

RIVERSIDE SCHOOL DISTRICT

**FINANCIAL STATEMENTS
AND
SINGLE AUDIT REPORTS**

JUNE 30, 2021

RIVERSIDE SCHOOL DISTRICT

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RIVERSIDE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Riverside School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Riverside School District (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.

CERTIFIED PUBLIC ACCOUNTANTS

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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 opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Riverside School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages IV - XI, schedule of the District's proportionate share of net pension liability, schedule of District contributions, schedule of changes in the District's proportionate share of other post-employment benefit liability, related notes, and budgetary comparison information on pages 47 - 59 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 accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 March 29, 2022 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.

Kohanski & Co., PC

Scranton, PA
March 29, 2022

**Riverside School District
Management's Discussion and Analysis
For the Year Ended June 30, 2021
(UNAUDITED)**

The following discussion and analysis of Riverside School District's (the "District") financial statements provides an overview of the financial activities of the District for the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements and the accompanying notes to those statements following this section.

As a requirement of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB 34), the District will compare the financial information of the current year with the prior year, to further explain the District's financial position and results of operations.

Financial Highlights for Fiscal Year 2021:

- The net position (assets minus liabilities) of the District as of June 30, 2021 was (\$31,542,713) compared to net position of the District as of June 30, 2020 of (\$34,675,789). The increase of \$3,133,076 includes net increases in cash and grant receivables.
- The governmental funds reported an ending governmental fund balance of \$5,840,617 compared to an ending governmental fund balance in fiscal year 2020 of \$1,836,860, which represents an increase of \$4,003,757. This increase is primarily due to no increase in wages for our Teacher's Union, who had a status quo contract, and an influx in cash related to improved delinquent tax collection procedures.
- The District's share of the ESSER and other COVID response grant funding is the main driver for the increase in assets for 2021. The District has qualified for a total of \$4,610,559 in grant funding to be received in the near future.
- The District Capital Reserves have increased from \$20,113 in 2020 to \$209,013 in 2021. Financial policies of setting aside excess budgeted revenue received from particular revenue streams has enabled this savings. The funds available will finance a track renovation project to be completed in 2022.

USING THIS GENERAL ACCEPTED ACCOUNTING PRINCIPALS REPORT (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Riverside School 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 School District, presenting both an aggregate view of the School District's finances and 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 School District's most significant funds with all other non-major funds presented in total in one column. In the case of Riverside School District, the General Fund is by far the most significant fund.

REPORTING THE SCHOOL 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 School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District operates the food service fund as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

FUND FINANCIAL STATEMENTS

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Capital Projects and Debt Service Funds.

GOVERNMENTAL FUNDS

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the 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 statements provide a detailed short-term view of the School 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 financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes can be found following the fund financial statements.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the combining statements for the non-major funds, schedules of budget to actual comparisons, the other post-employment benefit schedules, and the pension trust fund schedules.

Government-Wide Financial Analysis

The following table reflects the condensed Statement of Net Position: Recall that the Statement of Net Position provides a summary of the School District's net position for 2021 compared to 2020.

	<u>TABLE 1</u>	
	<u>NET POSITION</u>	
<u>ASSETS:</u>	<u>2021</u>	<u>2020</u>
CURRENT AND OTHER ASSETS	11,633,628	8,137,328
BOND DISCOUNT, NET	46,389	39,641
CAPITAL ASSETS, NET	21,179,032	21,828,709
TOTAL ASSETS	32,859,049	30,005,678
DEFERRED OUTFLOW OF RESOURCES	7,767,597	5,375,001
<u>LIABILITIES:</u>		
CURRENT LIABILITIES	7,569,951	6,291,716
OTHER LIABILITIES	61,490,079	61,880,705
TOTAL LIABILITIES	69,060,030	68,172,421
DEFERRED INFLOW OF RESOURCES	3,109,329	1,884,047
<u>NET POSITION:</u>		
INVESTED IN CAPITAL ASSETS, NET OF DEBT	4,063,490	4,397,955
RESTRICTED	-	-
UNRESTRICTED	(35,606,203)	(39,073,744)
TOTAL NET POSITION	(31,542,713)	(34,675,789)

Total assets and deferred outflows of resources increased by \$5,245,967 with capital assets decreasing by \$649,677. Total liabilities increased by \$887,609. Unrestricted net position, the part of the net position that can be used to, finance day-to-day activities without constraints established by grants or legal requirements of the School District increase by \$3,467,541.

Changes in Net Position

Table II below shows the change in net position for fiscal year 2021 and 2020.

	<u>Table II</u> <u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>		<u>Table II</u> <u>Governmental</u> <u>Activities</u>	<u>Business</u> <u>Type</u> <u>Activities</u>		
	<u>2021</u>	<u>2021</u>	<u>TOTAL</u>	<u>2020</u>	<u>2020</u>	<u>TOTAL</u>	<u>NET CHANGE</u>
Program Revenues:							
Charges for Services	-	\$ 5,468	\$ 5,468	-	\$ 89,306	\$ 89,306	\$ (83,838)
Operating Grants and Contributions	1,480,508	-	1,480,508	959,871	-	959,871	520,637
TOTAL PROGRAM REVENUE	1,480,508	5,468	1,485,976	959,871	89,306	1,049,177	436,799
Property Taxes	14,316,979	-	14,316,979	14,282,832	-	14,282,832	34,147
Grants and Entitlements	10,264,936	1,031,698	11,296,634	10,046,450	648,542	10,694,992	601,642
Other	2,099,617	600	2,100,217	2,475,083	183	2,475,266	(375,049)
TOTAL GENERAL REVENUES	26,681,532	1,032,298	27,713,830	26,804,365	648,725	27,453,090	260,740
TOTAL REVENUE	\$ 28,162,040	\$1,037,766	\$ 29,199,806	\$ 27,764,236	\$738,031	\$ 28,502,267	697,539
EXPENSES	<u>2021</u>	<u>2021</u>	<u>TOTAL</u>	<u>2020</u>	<u>2020</u>	<u>TOTAL</u>	NET CHANGE
Instruction	\$ 13,426,208	-	\$ 13,426,208	\$ 15,653,919	-	\$ 15,653,919	\$ (2,227,711)
Pupils and instructional Staff	1,230,291	-	1,230,291	1,105,196	-	1,105,196	125,095
Board of Education, Fiscal and Business	1,388,635	-	1,388,635	3,601,629	-	3,601,629	(2,212,994)
			-VIII-				

Operation and Maintenance of Plant	1,949,066	-		1,790,935	-		158,125
Pupil Transportation	832,355	-		922,748	-		(90,391)
Other Support Services and Central	344,125	-		326,456	-		17,669
Operation of Non-Instructional Services	4,354,168	781,058	5,301,466	1,287,798	635,148	1,922,946	3,378,520
Unallocated Depreciation	1,156,946	-		1,110,751	-		46,195
Interest and Fiscal Changes	437,638	-		492,786	-		(55,148)
TOTAL EXPENSES	25,285,672	781,058	26,066,730	26,292,218	635,148	26,927,366	(830,636)
INCREASE (DECREASE) IN NET POSITION	\$ 2,876,368	\$ 256,708	\$ 3,133,076	\$ 1,472,018	\$102,883	\$1,574,901	\$1,558,175

GOVERNMENTAL ACTIVITIES

Property taxes make up 52.05 percent of revenues for governmental activities for the Riverside School District for fiscal year 2021.

Instruction comprises 61.2 percent of District expenses. Support services expenses make up 25 percent.

The District has been able to maintain annual expenditures totals while receiving modest increases from local and state subsidies. The District benefitted from no increases to Professional staff salaries as their contract was in status quo. Upon ratification, there will be an increase in salaries and overall expenditures.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the District.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staffing connection

with school activities, and extracurricular activities which includes expenses related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purpose of motivation, enjoyment and skill improvement.

Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

GENERAL FUND BUDGETING HIGHLIGHTS

The School District's budget is prepared according to Pennsylvania 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.

The School District adopted the budget for the fiscal year June 30, 2021 at its June 2020 meeting. The School District's budgetary process flows through the business office after appraisals have been made by authorized supervisory officials. This system is designed to tightly control the budget at the business manager level.

During the fiscal year, the District's general fund had budgeted to receive \$26,223,418 in revenue but actually received \$28,338,905 or a surplus of \$2,115,487. On the expenditure side, total expenditures were \$2,100,490 under budget. The District had an excess of revenue over expenditures plus revenue from financing sources for a total of \$3,874,346.

DEBT ADMINISTRATION

At June 30, 2021 the District had \$16,929,584 of total Long-Term Debt Obligations. Below is the listing of what makes up this total.

GENERAL BOND OBLIGATIONS PAYABLE	\$ 16,865,000
LEASE OBLIGATIONS PAYABLE	64,584
	\$ 16,929,584

Of the District's Long Term Debt, \$2,242,234 is payable within one year. During the District budget preparation, a 5-year plan was presented to the School Board to ensure annual debt payments are made, and the timeline to relieve the District of all currently existing debt by 2028.

CURRENT FINANCIAL ISSUES AND CONCERNS

The Riverside School District is financially stable and for the first time in a decade has shown annual growth in back to back years. The District does not have a large industrial base and property taxes are generated by residential properties.

Finances of the District depend primarily upon state revenues and local property taxes. Should the Commonwealth of Pennsylvania not increase the subsidy payments sufficiently, then local property taxes would need to be raised to meet any budget shortfall. The District did not raise property taxes for the 2021-2022 school year, and project to raise taxes below the Act 1 index for the next three years.

In conclusion, the Riverside School District has committed itself to financial excellence for many years. In addition, the School District system of financial planning, budgeting and internal controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE SCHOOL DISTRICT' S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, inventory and regulatory agencies and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need, additional financial information contact Mr. Bill Drazdowski, Business Administrator of the Riverside School District, Taylor, Pennsylvania.

