	<u>(19,336)</u>	<u>(28,285)</u>	<u>(21,398)</u>	<u>(47,843)</u>	<u>(12,830)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 688,086	\$ 782,580	\$ 728,312	\$ 818,251	\$ 812,840	\$ 735,259
1.81%	2.47%	3.88%	2.62%	5.89%	1.74%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,048,264	\$ 2,882,000	\$ 2,839,014	\$ 2,757,414
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 30,924	\$ 30,510	\$ 33,890	\$ 27,025
-	-	(30,924)	(30,510)	(33,890)	(27,025)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,629,479	\$ 2,716,914	\$ 2,626,377	\$ 2,859,262	\$ 3,129,077	\$ 3,092,362
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

JAMES G. ZUPKA, C.P.A., INC.

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

To the Members of Board of Education
Riverside Local School District
DeGraff, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Riverside Local School District, Logan County, Ohio, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 24, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. Also, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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.



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 24, 2021

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The prior audit report, as of June 30, 2019, included no findings. Management letter recommendations, as of June 30, 2019, have been corrected, repeated, or procedures instituted to prevent occurrences in this audit report.

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OHIO AUDITOR OF STATE KEITH FABER



RIVERSIDE LOCAL SCHOOL DISTRICT

LOGAN 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 12/30/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov