

**RIVERSIDE SCHOOL DISTRICT**

**FINANCIAL STATEMENTS  
AND  
SINGLE AUDIT REPORTS**

**JUNE 30, 2022**

**RIVERSIDE SCHOOL DISTRICT**

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**RIVERSIDE SCHOOL DISTRICT**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Education of the  
Riverside School District:

### Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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



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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages V - XII, schedule of the District's proportionate share of net pension liability, schedule of District contributions, schedule of changes in the District's other post-employment benefit liability, related notes, and budgetary comparison information on pages 46 - 57 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of Federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("SEFA") is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA 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 April 19, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Kohanski & Co., PC*

April 19, 2023  
Scranton, PA



**Riverside School District  
Management's Discussion and Analysis  
For the Year Ended June 30, 2022  
(UNAUDITED)**

The following discussion and analysis of Riverside School District (the "District") financial statements provides an overview of the financial activities of the District for the fiscal year ended June 30, 2022. 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 2022: The net position (assets minus liabilities) of the District as of June 30, 2022 was (\$27,031,295) compared to net position of the District as of June 30, 2021 of (\$31,542,713). The increase of \$4,511,418 includes net increases in cash and Grant Receivables.
- The governmental funds reported an ending governmental fund balance of \$6,644,722 compared to an ending governmental fund balance in fiscal year 2021 of \$5,840,617, which represents an increase of \$804,108. This increase is due primarily to increases in wages for our Teacher's Union upon ratification of our Professional Contract and retirement payouts to our Non-Professional staff upon ratification of their contract.
- The District's share of the ESSER and other grant funding is the main driver for the increase in Assets for 2022. The District has qualified for a total of \$4,795,017 in grant funding to be received in the near future.
- The District has made a commitment to meeting its current and future Bond Obligations. The District took advantage of advantageous interest rates and refunded their 2014 and 2016 series of Bonds in 2022. The District's future debt service requirements decreased \$2,269,884 from 2021 to 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 2022?" 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 2022 compared to 2021.

	<b><u>TABLE 1</u></b>	
	<b><u>NET POSITION</u></b>	
<b><u>ASSETS:</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
CURRENT AND OTHER ASSETS	13,290,875	11,633,628
BOND DISCOUNT, NET	90,218	46,389
CAPITAL ASSETS, NET	21,474,208	21,179,032
TOTAL ASSETS	34,855,301	32,859,049
DEFERRED OUTFLOW OF RESOURCES	7,547,339	7,767,597



<u>LIABILITIES:</u>		
CURRENT LIABILITIES	7,865,449	7,569,951
OTHER LIABILITIES	52,089,762	61,505,079
TOTAL LIABILITIES	59,955,211	69,060,030
DEFERRED INFLOW OF RESOURCES	9,478,724	3,109,329
<u>NET POSITION:</u>		
INVESTED IN CAPITAL ASSETS, NET OF DEBT	6,334,237	4,063,490
RESTRICTED	155,916	420,682
UNRESTRICTED	(33,521,448)	(36,026,885)
TOTAL NET POSITION	(27,031,295)	(31,542,713)

Total assets and deferred outflows of resources increased by \$1,775,994 and capital assets increased by \$295,176. Total liabilities decreased by \$ 9,104,819. 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 increased by \$4,511,418.

### **Changes in Net Position**

Table II below shows the change in net position for fiscal year 2022 and 2021.

	Table II Governmental Activities	Business Type Activities		Table II Governmental Activities	Business Type Activities		
	<u>2022</u>	<u>2022</u>	<u>TOTAL</u>	<u>2021</u>	<u>2021</u>	<u>TOTAL</u>	<u>NET CHANGE</u>
<b>Program Revenues:</b>							
Charges for Services	-	42,371	42,371	-	5,468	5,468	36,903
Operating Grants and Contributions	1,954,543	982,421	2,936,964	1,480,506	1,031,698	2,512,204	424,760
<b>Total Program Revenues</b>	1,954,543	1,024,792	2,979,335	1,480,506	1,037,166	2,517,672	461,663
<b>General Revenues:</b>							
Property Taxes	14,537,632	-	14,537,632	14,316,979	-	14,316,979	220,653
Other Taxes	2,443,865	-	2,443,865	2,021,347	-	2,021,347	422,518
Subsidies and Contributions	11,314,132	-	11,314,132	10,264,936	-	10,264,936	1,049,196
Investments	15,308	1,026	16,334	23,283	600	23,883	(7,549)
Miscellaneous	101,581	-	101,581	54,987	-	54,987	46,594
<b>Total General Revenues</b>	28,412,518	1,026	28,413,544	26,681,532	600	26,682,132	1,731,412
<b>Total Revenues</b>	30,367,061	1,025,818	31,392,879	28,162,038	1,037,766	29,199,804	2,193,075
<b>Expenses:</b>	<u>2022</u>		<u>TOTAL</u>	<u>2021</u>		<u>TOTAL</u>	<u>NET CHANGE</u>
Instruction	16,750,891	-	16,750,891	13,426,208	-	13,426,208	3,324,683
Pupils and Instructional Staff	953,437	-	953,437	1,230,291	-	1,230,291	(276,854)
Administration	1,558,991	-	1,530,427	1,388,635	-	1,388,635	141,792
Operation of Non-Instructional Services	1,414,591	878,519	2,293,110	4,354,168	781,058	5,135,226	(2,842,116)
Operation of Maintenance and Plant	2,074,171	-	2,074,171	1,949,066	-	1,949,066	125,105
Transportation Services	1,186,990	-	1,186,990	832,355	-	832,355	354,635