RIVERSIDE SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2021**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,551,348	\$ 441,842	\$ 4,993,190
Receivables:			
Taxes receivable, net	617,142	-	617,142
Accounts receivable, net	4,610,559	41,636	4,652,195
Other receivable, net	663,168	-	663,168
Inventory	-	10,012	10,012
Restricted cash and cash equivalents	408,016	-	408,016
Prepaid expenses	9,850	-	9,850
Due from other funds	<u>280,055</u>	<u>-</u>	<u>280,055</u>
Total Current Assets	11,140,138	493,490	11,633,628
CAPITAL ASSETS, net	21,108,816	70,216	21,179,032
BOND DISCOUNT, net of amortization	<u>46,389</u>	<u>-</u>	<u>46,389</u>
Total Assets	32,295,343	563,706	32,859,049
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	5,338,927	-	5,338,927
Deferred outflows related to OPEB	<u>2,428,670</u>	<u>-</u>	<u>2,428,670</u>
	<u>\$ 40,062,940</u>	<u>\$ 563,706</u>	<u>\$ 40,626,646</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT**STATEMENT OF NET POSITION (CONT'D)
JUNE 30, 2021**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
CURRENT LIABILITIES:			
Current portion of long-term obligations:			
General bond obligations	\$ 2,195,000	\$ -	\$ 2,195,000
Capital leases	47,234	-	47,234
Special termination benefits	67,219	-	67,219
Accounts payable	523,666	53,931	577,597
Health insurance claims payable	108,310	-	108,310
Deferred revenue	-	13,174	13,174
Accrued salaries and benefits	3,999,629	-	3,999,629
Accrued deductions and withholdings	158,940	-	158,940
Accrued interest	107,793	-	107,793
Due to general fund	-	280,055	280,055
	<u>7,207,791</u>	<u>347,160</u>	<u>7,554,951</u>
LONG-TERM OBLIGATIONS, net of current portion:			
General bond obligations	14,670,000	-	14,670,000
Capital leases	17,350	-	17,350
Special termination benefits	118,073	-	118,073
Bond premium, net of amortization	232,347	-	232,347
Compensated absences	818,931	-	818,931
Net other post-employment benefit obligation	12,461,378	-	12,461,378
Net pension liability	33,187,000	-	33,187,000
	<u>61,505,079</u>	<u>-</u>	<u>61,505,079</u>
Total Long-term Obligations, net of current portion:	<u>61,505,079</u>	<u>-</u>	<u>61,505,079</u>
Total Liabilities	<u>68,712,870</u>	<u>347,160</u>	<u>69,060,030</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT**STATEMENT OF NET POSITION (CONT'D)
JUNE 30, 2021**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows related to pensions	2,762,000	-	2,762,000
Deferred inflows related to OPEB	<u>347,329</u>	<u>-</u>	<u>347,329</u>
Total Deferred Inflows of Resources	<u>3,109,329</u>	<u>-</u>	<u>3,109,329</u>
NET POSITION:			
Net investment in capital assets	3,993,274	70,216	4,063,490
Restricted	420,682	-	420,682
Unrestricted	<u>(36,173,215)</u>	<u>146,330</u>	<u>(36,026,885)</u>
Total Net Position	<u>(31,759,259)</u>	<u>216,546</u>	<u>(31,542,713)</u>
	<u>\$ 40,062,940</u>	<u>\$ 563,706</u>	<u>\$ 40,626,646</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

			Net (Expense) Revenue and Change in Net Position			
			Program Revenues	Primary Government		
FUNCTIONS/PROGRAMS:	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activity	Business-type Activity	Total
Governmental Activities:						
Instructional Services:						
Regular	\$ 9,988,646	\$ -	\$ 1,480,508	\$ (8,508,138)	\$ -	\$ (8,508,138)
Special	3,055,009	-	-	(3,055,009)	-	(3,055,009)
Vocational	279,613	-	-	(279,613)	-	(279,613)
Other instructional programs	102,940	-	-	(102,940)	-	(102,940)
Total Instructional Services	13,426,208	-	1,480,508	(11,945,700)	-	(11,945,700)
Support Services:						
Pupil personnel	903,590	-	-	(903,590)	-	(903,590)
Instructional staff	326,701	-	-	(326,701)	-	(326,701)
Administration	1,388,635	-	-	(1,388,635)	-	(1,388,635)
Pupil health	3,513,212	-	-	(3,513,212)	-	(3,513,212)
Business	409,593	-	-	(409,593)	-	(409,593)
Operation of maintenance and plant services	1,949,066	-	-	(1,949,066)	-	(1,949,066)
Student transportation services	832,355	-	-	(832,355)	-	(832,355)
Central	319,821	-	-	(319,821)	-	(319,821)
Other support services	24,304	-	-	(24,304)	-	(24,304)
Total Support Services	9,667,277	-	-	(9,667,277)	-	(9,667,277)
Other:						
Operation of non-instructional services	431,363	-	-	(431,363)	-	(431,363)
Facilities acquisition, construction, and improvements	8,972	-	-	(8,972)	-	(8,972)
Other expenditures and financing uses	157,268	-	-	(157,268)	-	(157,268)
Unallocated Depreciation	1,156,946	-	-	(1,156,946)	-	(1,156,946)
Interest and fees on long-term debt	437,638	-	-	(437,638)	-	(437,638)
Total Other	2,192,187	-	-	(2,192,187)	-	(2,192,187)
Total Governmental Activities	25,285,672	-	1,480,508	(23,805,164)	-	(23,805,164)
Business-type Activity:						
Food service	781,058	5,468	1,031,698	-	256,108	256,108
	\$ 26,066,730	\$ 5,468	\$ 2,512,206	(23,805,164)	256,108	(23,549,056)
General Revenues:						
Taxes:						
Property taxes				14,316,979	-	14,316,979
Other taxes				2,021,347	-	2,021,347
Subsidies and contributions				10,264,936	-	10,264,936
Investments earnings				23,283	600	23,883
Miscellaneous				54,987	-	54,987
Total General Revenues				26,681,532	600	26,682,132
CHANGE IN NET POSITION				2,876,368	256,708	3,133,076
NET POSITION - BEGINNING				(34,635,627)	(40,162)	(34,675,789)
NET POSITION - ENDING				\$ (31,759,259)	\$ 216,546	\$ (31,542,713)

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Capital Reserves</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash and cash equivalents	\$ 4,250,884	\$ -	\$ 209,013	\$ -	\$ 4,459,897
Taxes receivable	617,142	-	-	-	617,142
Grants receivable	4,610,559	-	-	-	4,610,559
Other receivables	663,168	-	-	-	663,168
Restricted cash and cash equivalents	-	408,001	-	15	408,016
Prepaid expenses	9,850	-	-	12,666	22,516
Due from other funds	<u>280,055</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,055</u>
	<u>\$ 10,431,658</u>	<u>\$ 408,001</u>	<u>\$ 209,013</u>	<u>\$ 12,681</u>	<u>\$ 11,061,353</u>
LIABILITIES:					
Accounts payable	\$ 523,666	\$ -	\$ -	\$ -	\$ 523,666
Accrued salaries and benefits	3,999,629	-	-	-	3,999,629
Payroll deductions and withholdings	<u>158,940</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,940</u>
Total Liabilities	<u>4,682,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,682,235</u>
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue	<u>538,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,501</u>
FUND BALANCES:					
Nonspendable	9,850	-	-	-	9,850
Restricted for debt service	-	-	-	12,681	12,681
Restricted for externally imposed restrictions	-	408,001	-	-	408,001
Assigned	-	-	209,013	-	209,013
Unassigned	<u>5,201,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,201,072</u>
Total Fund Balances	<u>5,210,922</u>	<u>408,001</u>	<u>209,013</u>	<u>12,681</u>	<u>5,840,617</u>
	<u>\$ 10,431,658</u>	<u>\$ 408,001</u>	<u>\$ 209,013</u>	<u>\$ 12,681</u>	<u>\$ 11,061,353</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**RECONCILIATION OF FUND BALANCE IN THE BALANCE SHEET -
GOVERNMENTAL FUNDS WITH NET POSITION IN THE
STATEMENT OF NET POSITION
JUNE 30, 2021**

TOTAL GOVERNMENTAL FUND BALANCES	\$ 5,840,617
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Amounts reported in the statement of net position are difference because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in the fund financial statements:

Capital assets	51,031,055
Accumulated depreciation	(29,922,239)

Prepaid expenses related to debt service that are recognized in the funds but not in the government-wide financial statements.	(12,666)
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Unavailable revenue in the governmental fund balance sheet includes taxes receivable balances that are not considered a current resource.	538,501
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Internal service fund is used by management to charge the cost of health insurance to various departments. The net revenue/expense of the internal service fund is reported with governmental activities.	(16,859)
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The District's net pension liability, deferred outflows of resources, and deferred inflows of resources related to the District's pension plans are not reported in the governmental funds but are reported in the statement of net position:

Net pension liability	(33,187,000)
Deferred outflows of resources	5,338,927
Deferred inflows of resources	(2,762,000)

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**RECONCILIATION OF FUND BALANCE IN THE BALANCE SHEET -
GOVERNMENTAL FUNDS WITH NET POSITION IN THE
STATEMENT OF NET POSITION (CONT'D)
JUNE 30, 2021**

The District's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the District's OPEB plan are not reported in the governmental funds but are reported in the statement of net position:

Net OPEB obligation	(12,461,378)
Deferred outflows of resources	2,428,670
Deferred inflows of resources	(347,329)

Long-term obligations are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term obligations at year end consist of the following:

General obligation bonds payable	(16,865,000)
Capitalized leases payable	(64,584)
Accrued interest payable	(107,793)
Bond premium, net of amortization	(232,347)
Bond discount, net of amortization	46,389
Special termination benefits	(185,292)
Compensated absences	<u>(818,931)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (31,759,259)</u>
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The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Capital Reserves</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local sources	\$ 16,605,295	\$ 47	\$ 7	\$ -	\$ 16,605,349
State sources	10,695,345	-	-	-	10,695,345
Federal sources	1,038,265	-	-	-	1,038,265
Total Revenues	<u>28,338,905</u>	<u>47</u>	<u>7</u>	<u>-</u>	<u>28,338,959</u>
EXPENDITURES:					
Instructional Services:					
Regular	12,655,108	-	-	-	12,655,108
Special	2,995,717	-	-	-	2,995,717
Vocational	279,613	-	-	-	279,613
Other Instructional Programs	100,227	-	-	-	100,227
Total Instructional Services	<u>16,030,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,030,665</u>
Support Services:					
Students	876,441	-	-	-	876,441
Instructional Staff	307,443	-	-	-	307,443
Administration	1,355,009	-	-	-	1,355,009
Pupil Health	395,634	-	-	-	395,634
Business	394,434	-	-	57,952	452,386
Operation and Maintenance of Plant Services	1,913,492	-	-	-	1,913,492
Student Transportation Services	832,355	-	-	-	832,355
Central	309,861	-	-	-	309,861
Other Support Services	24,304	-	-	-	24,304
Total Support Services	<u>6,408,973</u>	<u>-</u>	<u>-</u>	<u>57,952</u>	<u>6,466,925</u>
Operation of Non-Instructional Services	428,222	-	-	-	428,222
Facilities Acquisition, Construction, and Improvement	79,577	-	-	-	79,577
Debt Service:					
Debt service principal	61,705	-	-	2,115,000	2,176,705
Debt service interest/fees	7,364	-	-	493,309	500,673
Capital Outlay	410,972	58,552	-	-	469,524
Total Expenditures	<u>23,427,478</u>	<u>58,552</u>	<u>-</u>	<u>2,666,261</u>	<u>26,152,291</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,911,427</u>	<u>(58,505)</u>	<u>7</u>	<u>(2,666,261)</u>	<u>2,186,668</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Capital Reserves</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES):					
Other debt service and financing uses	(86,808)	-	-	-	(86,808)
Special and extraordinary losses	(12,508)	-	-	-	(12,508)
Operating transfers-in	-	-	188,893	748,872	937,765
Operating transfers-out	(937,765)	-	-	-	(937,765)
Proceeds from sale of bonds	-	-	-	1,865,000	1,865,000
Bond premium	-	-	-	66,325	66,325
Bond discount	-	-	-	(14,920)	(14,920)
Total Other Financing Sources (Uses)	<u>(1,037,081)</u>	<u>-</u>	<u>188,893</u>	<u>2,665,277</u>	<u>1,817,089</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,874,346	(58,505)	188,900	(984)	4,003,757
FUND BALANCE - Beginning	<u>1,336,576</u>	<u>466,506</u>	<u>20,113</u>	<u>13,665</u>	<u>1,836,860</u>
FUND BALANCE - Ending	<u>\$ 5,210,922</u>	<u>\$ 408,001</u>	<u>\$ 209,013</u>	<u>\$ 12,681</u>	<u>\$ 5,840,617</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**RECONCILIATION OF CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
WITH CHANGE IN NET POSITION
YEAR ENDED JUNE 30, 2021**

CHANGE IN FUND BALANCE	\$ 4,003,757
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The change in net position reported in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital outlays exceeds depreciation.

Capital outlays	469,524
Depreciation	(1,156,946)

Internal service fund is used by management to charge the cost of health insurance to various departments. The net revenue of the internal service fund is reported with governmental activities.

54,671

Issuance of long-term debt provides current financial resources to governmental funds. However, in the statement of activities, long-term debt proceeds are recorded as long-term liabilities.

(1,865,000)

Repayment of debt service principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance cost and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these transactions in the statement of activities is shown below:

Repayment of general obligation bonds	1,835,000
Repayment of notes payable	280,000
Repayment of capitalized leases principal	61,705
Accrued interest	8,123
Bond premium amortization	(3,241)
Bond discount amortization	6,748

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**RECONCILIATION OF CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS
WITH CHANGE IN NET POSITION (CONT'D)
YEAR ENDED JUNE 30, 2021**

In the statement of revenues, expenditures, and changes in fund balance, non-exchange revenue is only recognized when measurable and available. Therefore, any non-exchange balances collected past sixty-days of the balance sheet date are not recognized as revenue until the period collected. This amount is the net change in revenue accrued between the prior and the current year.

(176,919)

Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. These items consists of:

Change in compensated absences

(37,321)

Special termination benefits

57,235

Change in net post-employment benefit obligation and related deferrals

(1,027,005)

Change in net pension liability and related deferrals

366,037

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 2,876,368

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021**

	Business-Type Activity	Governmental Activity
	Enterprise Fund	
	Food Service	Internal Service Fund
CURRENT ASSETS:		
Cash and cash equivalents	\$ 441,842	\$ 91,451
Accounts receivable	41,636	-
Inventory	<u>10,012</u>	<u>-</u>
Total Current Assets	493,490	91,451
CAPITAL ASSETS, net	<u>70,216</u>	<u>-</u>
	<u>\$ 563,706</u>	<u>\$ 91,451</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 53,931	\$ -
Health insurance claims payable	-	108,310
Deferred revenue	13,174	-
Due to general fund	<u>280,055</u>	<u>-</u>
Total Current Liabilities	<u>347,160</u>	<u>108,310</u>
NET POSITION:		
Net investment in capital assets	70,216	-
Unrestricted	<u>146,330</u>	<u>(16,859)</u>
Total Net Position	<u>216,546</u>	<u>(16,859)</u>
	<u>\$ 563,706</u>	<u>\$ 91,451</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activity</u>	<u>Governmental Activity</u>
	<u>Enterprise Fund</u>	
	<u>Food Service</u>	<u>Internal Service Fund</u>
REVENUES:		
Charges for service	\$ 5,468	\$ 3,155,000
Interest income	<u>600</u>	<u>269</u>
Total Revenues	<u>6,068</u>	<u>3,155,269</u>
EXPENSES:		
Purchased services	754,968	-
Supplies	15,819	-
Depreciation	9,839	-
Fees	432	-
Medical claims expenses	<u>-</u>	<u>3,100,598</u>
Total Expenses	<u>781,058</u>	<u>3,100,598</u>
INCOME (LOSS) FROM OPERATIONS	<u>(774,990)</u>	<u>54,671</u>
NON-OPERATING REVENUES:		
State sources	40,257	-
Federal sources	<u>991,441</u>	<u>-</u>
Total Non-Operating Revenues	<u>1,031,698</u>	<u>-</u>
CHANGE IN NET POSITION	256,708	54,671
NET POSITION - Beginning	<u>(40,162)</u>	<u>(71,530)</u>
NET POSITION - Ending	<u>\$ 216,546</u>	<u>\$ (16,859)</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Business-Type Activity	Governmental Activity
	Enterprise Fund	
	Food Service	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers/interfund transfers	\$ 4,784	\$ 3,155,000
Cash paid to suppliers for goods and services	(729,987)	-
Cash paid for insurance claims	-	(3,099,336)
Interest received	600	269
Net Cash Provided (Used) By Operating Activities	(724,603)	55,933
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash received from state sources	40,132	-
Cash received from Federal sources	985,831	-
Net Cash Provided by Non-Capital Financing Activities	1,025,963	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(47,584)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	253,776	55,933
CASH AND CASH EQUIVALENTS - Beginning	188,066	35,518
CASH AND CASH EQUIVALENTS - Ending	\$ 441,842	\$ 91,451
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (loss) from operations	\$ (774,990)	\$ 54,671
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	9,839	-
Change in assets and liabilities:		
Inventory	8,645	-
Accounts payable	(27,001)	-
Health insurance claims payable	-	1,262
Deferred revenue	(684)	-
Due to general fund	59,588	-
Net Cash Provided (Used) by Operating Activities	\$ (724,603)	\$ 55,933

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021**

	Private Purpose <u>Trust</u>	Custodial <u>Fund</u>
	<u>Scholarship</u>	
ASSETS:		
Cash and investments	<u>\$ 98,453</u>	<u>\$ 85,462</u>
LIABILITIES:		
Due to students	<u>\$ -</u>	<u>\$ 85,462</u>
NET POSITION:		
Held-in-trust for scholarships	<u>\$ 98,453</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

RIVERSIDE SCHOOL DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED JUNE 30, 2021**

	Private Purpose Trust
	<u>Scholarship</u>
ADDITIONS:	
Contributions	\$ 16,305
Interest	<u>3</u>
Total Additions	16,308
DEDUCTIONS:	
Scholarships awarded	<u>3,459</u>
CHANGE IN NET POSITION	12,849
NET POSITION - Beginning	<u>85,604</u>
NET POSITION - Ending	<u>\$ 98,453</u>

The accompanying notes are an integral part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of Riverside School District (the "District")

Reporting Entity

The District, located in Taylor, Pennsylvania, provides a full range of educational services appropriate to grade levels kindergarten through twelfth to students living in Moosic Borough and Taylor Borough. These educational services include regular, advanced academic, vocational education programs, and special education programs for gifted and handicapped children. The District has a nine-member elected school board and an appointed superintendent and business manager who oversee the daily operations of the District. The District's elementary school, middle school and high school are housed in three buildings.

The accompanying basic financial statements comply with Government Accounting Standards Board ("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 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 governments 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).

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government-Wide Financial Statements

The District's government-wide financial statements include a statement of net position and a statement of activities. These statements present information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and District general revenues. Business-type activities are financed in whole or in part by fees charged for services.

All of the District's assets and liabilities, including capital assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges for services, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenue not included among other program revenues are reported as general revenues.

Governmental Fund Financial Statements

Financial statements of the reporting government are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, deferred inflows of resources, net assets/fund equity, revenues, and expenditures/expenses. The District reports the difference between its governmental fund assets, liabilities and deferred inflows of resources as fund balance.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District has presented all major funds that met the applicable criteria. An accompanying schedule is presented to reconcile and explain the differences in governmental fund balances as presented in these statements to the net position presented in the government-wide financial statements.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Fund Types

The following is a description of the governmental funds of the District:

General Fund (Major)

The general fund accounts for the general operations of the District and all financial transactions not accounted for in another governmental fund.

Capital Projects Fund

The capital projects fund is used to account for debt proceeds and other resources restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Capital Reserves

The capital reserve fund allows the District to set aside money for future construction projects and major purchases.

Debt Service Fund

Debt service fund is used to account for the accumulation of financial resources for the payment of principal, interest, and related costs on general long-term debt. The fund balance of the debt service fund is reserved to signify the amounts are restricted exclusively for debt service expenditure, and is classified as a non-major fund.

Fiduciary Funds

Fiduciary funds account for the assets held by the District in a trustee capacity or as an agent for other funds. Fiduciary funds included in this category are:

Trust Fund

Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's programs. The trust fund of the District accounts for assets held for student scholarships.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fiduciary Funds (Cont'd)

Custodial Funds

Custodial funds are used to account for assets held by the District as an agent, are custodial in nature and do not involve measurement or results of operations. The District's custodial fund accounts for the funds of programs operated and sponsored by various clubs and organizations.

Proprietary Funds

The focus of proprietary funds' measurement is the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations.

The District's proprietary funds are classified as internal service and enterprise funds.

Internal Service Fund

Internal service fund is used to account for the financing of goods or services provided by one department to other departments on a cost reimbursement basis. The District accounts for its self-insurance of health insurance claims in this fund. This proprietary fund is reported within the governmental activities in the government-wide financial statements.

Enterprise Fund

Enterprise funds are used for activities which are financed and operated in a manner similar to businesses in the private sector, where the intent of the governing body is that the costs of providing goods or services on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The principal operating revenue for the District's enterprise fund is the collection of food service fees. Operating expenses for the District's enterprise fund include all expenses related to the operations of the cafeteria. All revenue or expenses not meeting this definition are reported as non-operating revenue and expenses.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the "economic resources measurement focus" and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes are recorded in the year levied as receivables and deferred inflows of resources. Intergovernmental aids and grants are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and deferred inflows of resources.

Revenues susceptible to accrual include property taxes, intergovernmental revenues, investment income, rent and certain miscellaneous revenue. In general, other revenues are recognized when cash is received.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement Focus and Basis of Accounting (Cont'd)

The District reports unearned revenues on its governmental funds balance sheet. For governmental fund financial statements, unearned revenues arise when resources are received before the District has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

Budgetary Data

An operating budget is adopted each year for the general fund on a modified accrual basis of accounting. The District utilizes the executive budget approach to budgetary control. This approach requires the Superintendent, together with the Business Office, to prepare and submit a plan of financial operation to the School Board.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary funds consider cash and certificates-of-deposit with an original maturity of three months or less when purchased, to be cash equivalents.

Restricted Cash

Several governmental-fund cash accounts, which were funded through grants from the Federal government and the Commonwealth of Pennsylvania, are restricted for various programs undertaken by the District.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxes Receivable and Unearned Revenue

The portion of delinquent real estate taxes receivable that is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining balance of those and other taxes receivable is recorded as unavailable revenues.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

Due to and from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets are reported in the government-wide statement of net position but are reported in the governmental fund financial statements as expenditures.

The District's capital assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting general capital assets at \$5,500. Donations or contributions of capital assets are recorded at fair-market value when received. The District's capital assets also includes assets held under capital lease.

All capital assets, except land and construction-in-progress, are depreciated. Land is never depreciated. Construction-in-progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the capital assets as follows:

	<u>Governmental Activities</u>
School buildings	40 years
Land or building improvements	20 years
Furniture, fixtures, or equipment	5 - 15 years

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has two types of deferred outflows of resources. Deferred pension charges and deferred OPEB charges are reported in the statement of net position in connection with the District's pension plan and post employment benefit plan. These deferred charges are either (a) recognized in the subsequent period as a reduction of the net pension or OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension or OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has three types of deferred inflows of resources. On the statement of net position, deferred inflows of resources are related to pensions and post-employment benefits for certain actuarially determined differences between projected and actual investment earnings. In the governmental funds balance sheet, deferred inflows of resources are related to unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences

For governmental activities, compensated absences are recorded as incurred and related expenses and liabilities are reported. In governmental funds, compensated absences are recorded as expenditures in the years paid.

The District's policies allows for personnel to accumulate unused vacation and sick pay as follows:

Professional instructional personnel are entitled to be compensated; if separated from service upon completing ten years of employment, up to a maximum of 200 unused sick days.

Administrative and non-professional personnel are entitled to accrue an annually designated number of unused vacation and sick days which carry from year to year.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Pensions

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

Interfund Transactions

The District had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. These transactions are classified as operating transfers-in/out, and due from/to other funds. The following illustrations summarize interfund transactions (as presented in the District's fund financial statements) for the year ended June 30, 2021.

Operating transfers between funds for the year ended June 30, 2021 were as follows:

	TRANSFERS <u>IN</u>	TRANSFERS <u>OUT</u>
General Fund:		
Debt Service Fund	\$ -	\$ 748,872
Capital Reserve Fund	<u>-</u>	<u>188,893</u>
	<u>\$ -</u>	<u>\$ 937,765</u>
Debt Service Fund:		
General Fund	<u>\$ 748,872</u>	<u>\$ -</u>
Capital Reserve Fund:		
General Fund	<u>\$ 188,893</u>	<u>\$ -</u>

Transfers are made to utilize unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary and legal authorizations.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The following summarizes receivables and payables between governmental funds as of June 30, 2021:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Food Service Fund	<u>\$ 280,055</u>	<u>\$ -</u>
Food Service Fund:		
General Fund	<u>\$ -</u>	<u>\$ 280,055</u>

Fund Equity

Fund equity at the governmental fund financial reporting level is classified as "fund balance". Fund equity for all other reporting is classified as "net position".

Governmental Fund Balances

Generally, governmental fund balances represent the difference between current assets, current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those resources can be spent. Fund balances are classified as follows:

Nonspendable: amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed: fund balance that contain self-imposed constraints of the government from its highest level of decision making authority, the Board of Education. The Board of Education commits revenue streams through adopted motions.

Assigned: amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Fund balance is assigned by the Board of Education through passage of a resolution.

Unassigned: all other spendable amounts.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Fund Balances (Cont'd)

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost 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. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. 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. All other net position is reported as unrestricted.

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

Effects of New Pronouncements

The following summarizes recent GASB pronouncements and their impact, if any, on the financial statements:

In June 2017, GASB issued Statement No. 87, *Leases*. This statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract.

The provisions of Statement No. 87 are effective for fiscal years beginning after June 15, 2021. The District is currently evaluating the effects of this statement on its financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Effects of New Pronouncements (Cont'd)

The provisions of Statement No. 96 are effective for fiscal years beginning after June 15, 2022. The District is currently evaluating the effects of this standard on its financial statements.

GASB has also issued the following pronouncements which management of the District does not expect to impact the financial statements.

- Statement No. 91, *Conduit Debt Obligations*, with an effective date for fiscal years beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020*, with an effective date for fiscal years beginning after June 15, 2021.
- Statement No. 93, *Replacement of Interbank Offered Rates*, with an effective date for fiscal years beginning after June 15, 2021.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a suppression of GASB Statement No. 32*, with effective dates through June 15, 2021.
- Statement No. 98, *The Annual Comprehensive Financial Report*, with an effective date for fiscal years ending after December 15, 2021.

Subsequent Events

Management performed a review for subsequent events through March 29, 2022, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021, and has determined that the District has no subsequent events that are required to be reported.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2: CASH AND INVESTMENTS

Cash

The District maintains its bank accounts with local financial institutions. Custodial credit risk is the risk that, in the event of a financial institution failure, the District's deposits may not be returned to it. At June 30, 2021, \$5,529,068 of the financial institution balance of \$6,210,601 was uninsured, but was collateralized by collateral held by the pledging bank's trust department not in the District's name.

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

The deposit and investment policy of the District adheres to state statutes. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 3: CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases/ Reclassifications</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets, not being depreciated:				
Land	\$ 302,489	\$ -	\$ -	\$ 302,489
Construction in progress	<u>60,128</u>	<u>98,423</u>	<u>-</u>	<u>158,551</u>
Total capital assets, not being being depreciated	<u>362,617</u>	<u>98,423</u>	<u>-</u>	<u>461,040</u>
Capital assets, being depreciated:				
Buildings and improvements	46,241,536	11,644	-	46,253,180
Furniture and equipment	4,802,077	335,907	1,805,497	3,332,487
Site Improvements	<u>960,798</u>	<u>23,550</u>	<u>-</u>	<u>984,348</u>
Total capital assets, being depreciated	<u>52,004,411</u>	<u>371,101</u>	<u>1,805,497</u>	<u>50,570,015</u>
Less: Accumulated depreciation:				
Buildings and improvements	(25,282,512)	(1,017,381)	-	(26,299,893)
Furniture and equipment	(4,686,900)	(118,504)	(1,805,497)	(2,999,907)
Site Improvements	<u>(601,378)</u>	<u>(21,061)</u>	<u>-</u>	<u>(622,439)</u>
Total accumulated depreciation	<u>(30,570,790)</u>	<u>(1,156,946)</u>	<u>(1,805,497)</u>	<u>(29,922,239)</u>
Total capital assets being depreciated, net	<u>21,433,621</u>	<u>(785,845)</u>	<u>-</u>	<u>20,647,776</u>
Capital assets, net	<u>\$ 21,796,238</u>	<u>\$ (687,422)</u>	<u>\$ -</u>	<u>\$ 21,108,816</u>
BUSINESS-TYPE ACTIVITY:				
Capital assets, being depreciated:				
Furniture and equipment	\$ 127,913	\$ 47,584	\$ -	\$ 175,497
Less: Accumulated depreciation:				
Furniture and equipment	<u>(95,442)</u>	<u>(9,839)</u>	<u>-</u>	<u>\$ (105,281)</u>
Capital assets, net	<u>\$ 32,471</u>	<u>\$ 37,745</u>	<u>\$ -</u>	<u>\$ 70,216</u>

RIVERSIDE SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: LONG-TERM OBLIGATIONS

At June 30, 2021, general long-term obligations were as follows:

	Balance Outstanding July 1, 2020	Additions	Reductions	Balance Outstanding June 30, 2021	Amounts Due Within One Year
General Obligation Bonds:					
2014 General Obligation Bond	\$ 9,490,000	\$ -	\$ 1,455,000	\$ 8,035,000	\$ 1,500,000
2016 General Obligation Bond	2,385,000	-	370,000	2,015,000	380,000
2017 General Obligation Bond	1,235,000	-	5,000	1,230,000	240,000
2018 General Obligation Bond	3,725,000	-	5,000	3,720,000	10,000
2020 General Obligation Bond	-	1,865,000	-	1,865,000	65,000
Total General Obligation Bonds	16,835,000	1,865,000	1,835,000	16,865,000	2,195,000
General Obligation Notes:					
2013 General Obligation Notes	280,000	-	280,000	-	-
Total Long-Term Debt Obligations	17,115,000	1,865,000	2,115,000	16,865,000	2,195,000
Lease Obligation Payable:					
Capitalized Equipment Leases	126,289	-	61,705	64,584	47,234
Total Long-Term Obligations	\$ 17,241,289	\$ 1,865,000	\$ 2,176,705	\$ 16,929,584	\$ 2,242,234
Other Long-Term Obligations:					
Compensated absences	\$ 781,610	\$ 37,321	\$ -	\$ 818,931	\$ -

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4: LONG-TERM OBLIGATIONS (CONT'D)

A summary of long-term debt outstanding at June 30, 2021 is as follows:

General Obligation Bonds

Series 2014

During the year ended June 30, 2014, the District issued General Obligation Bond Series 2014, in the amount of \$16,410,000, at interest rates between .15% and 4.00%. Principal and interest payments are due each year on September 15th and interest only payments due on April 15th. The bonds were used to refund the outstanding balance of the Series 2004 bonds. These bonds were refunded in July 2021 with proceeds from the Series 2021 bond issuance.

Series 2016

During the year ended June 30, 2017, the District issued General Obligation Bond Series 2016, in the amount of \$3,563,000, at interest rates between .65% and 2.00%. Principal and interest payments are due each year on October 15th and interest only payments due on April 15th. The bonds were used to refund the outstanding balance of the Series 2010 and Series 2011 bonds. These bonds were refunded in July 2021 with proceeds from the Series 2021 bond issuance.

Series 2017

During the year ended June 30, 2018, the District issued General Obligation Bond Series 2017, in the amount of \$1,245,000, at interest rates between 1.05% and 2.125%. Principal and interest payments are due each year on October 15th and interest only payments due on April 15th. The bonds were used to refund a portion of the Series 2014 bonds.

Series 2018

During the year ended June 30, 2019, the District issued General Obligation Bond Series 2018, in the amount of \$3,730,000, at interest rates between 1.85% and 3.00%. Principal and interest payments are due each year on October 15th and interest only payments due on April 15th. The bonds were used for improvements to existing facilities of the District.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021****NOTE 4: LONG-TERM OBLIGATIONS (CONT'D)**General Obligation Bonds (Cont'd)Series 2020

During the year ended June 30, 2020, the District issued General Obligation Bond Series 2020, in the amount of \$1,865,000, at interest rates between 1.00% and 2.00%. Principal and interest payments are due each year on October 15th and interest only payments due on April 15th. The bonds were issued to refund the 2020 current portion of the Series 2014 and 2016 bonds.

Series 2021

In July 2021, the District issued General Obligation Bond Series 2021, in the amount of \$8,125,000, at interest rates between 1.00% and 4.00%. Principal and interest payments are due each year on October 15th and interest only payments are due on April 15th. The bonds were used to refund the outstanding balance of the Series 2014 bonds and Series 2016 bonds.

Future debt service requirements on general obligation bonds as of June 30, 2021 are as follows:

<u>Years Ending June 30,:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,195,000	\$ 640,397	\$ 2,835,397
2023	2,190,000	410,550	2,600,550
2024	2,230,000	356,484	2,586,484
2025	2,290,000	281,125	2,571,125
2026	2,435,000	192,672	2,627,672
2027-2029	<u>5,525,000</u>	<u>160,106</u>	<u>5,685,106</u>
	<u>\$ 16,865,000</u>	<u>\$ 2,041,335</u>	<u>\$ 18,906,335</u>

General Obligation NotesSeries 2013

During the year ended June 30, 2014, the District issued General Obligation Notes Series 2013, in the amount of \$2,540,000. The note was repaid in September 2020.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021****NOTE 4: LONG-TERM OBLIGATIONS (CONT'D)**Capitalized Leases

The District entered into various leases for equipment with a net value of \$39,934 at June 30, 2021 payable in annual installments including interest from 5.26% to 5.97%, with final payments through July 2022.

The debt service for capitalized leases is as follows for governmental activities:

<u>Years Ending June 30,:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 47,234	\$ 3,855	\$ 51,089
2023	<u>17,350</u>	<u>1,035</u>	<u>18,385</u>
	<u>\$ 64,584</u>	<u>\$ 4,890</u>	<u>\$ 69,474</u>

NOTE 5: PENSION PLANPlan Description

The District participates in the Public School Employees Retirement System ("PSERS") pension plan. PSERS is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24 Part IV of the Pennsylvania General Assembly. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes. Membership Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLAN (CONT'D)

Benefits Provided (Cont'd)

with a minimum of 35 years of service. Benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2 percent or 2.5 percent, depending upon membership class of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Contributions

The contribution policy is set by the state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania.

Member Contributions

Active members who joined the System prior to July 22, 1983, contribute at 5.25% (membership Class T-C) or at 6.50% (membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (membership Class T-C) or at 7.50% (membership Class T--D) of the member's qualifying compensation.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5: PENSION PLAN (CONT'D)

Contributions (Cont'd)

Member Contributions (Cont'd)

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2020 was 33.36% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The rate was certified by the PSERS Board of Trustees. Contributions to the pension plan from the District were \$3,377,927 for the year ended June 30, 2021.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. For the year ended June 30, 2021 the contribution rate was .82% of covered payroll and the District contributed \$82,000.

Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for approximately one-half of the employer contributions made, including contributions related pension and healthcare. The reimbursement recognized by the District for the year ended June 30, 2021 was \$2,071,259.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward the System's total pension liability as of the June 30, 2019 actuarial valuation to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level percent of pay
- Investment return - 7.25 percent, includes inflation at 2.75 percent
- Salary increases - effective average of 5.00 percent, which reflects an allowance for inflation of 2.75 percent, real wage growth and merit or seniority increases of 2.25 percent
- Mortality rates were based on RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

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

At June 30, 2021, the District reported a liability of \$33,187,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2020, the District's proportion was .0674% which was a decrease of .0051% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$3,020,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actual experience and expected experience	\$ 87,000	\$ (795,000)
Difference between projected and actual investment earnings	1,458,000	-
Changes in proportion	416,000	(1,967,000)
Contributions subsequent to the measurement date	<u>3,377,927</u>	<u>-</u>
	<u>\$ 5,338,927</u>	<u>\$ (2,762,000)</u>

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021****NOTE 5: PENSION PLAN (CONT'D)**

Contributions subsequent to the measurement date of \$3,377,927 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding the District's change in proportion) will be recognized in pension expense as follows for the years ending June 30:

Years Ending <u>June 30,:</u>	
2022	\$ (174,000)
2023	59,000
2024	432,000
2025	<u>433,000</u>
	<u>\$ 750,000</u>

Investments

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

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.12%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021 are as follows:

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021****NOTE 5: PENSION PLAN (CONT'D)**Investments (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of return</u>
Global public equity	15.0%	5.2%
Private equity	15.0%	7.2%
Fixed income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Risk parity	8.0%	3.3%
MLPs/Infrastructure	6.0%	5.7%
Real estate	10.0%	5.5%
Cash	6.0%	(1.0%)
Financing (LIBOR)	<u>(14.0%)</u>	<u>(0.7%)</u>
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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 benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021****NOTE 5: PENSION PLAN (CONT'D)**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	1% Decrease <u>6.25%</u>	Current Discount Rate <u>7.25%</u>	1% Increase <u>8.25%</u>
District's proportionate share of the net pension liability	<u>\$ 41,059,000</u>	<u>\$ 33,187,000</u>	<u>\$ 26,518,000</u>

Pension Plan Fiduciary Net Position

Detailed information about PSERS fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

Payables to the Pension Plan

At June 30, 2021, the District had an accrued balance due to PSERS of \$2,619,514. This amount represents the District's contractually obligated contributions for wages earned from January 1, 2021 through June 30, 2021. The balance was paid in September 2021.

NOTE 6: POST-RETIREMENT HEALTHCARE BENEFITSPlan Description

The District's collective bargaining agreements with its employees provide for post-employment health insurance benefits for eligible employees that have reached fifteen years with PSERS and have retired through PSERS. Administrators, while not party to the contract, are provided similar benefits. The District is providing coverage from the date of retirement until the individual becomes eligible for the federal government health insurance program. The cost of such medical, vision and dental coverage for retirees and spouses is determined by the contract provisions at the time of retirement. The plan provides post-retirement medical, prescription drug, and dental benefits.

The following employees were covered by the benefit terms at June 30, 2021:

Retired participants	4
Vested former participants	0
Active participants	<u>184</u>
Total	<u>188</u>

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: POST-RETIREMENT HEALTHCARE BENEFITS (CONT'D)Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements. As of June 30, 2021, no trust has been established for the funding of the Plan's post-employment benefit obligation. The District is responsible for 100% of the premiums, and may be amended by the School Board.

<u>Changes in the Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at June 30, 2019	\$ 9,903,096
Changes for the year:	
Service cost	678,640
Interest	353,349
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,647,013
Benefit payments	<u>(120,720)</u>
Balance at June 30, 2020	<u>\$ 12,461,378</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (.086%) or one percentage point higher (2.86%) than the current discount rate:

	1% Decrease <u>0.86%</u>	Rate <u>1.86%</u>	1% Increase <u>2.86%</u>
Total OPEB Liability	<u>\$ 13,569,769</u>	<u>\$ 12,461,378</u>	<u>\$ 11,394,735</u>

RIVERSIDE SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6: POST-RETIREMENT HEALTHCARE BENEFITS (CONT'D)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost-trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 10,475,569</u>	<u>\$ 12,461,378</u>	<u>\$ 14,863,518</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized \$1,173,712 in OPEB expense, which was determined as follows:

Service cost	\$ 678,640
Interest	353,349
Current period amortization of deferred inflows and outflows of resources:	
Deferred outflows	168,441
Deferred inflows	<u>(26,718)</u>
	<u>\$ 1,173,712</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 533,874	\$ -
Changes of assumptions or other inputs	1,748,089	(347,329)
Benefits paid subsequent to the measurement date (7/1/2020)	<u>146,707</u>	<u>-</u>
	<u>\$ 2,428,670</u>	<u>\$ (347,329)</u>

RIVERSIDE SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 6: POST-RETIREMENT HEALTHCARE BENEFITS (CONT'D)

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

<u>Year ending</u> <u>June 30,:</u>	<u>Amount</u>
2022	\$ 141,723
2023	141,723
2024	141,723
2025	141,723
2026	141,723
Thereafter	<u>1,226,019</u>
	<u>\$ 1,934,634</u>

NOTE 7: FUND BALANCE

General Fund:

Nonspendable for:	
Prepaid expense	\$ 9,850
Unassigned	<u>5,201,072</u>
	<u>5,210,922</u>

Capital Projects Fund:

Restricted for:	
Capital improvements	<u>408,001</u>

Capital Reserve Fund:

Assigned for:	
Capital improvements	<u>209,013</u>

Debt Service Fund:

Restricted for:	
Debt service	<u>12,681</u>

\$ 5,840,617

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: CONTINGENCIES AND COMMITMENTS

Grant Programs

The District participates in both state and Federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of non-compliance which would result in the disallowance of program expenditures.

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the District's solicitor, the ultimate disposition of any matters outstanding at June 30, 2021 will not have a material effect on the District's financial position.

Commitments

In April 2021, the District entered into multiple contracts for the construction of a new administration building which totaled \$1,006,022. As of June 30, 2021, \$947,500 remains outstanding.

Other

On March 11, 2020, the World Health Organization declared, a novel strain of coronavirus disease ("COVID-19") a pandemic. The extent of COVID-19's effect on the District's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

Management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for twelve months from the date of this report.

NOTE 9: RISK MANAGEMENT

The District has a self-insured plan for healthcare claims. At June 30, 2021, the District carried a stop-loss policy limiting its liability per individual to \$75,000 per year, with unlimited plan period and lifetime reimbursement. The District's annual aggregate deductible under the plan is \$3,010,891 with the stop-loss policy covering up to an additional \$1,000,000.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9: RISK MANAGEMENT (CONT'D)

During the year ended June 30, 2021, employees of the District were covered by the District's medical self-insurance plan. The District contributed \$3,155,000 to the plan during the year ended June 30, 2021. Claims were paid by a third-party administrator acting on behalf of the District.

NOTE 10: CREDIT AND MARKET RISK

The District uses its authority to levy certain general purpose taxes. Major taxing revenue sources include real estate and earned income taxes. These taxes account for approximately 59% of the total revenue collected by the District for the year ended June 30, 2021. Although the District has a diversified taxing base, residents' of the district ability to honor their taxing obligations is substantially dependent upon the general economic condition of the region.

NOTE 11: SPECIAL TERMINATION BENEFITS

The District's collective bargaining agreements provide an early retirement incentive for those employees who retire with a specified level of service to the District and with PSERS. The District pays 90% of the final salary based upon years of service in equal payments over five years. The District used a discount rate of 5.5% to estimate the effect of making the cash payments over multiple periods.

Changes in special termination benefits for the year ended June 30, 2021 were as follows:

Balance at July 1, 2020	\$ 274,363
Additions	4,875
Payments	<u>(72,094)</u>
Balance at June 30, 2021	207,144
Less: Unamortized discount	<u>(21,852)</u>
Present value of special termination benefits	185,292
Less: Current portion	<u>(67,219)</u>
Long-term portion of special termination benefits	<u>\$ 118,073</u>

The District pays special termination benefits from the general fund.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 20: TAX ABATEMENTS

As of June 30, 2021, the District provides tax abatements through a program, Local Economic Revitalization Tax Assistance ("LERTA"). The District established a local LERTA to provide property tax abatements to encourage revitalization of existing land and buildings on all residential, commercial, and industrial properties located within the District. LERTA approved projects will receive a 10-year, 100% tax abatement on owner improvements to properties within the District. The exemption will begin in the year immediately following the year in which the building permit is issued. Tax exemption applies to the improvements to the land or building only and are subject to standard tax rates and terms. For the year ended June 30, 2021, the District was not able to determine the amount of taxes abated.

RIVERSIDE SCHOOL DISTRICT

**PENSION PLAN
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY AND RELATED RATIOS
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) PLAN
UNAUDITED
LAST 8 FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0674%	0.0725%	0.0722%	0.0734%	0.0696%	0.0697%	0.0706%	0.0718%
District's proportionate share of the net pension liability	<u>\$ 33,187,000</u>	<u>\$ 33,917,000</u>	<u>\$ 34,660,000</u>	<u>\$ 36,251,000</u>	<u>\$ 34,492,000</u>	<u>\$ 30,191,000</u>	<u>\$ 27,944,000</u>	<u>\$ 29,392,000</u>
District's covered-employee payroll	<u>\$ 10,089,783</u>	<u>\$ 9,999,250</u>	<u>\$ 9,724,201</u>	<u>\$ 9,778,716</u>	<u>\$ 9,018,188</u>	<u>\$ 8,966,560</u>	<u>\$ 9,011,436</u>	<u>\$ 9,209,128</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>328.92%</u>	<u>339.20%</u>	<u>356.43%</u>	<u>370.71%</u>	<u>382.47%</u>	<u>336.71%</u>	<u>310.09%</u>	<u>319.16%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>54.32%</u>	<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.35%</u>	<u>57.24%</u>	<u>54.49%</u>

*This schedule is presented to illustrate the requirement to show information for ten (10) years, however, until a full 10-year trend is complete, available information is presented.

See independent auditors' report and note to required supplementary information.

RIVERSIDE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (PSERS) PLAN
UNAUDITED
LAST 8 FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,377,927	\$ 3,142,890	\$ 3,257,130	\$ 3,058,778	\$ 2,868,842	\$ 2,182,377	\$ 1,780,825	\$ 1,384,180
Contributions in relation to the contractually required contribution	<u>\$ (3,377,927)</u>	<u>\$ (3,142,890)</u>	<u>\$ (3,257,130)</u>	<u>\$ (3,058,778)</u>	<u>\$ (2,868,742)</u>	<u>\$ (2,182,377)</u>	<u>\$ (1,780,825)</u>	<u>\$ (1,384,180)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered-employee payroll	<u>\$ 10,026,498</u>	<u>\$ 9,999,250</u>	<u>\$ 9,724,201</u>	<u>\$ 9,778,716</u>	<u>\$ 9,018,188</u>	<u>\$ 8,966,560</u>	<u>\$ 8,686,951</u>	<u>\$ 9,011,436</u>
Contributions as a percentage of covered-employee payroll	<u>33.69%</u>	<u>31.43%</u>	<u>33.50%</u>	<u>31.30%</u>	<u>31.80%</u>	<u>24.30%</u>	<u>20.50%</u>	<u>15.40%</u>

Amounts are based on actual contributions during the fiscal year.

*This schedule is presented to illustrate the requirement to show information for ten (10) years, however, until a full 10-year trend is complete, available information is presented.

See independent auditors' report and note to required supplementary information.

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

Pension Plan

Valuation date June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarially cost method	Entry age normal - level % of pay
Salary increases	Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases
Investment rate of return	7.25% including inflation at 2.75%
Mortality	RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2015 Mortality Improvement Scale

RIVERSIDE SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:				
Service cost	\$ 678,640	\$ 625,874	\$ 593,121	\$ 591,695
Interest	353,349	281,343	273,251	194,566
Differences between expected and actual experience	-	616,008	-	-
Change in assumptions or other inputs	1,647,013	(367,182)	(35,821)	281,169
Benefit payments	<u>(120,720)</u>	<u>(148,607)</u>	<u>(156,757)</u>	<u>(147,884)</u>
Net Change in Total OPEB Liability	2,558,282	1,007,436	673,794	919,546
Total OPEB Liability - Beginning	<u>9,903,097</u>	<u>8,895,661</u>	<u>8,221,867</u>	<u>7,302,321</u>
Total OPEB Liability - Ending	<u>\$ 12,461,379</u>	<u>\$ 9,903,097</u>	<u>\$ 8,895,661</u>	<u>\$ 8,221,867</u>
Covered-employee payroll	<u>\$ 10,089,783</u>	<u>\$ 10,089,783</u>	<u>\$ 8,810,264</u>	<u>\$ 8,810,264</u>
District's OPEB liability as a percentage of its covered-employee payroll	<u>123.50%</u>	<u>98.15%</u>	<u>100.97%</u>	<u>93.32%</u>

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, available information is provided.

See independent auditors' report and note to required supplementary information.

RIVERSIDE SCHOOL DISTRICT

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN
JUNE 30, 2021**

	<u>Other Post- Employment Benefit Plan</u>
Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 years
Healthcare Inflation Rate	5.5% in 2019 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Salary Increases	An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.
Investment Rate of Return	There are no invested assets.
Discount Rate	1.86%

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
REVENUE:				
Local sources	\$ 15,745,276	\$ 16,605,295	\$ 860,019	\$ 16,143,896
State Sources	9,862,189	10,695,345	833,156	10,211,472
Federal Sources	<u>615,953</u>	<u>1,038,265</u>	<u>422,312</u>	<u>520,231</u>
Total Revenue	<u>26,223,418</u>	<u>28,338,905</u>	<u>2,115,487</u>	<u>26,875,599</u>
EXPENDITURES:				
Instruction - Regular Programs	13,187,826	12,655,108	(532,718)	12,001,768
Instruction - Special Programs	3,856,569	2,995,717	(860,852)	3,596,642
Instruction - Vocational Programs	441,300	279,613	(161,687)	289,052
Other Instructional Programs - E/S	53,118	100,227	47,109	86,277
Support Services - Students	834,367	876,441	42,074	783,587
Support Services - Instructional Staff	307,978	307,443	(535)	478,078
Support Services - Administration	1,417,671	1,355,009	(62,662)	1,373,078
Support Services - Pupil Health	333,956	395,634	61,678	365,643
Support Services - Business	292,561	394,434	101,873	321,470
Support Services - Operation and Maintenance of Plant Services	1,929,310	1,913,492	(15,818)	1,922,724
Support Services - Student Transportation Services	1,334,639	832,355	(502,284)	924,937
Support Services - Central	354,426	309,861	(44,565)	312,033
Support Services - Other	23,488	24,304	816	23,557
Operation of Noninstructional Services - Student Activities	529,829	428,222	(101,607)	419,172
Facilities Acquisition, Construction and Improvement Services	630,930	79,577	(551,353)	3,580
Debt Service	-	69,069	69,069	84,076
Capital Outlay	<u>-</u>	<u>410,972</u>	<u>410,972</u>	<u>459,156</u>
Total Expenditures	<u>25,527,968</u>	<u>23,427,478</u>	<u>(2,100,490)</u>	<u>23,444,830</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>695,450</u>	<u>4,911,427</u>	<u>4,215,977</u>	<u>3,430,769</u>
OTHER FINANCING SOURCES (USES):				
Other debt service and financing uses	(84,500)	(86,808)	(2,308)	(112,967)
Special and extraordinary losses	-	(12,508)	(12,508)	(8,682)
Operating transfers-out	(610,950)	(937,765)	(326,815)	(2,516,101)
Sale of Assets	-	-	-	175,000
Proceeds from leases	-	-	-	67,556
Insurance recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,239</u>
Total Other Financing Sources (Uses)	<u>(695,450)</u>	<u>(1,037,081)</u>	<u>(341,631)</u>	<u>(2,387,955)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 3,874,346</u>	<u>\$ 3,874,346</u>	<u>\$ 1,042,814</u>

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
REVENUE:				
Local Sources:				
Current real estate taxes	\$ 13,468,006	\$ 13,385,321	\$ (82,685)	\$ 13,567,412
Public utility realty tax	15,000	15,164	164	13,833
Payments in lieu of taxes	19,000	24,675	5,675	19,000
Occupation tax	-	45,958	45,958	47,004
Earned income tax	1,187,745	1,507,383	319,638	1,470,600
Real estate transfer taxes	96,000	350,285	254,285	165,158
Delinquent taxes	540,473	1,108,577	568,104	333,372
Other taxes	61,000	77,882	16,882	88,144
Earnings on investments	17,500	23,229	5,729	18,911
Rentals	6,500	-	(6,500)	-
Tuition	10,000	-	(10,000)	-
Student activities	42,000	3,832	(38,168)	-
Receipts from intermediary sources	278,552	8,002	(270,550)	255,618
Miscellaneous	3,500	54,987	51,487	164,844
Total Local Sources	<u>15,745,276</u>	<u>16,605,295</u>	<u>860,019</u>	<u>16,143,896</u>
State Sources:				
Basic instructional subsidy	5,477,490	5,359,004	(118,486)	5,359,012
Driver education	-	-	-	560
Special education of exceptional pupils	842,389	737,653	(104,736)	831,344
Transportation	382,335	334,615	(47,720)	530,402
Health services	28,500	29,000	500	48,574
Property tax relief payments	464,140	464,140	-	463,591
Extra grants	246,616	1,046,931	800,315	184,022
Revenue for social security	398,933	430,586	31,653	425,916
Revenue for retirement	1,799,629	2,071,259	271,630	2,145,894
Ready to learn	222,157	222,157	-	222,157
Total State Sources	<u>9,862,189</u>	<u>10,695,345</u>	<u>833,156</u>	<u>10,211,472</u>
Federal Sources:				
Title I	499,336	496,325	(3,011)	395,009
Title II	71,318	71,249	(69)	70,179
Title IV	29,854	29,854	-	33,622
Medical assistance	-	7,260	7,260	14,843
Other grants	15,445	433,577	418,132	6,578
Total Federal Sources	<u>615,953</u>	<u>1,038,265</u>	<u>422,312</u>	<u>520,231</u>
Total Revenues	<u>\$ 26,223,418</u>	<u>\$ 28,338,905</u>	<u>\$ 2,115,487</u>	<u>\$ 26,875,599</u>

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
EXPENDITURES:				
Instruction - Regular Programs:				
Salaries	\$ 6,715,374	\$ 6,502,600	\$ (212,774)	\$ 6,489,859
Employee benefits	5,173,211	4,890,856	(282,355)	4,296,684
Purchased professional services and technical services	225,000	165,882	(59,118)	98,680
Purchased property services	6,900	(16,393)	(23,293)	16,863
Other purchased services	645,500	929,478	283,978	846,884
Supplies	384,196	195,891	(188,305)	227,387
Property	12,000	(13,206)	(25,206)	25,154
Other objects	25,645	-	(25,645)	257
	<u>13,187,826</u>	<u>12,655,108</u>	<u>(532,718)</u>	<u>12,001,768</u>
Total Instruction - Regular Programs				
Instruction - Special Programs:				
Salaries	1,510,042	1,405,039	(105,003)	1,331,737
Employee benefits	1,122,127	828,914	(293,213)	747,985
Purchased professional services and technical services	850,779	706,639	(144,140)	1,415,565
Purchased property services	-	(1,991)	(1,991)	243
Other purchased services	293,300	34,171	(259,129)	51,579
Supplies	79,321	21,326	(57,995)	46,135
Property	500	-	(500)	3,398
Other objects	500	1,619	1,119	-
	<u>3,856,569</u>	<u>2,995,717</u>	<u>(860,852)</u>	<u>3,596,642</u>
Total Instruction - Special Programs				
Instruction-Vocational Programs:				
Other purchased services	-	279,613	279,613	289,052
Other objects	441,300	-	(441,300)	-
	<u>441,300</u>	<u>279,613</u>	<u>(161,687)</u>	<u>289,052</u>
Total Instruction-Vocational Programs				

See independent auditors' report.

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
EXPENDITURES (CONT'D):				
Other Instructional Programs - E/S:				
Salaries	19,427	52,317	32,890	59,754
Employee benefits	16,022	34,712	18,690	22,781
Purchased professional services and technical services	11,000	10,815	(185)	3,742
Other purchased services	<u>6,669</u>	<u>2,383</u>	<u>(4,286)</u>	<u>-</u>
Total Other Instructional Programs - E/S	<u>53,118</u>	<u>100,227</u>	<u>47,109</u>	<u>86,277</u>
Total Instruction	<u>17,538,813</u>	<u>16,030,665</u>	<u>(1,508,148)</u>	<u>15,973,739</u>
Support Services - Students:				
Salaries	456,308	451,334	(4,974)	421,174
Employee benefits	346,595	393,667	47,072	319,587
Purchased professional services and technical services	1,620	12,657	11,037	34,351
Other purchased services	2,000	-	(2,000)	1,540
Supplies	27,844	7,733	(20,111)	6,835
Property	-	11,000	11,000	-
Other objects	<u>-</u>	<u>50</u>	<u>50</u>	<u>100</u>
Total Support Services - Students	<u>834,367</u>	<u>876,441</u>	<u>42,074</u>	<u>783,587</u>
Support Services - Instructional Services:				
Salaries	106,730	83,877	(22,853)	190,331
Employee benefits	80,717	132,663	51,946	148,246
Purchased professional services and technical services	43,594	4,905	(38,689)	30,656
Purchased property services	24,985	11,657	(13,328)	19,496
Other purchased services	-	-	-	2,095
Supplies	49,952	74,341	24,389	70,475
Property	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>	<u>16,779</u>
Total Support Services - Instructional Staff	<u>307,978</u>	<u>307,443</u>	<u>(535)</u>	<u>478,078</u>

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
EXPENDITURES (CONT'D):				
Support Services - Administration:				
Salaries	642,919	654,920	12,001	675,699
Employee benefits	483,373	513,606	30,233	450,064
Purchased professional services and technical services	131,500	121,431	(10,069)	189,071
Other purchased services	48,581	13,879	(34,702)	14,380
Supplies	100,798	36,425	(64,373)	32,998
Other objects	10,500	14,748	4,248	10,866
	<u>1,417,671</u>	<u>1,355,009</u>	<u>(62,662)</u>	<u>1,373,078</u>
Total Support Services - Administration				
Support Services - Pupil Health:				
Salaries	178,249	204,489	26,240	203,528
Employee benefits	135,207	184,164	48,957	155,051
Purchased professional services and technical services	6,000	3,044	(2,956)	900
Supplies	14,500	3,793	(10,707)	6,105
Other objects	-	144	144	59
	<u>333,956</u>	<u>395,634</u>	<u>61,678</u>	<u>365,643</u>
Total Support Services - Pupil Health				
Support Services - Business:				
Salaries	130,709	133,052	2,343	122,175
Employee benefits	98,852	151,100	52,248	118,811
Purchased professional services and technical services	51,000	79,847	28,847	71,005
Other purchased services	4,000	1,471	(2,529)	1,101
Supplies	3,000	22,710	19,710	4,053
Property	2,000	-	(2,000)	-
Other objects	3,000	6,254	3,254	4,325
	<u>292,561</u>	<u>394,434</u>	<u>101,873</u>	<u>321,470</u>
Total Support Services - Business				

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
EXPENDITURES (CONT'D):				
Support Services - Operation and Maintenance of Plant Services:				
Salaries	509,944	552,332	42,388	522,858
Employee benefits	420,659	498,835	78,176	412,097
Purchased professional services and technical services	60,000	10,188	(49,812)	33,914
Purchased property services	526,000	470,751	(55,249)	499,733
Other purchased services	128,207	131,702	3,495	170,984
Supplies	265,000	251,505	(13,495)	263,060
Property	18,000	(1,260)	(19,260)	18,588
Other objects	1,500	(561)	(2,061)	1,490
Total Support Services - Operation and Maintenance of Plant Services	<u>1,929,310</u>	<u>1,913,492</u>	<u>(15,818)</u>	<u>1,922,724</u>
Support Services - Student Transportation Services:				
Employee benefits	-	3,121	3,121	2,982
Other purchased services	<u>1,334,639</u>	<u>829,234</u>	<u>(505,405)</u>	<u>921,955</u>
Total Support Services - Student Transportation Services	<u>1,334,639</u>	<u>832,355</u>	<u>(502,284)</u>	<u>924,937</u>
Support Services - Central:				
Salaries	171,211	160,982	(10,229)	175,520
Employee benefits	129,983	119,061	(10,922)	116,234
Purchased professional services and technical services	2,000	1,333	(667)	-
Other purchased services	32,971	9,506	(23,465)	2,681
Supplies	17,761	18,579	818	17,569
Other objects	500	400	(100)	29
Total Support Services - Central	<u>354,426</u>	<u>309,861</u>	<u>(44,565)</u>	<u>312,033</u>
Support Services - Other				
Other purchased services	<u>23,488</u>	<u>24,304</u>	<u>816</u>	<u>23,557</u>
Total Support Services	<u>6,828,396</u>	<u>6,408,973</u>	<u>(419,423)</u>	<u>6,505,107</u>

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
EXPENDITURES (CONT'D):				
Operation of Noninstructional Services -				
Student Activities:				
Salaries	206,828	152,338	(54,490)	155,730
Employee benefits	88,397	64,865	(23,532)	67,532
Purchased professional services				
and technical services	34,700	68,496	33,796	40,331
Purchased property services	20,500	-	(20,500)	10,085
Other purchased services	79,900	55,598	(24,302)	64,218
Supplies	39,304	60,996	21,692	70,107
Property	50,000	15,108	(34,892)	334
Other objects	4,500	8,374	3,874	5,506
	<u>524,129</u>	<u>425,775</u>	<u>(98,354)</u>	<u>413,843</u>
Total Operation of				
Noninstructional Services -				
Student Activities	<u>524,129</u>	<u>425,775</u>	<u>(98,354)</u>	<u>413,843</u>
Operation of Noninstructional Services -				
Community Services:				
Purchased professional services				
and technical services	5,700	2,447	(3,253)	4,550
Other purchased services	-	-	-	310
Supplies	-	-	-	469
	<u>5,700</u>	<u>2,447</u>	<u>(3,253)</u>	<u>5,329</u>
Total Operation of				
Noninstructional Services -				
Community Services	<u>5,700</u>	<u>2,447</u>	<u>(3,253)</u>	<u>5,329</u>
Facilities Acquisition, Construction &				
Improvements:				
Existing Building Improvements	630,930	79,577	(551,353)	3,580
Debt Service:				
Debt service principal	-	61,705	61,705	76,532
Debt service interest	-	7,364	7,364	7,544
Capital Outlay	-	410,972	410,972	459,156
	<u>25,527,968</u>	<u>23,427,478</u>	<u>(2,100,490)</u>	<u>23,444,830</u>
Total Expenditures	<u>25,527,968</u>	<u>23,427,478</u>	<u>(2,100,490)</u>	<u>23,444,830</u>
EXCESS OF REVENUES OVER				
EXPENDITURES	<u>695,450</u>	<u>4,911,427</u>	<u>4,215,977</u>	<u>3,430,769</u>

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)
YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>2021 Actual</u>	<u>Variance from Final Budget</u>	<u>2020 Actual</u>
OTHER FINANCING SOURCES (USES):				
Other debt service and financing uses	(84,500)	(86,808)	(2,308)	(112,967)
Insurance recoveries	-	-	-	7,239
Special and extraordinary losses	-	(12,508)	(12,508)	(8,682)
Operating transfers-out	(610,950)	(937,765)	(326,815)	(2,516,101)
Sale of assets	-	-	-	175,000
Proceeds from leases	-	-	-	67,556
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>(695,450)</u>	<u>(1,037,081)</u>	<u>(341,631)</u>	<u>(2,387,955)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 3,874,346</u>	<u>\$ 3,874,346</u>	<u>\$ 1,042,814</u>

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NUMBER</u>	<u>GRANT PERIOD BEGINNING/ ENDING DATE</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>TOTAL RECEIPTS FOR THE YEAR</u>	<u>ACCRUED OR (DEFERRED) REVENUE AT JULY 1, 2020</u>	<u>REVENUE RECOGNIZED</u>	<u>FEDERAL EXPENDITURES</u>	<u>ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2021</u>
U.S. DEPARTMENT OF AGRICULTURE:									
Pass-through grant programs from:									
Pennsylvania Department of Education:									
Food Distribution Cluster:									
National School Lunch Program	10.555	N.A.	7/1/20-6/30/21	\$ -	\$ 594,806	\$ 21,154	\$ 601,232	\$ 601,232	\$ 27,580
National School Breakfast Program	10.553	N.A.	7/1/20-6/30/21	-	339,674	13,297	340,433	340,433	14,056
Total Pennsylvania Department of Education				-	934,480	34,451	941,665	941,665	41,636
Pennsylvania Department of Agriculture									
National School Lunch Program - Commodities	10.555	N.A.	7/1/20-6/30/21	-	43,314	(13,858)	43,998	43,998	(13,174)
TOTAL U.S. DEPARTMENT OF AGRICULTURE				-	977,794	20,593	985,663	985,663	28,462
U.S. DEPARTMENT OF EDUCATION:									
Pass-through grant programs from:									
Pennsylvania Department of Education:									
ESEA, Title 1 Grant	84.010	013-190363	7/1/19-6/30/20	496,363	105,336	105,336	-	-	-
ESEA, Title 1 Grant	84.010	013-200363	7/1/20-6/30/21	394,973	266,313	-	496,363	496,363	230,050
Title II, Improving Teacher Quality	84.367	020-200363	7/1/19-6/30/20	70,179	27,838	27,838	-	-	-
Title II, Improving Teacher Quality	84.367	020-200363	7/1/20-6/30/21	71,249	38,036	-	71,249	71,249	33,213
Title IV, SSAE	84.424	144-200363	7/1/19-6/30/20	29,999	10,000	10,000	-	-	-
Title IV, SSAE	84.424	144-200363	7/1/20-6/30/21	29,854	17,912	-	29,854	29,854	11,942
Total Pennsylvania Department of Education				1,092,617	465,435	143,174	597,466	597,466	275,205
N.E.I.U. 19:									
Individuals with Disabilities Act	84.027	N.A.	7/1/20-6/30/21	318,239	255,618	-	318,239	318,239	318,239
TOTAL U.S. DEPARTMENT OF EDUCATION:				1,410,856	721,053	143,174	915,705	915,705	593,444
TOTAL				\$ 1,410,856	\$ 1,698,847	\$ 163,767	\$ 1,901,368	\$ 1,901,368	\$ 621,906

N.A. - Not Available

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 Riverside School District (the "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 the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2: REPORTING ENTITY

The accompanying Schedule presents the expenditures of all the Federal award programs of the District. The District's reporting entity is defined in Note 1 to the District's basic financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed-through other government agencies are included in the schedule.

NOTE 3: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. 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 4: INDIRECT COSTS

The District has elected not to use the ten percent de minimis indirect cost rate. Indirect costs are allocated to programs based on applicable criteria relative to the Federal program.

NOTE 5: NONMONETARY FEDERAL AWARDS - DONATED FOOD

The Commonwealth of Pennsylvania distributes Federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards and Certain State Grants under CFDA #10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent Federal surplus food consumed by the District during the year ended June 30, 2021.



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

To the Board of Education of the
Riverside School District:

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, business-type activity, each major fund, and the aggregate remaining fund information of Riverside School District (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 March 29, 2022.

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.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-002 to be material weaknesses.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kohanski & Co., PC

Scranton, PA
March 29, 2022



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

To the Board of Education of the
Riverside School District:

Report on Compliance for Each Major Federal Program

We have audited Riverside School District'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 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.

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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 District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal 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 the 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.

Kohanski & Co., PC

Scranton, PA
March 29, 2022

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTSFinancial Statements:

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

 X Yes

Yes

 No- Significant deficiency(ies) identified that is (are) not
considered to be material weakness(es)? Yes

Yes

 X None
reported

Noncompliance material to financial statements noted?

 Yes

Yes

 X

No

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified?

 Yes

Yes

 X

No

- Significant deficiency(ies) identified that is (are) not
considered to be material weakness(es)? Yes

Yes

 X None
reportedType of auditors' report issued on
compliance for major programs:UnmodifiedAny audit findings disclosed that are
required to be reported in accordance

with 2CFR Section 200.516(a) of Uniform Guidance?

 X Yes

Yes

 No

Identification of major programs:

CFDA Number(s)Name of Federal Program or Cluster

10.553

National School Breakfast Program

10.555

National School Lunch Program

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

\$ 750,000

Auditee qualified as low-risk auditee:

 X Yes

Yes

 No

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

FINDING 2021-001: REVENUE RECOGNITION

Criteria: Governmental fund financial statements are reported using the "current financial resources measurement focus" and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

- Intergovernmental grants are recognized as revenues in the period the District is entitled to the resources and the amounts are available. Amounts owed to the District which are not available are recorded as receivables and unavailable revenue. Amounts received prior to the entitlement period are recorded as unearned revenues.
- Revenues susceptible to accrual include property taxes. In general, other taxes and revenue are recognized when received in cash or when measurable and available under the criteria described above.
- Proceeds from long-term debt are reported as other financing sources.

Condition – General Fund: Adjustments were not made to record delinquent tax received. As a result, taxes receivable and unavailable revenue were overstated by \$673,869.

Condition – General Fund: An adjustment was not made to reclassify taxes received in the first 60 days of the subsequent year from unavailable revenue to revenue. As a result, tax revenue was understated by \$76,748.

Condition – Debt Service Fund: Proceeds from the issuance of bonds were not recorded in accordance with the criteria noted above. As a result, revenue in the debt service fund was understated by \$1,865,000.

Effect: Revenue, receivables and unavailable revenue in the fund financial statements were materially misstated.

Cause: Internal controls over financial reporting did not include procedures to ensure the completeness and cutoff of revenue recorded in the financial statements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONT'D)

FINDING 2021-001: REVENUE RECOGNITION (CONT'D)

Recommendation: We recommend the District evaluate staffing in the business office as well as policies and procedures related to revenue recognition and reporting. Responsibilities should be assigned in such a way that the business manager has sufficient time to analyze and review the transactions recorded by other members of the business office. In addition, internal controls over financial reporting should include procedures to reconcile and review general ledger account balances to ensure all transactions are accurately and completely recorded. We would also be available to review required revenue recognition standards with members of the business office to ensure revenue is reported in the financial statements in the proper period.

View of Responsible Officials: See accompanying corrective action plan.

FINDING 2021 - 002: ERRORS IN FINANCIAL REPORTING

Criteria: The District had numerous transactions between funds to finance operations, provide services, construct assets, and service debt. These transactions are classified as operating transfers-in/out, and due from/to other funds in the period in which transactions are executed.

Condition – Debt Service Fund: A transfer from the general fund was not recorded in the debt service fund resulting in an understatement of revenue and interest expense in the amount of \$23,937.

Condition – Capital Reserve Fund: An error in recording a transfer from the general fund to the capital reserve fund resulted in an overstatement of assets and fund balance in the general fund and capital projects fund, respectively, and understatement of expenses and revenue in the general fund and capital projects fund, respectively.

Effect: Interfund transfers, due from/to other funds and fund balance in the fund financial statements were materially misstated.

Cause: Internal controls over financial reporting did not include procedures to review general journal entries. In addition, controls were not designed to catch and correct errors in financial reporting.

Recommendation: Implement review and approval procedures for all general journal entries. In addition, periodic review procedures should be developed to allow employees and management to identify and correct errors in a timely manner.

View of Responsible Officials: See accompanying corrective action plan.

RIVERSIDE SCHOOL DISTRICT

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
YEAR ENDED JUNE 30, 2021**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended June 30, 2021.

RIVERSIDE SCHOOL DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2021**

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no findings for the year ended June 30, 2020.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings for the year ended June 30, 2020.



FINDING 2021-001: REVENUE RECOGNITION

The Riverside School District's internal controls over financial reporting do not include procedures to ensure the completeness and cutoff of revenue recorded in the financial statements. Specifically, adjustments were not made to record delinquent tax received, as a result, taxes receivable and unavailable revenue were overstated by \$673,869. Also, an adjustment was not made to reclassify taxes received in the first 60 days of the subsequent year from unavailable revenue to revenue. Finally, proceeds from the issuance of bonds were not recorded in accordance with the criteria noted above for revenue in the debt service fund.

The Riverside Business Office will establish and implement additional internal controls at month and year-end to include procedures to ensure the completeness and cutoff of revenue recorded in the financial statements. Prior to closing each month the Business Manager, Bill Drazdowski, will review all revenue transactions and account coding with the business office staff, Michele Cantarella and Kelly McKeefery, to ensure their accuracy before closing the month. A revenue and coding listing will be provided by the office staff and the Business Manager will sign off and return the listing with approval or corrections before the monthly close. Typical monthly closings are at or near the 20th of the following month. This process will begin in April of 2022 and continue on a monthly basis. The Business Manager will send the results of the added controls to Mark Zavislak of Kohanski Co. to review the newly implemented internal controls. In July and August of 2022 the Business Manager and Staff noted above will review the revenue recognition policies involving revenues collected within 60 days of the end of the current fiscal period. A listing of revenue and agreed upon coding will be sent from the Business Manager to the Audit team at Kohanski before closing out the annual financials by the end of August 2022.



FINDING 2021-002: ERRORS IN FINANCIAL REPORTING

The Errors in financial reporting involved a transfer from the general fund not being recording in the debt service fund resulting in an understatement of revenue and interest expense in the amount of \$23,937. An error in recording a transfer from the general fund to a the capital reserve fund resulted in an overstatement of assets and fund balances in the general fund and capital projects fund, respectively, and understatement of expenses and revenue in the general fund and capital projects fund. The Riverside Business Office will establish, implement and review internal control procedures for all journal entries prior to month close. These internal controls will include all journal entries made by business office staff, Michele Cantarella and Kelly McKeefery, presented to the Business Manager, Bill Drazdowski, prior to the monthly close each month. The Business Manager will sign off on the listing of journal entries before the monthly close and present his acceptance to the business office staff. If corrections need to be made, the Business Manager will correct the incorrect entries re-submit to his staff for corrections. This internal control at monthly close will begin in April of 2022 and the results will be shared with the Audit team at Kohanski Co.