Other Support and Central Office	417,006	-	417,006	344,125	-	344,125	72,881
Unallocated Depreciation	1,163,664	-	1,163,664	1,156,946	-	1,156,946	6,718
Interest and Finance Charges	208,262	-	208,262	437,638	-	437,638	(229,376)
Other Expenditures	243,250	-	243,250	157,268	-	157,268	85,982
Construction and Improvements	31,689	-	31,689	8,972	-	8,972	22,717
<b>Total Expenses</b>	26,002,942	878,519	26,881,461	25,285,672	781,058	26,066,730	814,731
<b>Increase (Decrease) in Net Position</b>	4,364,119	147,299	4,511,418	2,876,366	256,708	3,133,074	1,378,344

### **GOVERNMENTAL ACTIVITIES**

Property taxes make up 51.50 percent of revenues for governmental activities for the Riverside School District for fiscal year 2022.

Instruction comprises 50.20 percent of District expenses. Support services expenses make up 17 percent.

The District has been able to maintain annual expenditures totals while receiving modest increases from local and state subsidies. The District benefitted from outsourcing their maintenance and janitorial services. The District was able to reduce their salaries for these employees and reinvest into their facilities.

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 involve 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, 2022 at its June 2021 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 had budgeted to receive \$30,132,884.04 in revenue but actually received \$28,702,864 or a deficit of \$1,421,020. Federal revenue was underbudgeted by \$1,479,749, all of which was related to Federal Grant Revenue that has not been disbursed, but will within the next year. On the expenditure side, total expenditures were \$3,487,537.04 under budget. The vast majority of this was due to expenditures for grant funded purchases were not made within the given time period. The District had an excess of revenue over expenditures plus revenue from financing sources for a total of \$2,066,517. After other financing sources expenditures of \$2,253,669, the District saw a decrease in their fund balance of \$187,152.00, or .006% of their total budget.

### **DEBT ADMINISTRATION**

At June 30, 2022 the District had \$14,642,350 of total Long-Term Debt Obligations. Below is the listing of what makes up this total.

GENERAL BOND OBLIGATIONS PAYABLE	14,625,000
LEASE OBLIGATIONS PAYABLE	17,350
	14,642,350

Of the District's Long-Term Debt, \$2,207,350 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. 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 2022-2023 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, 2022**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,378,817	\$ 356,769	\$ 4,735,586
Receivables:			
Taxes receivable, net	840,622	-	840,622
Accounts receivable, net	6,242,638	35,608	6,278,246
Other receivable, net	1,202,004	-	1,202,004
Inventory	-	7,773	7,773
Restricted cash and cash equivalents	143,250	-	143,250
Prepaid expenses	9,850	-	9,850
Due from other funds	<u>73,544</u>	<u>-</u>	<u>73,544</u>
Total Current Assets	12,890,725	400,150	13,290,875
CAPITAL ASSETS, net	21,381,021	93,187	21,474,208
BOND DISCOUNT, net of amortization	<u>90,218</u>	<u>-</u>	<u>90,218</u>
Total Assets	34,361,964	493,337	34,855,301
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows related to pensions	5,377,102	-	5,377,102
Deferred outflows related to OPEB	<u>2,170,237</u>	<u>-</u>	<u>2,170,237</u>
	<u>\$ 41,909,303</u>	<u>\$ 493,337</u>	<u>\$ 42,402,640</u>

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



**RIVERSIDE SCHOOL DISTRICT****STATEMENT OF NET POSITION (CONT'D)  
JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
<b>CURRENT LIABILITIES:</b>			
Current portion of long-term obligations:			
General bond obligations	\$ 2,190,000	\$ -	\$ 2,190,000
Capital leases	17,350	-	17,350
Special termination benefits	67,219	-	67,219
Accounts payable	1,090,335	42,880	1,133,215
Health insurance claims payable	49,621	-	49,621
Deferred revenue	-	13,068	13,068
Accrued salaries and benefits	4,059,228	-	4,059,228
Accrued deductions and withholdings	171,373	-	171,373
Accrued interest	90,831	-	90,831
Due to general fund	-	73,544	73,544
<b>Total Current Liabilities</b>	<b>7,735,957</b>	<b>129,492</b>	<b>7,865,449</b>
<b>LONG-TERM OBLIGATIONS, net of current portion:</b>			
General bond obligations	12,435,000	-	12,435,000
Special termination benefits	61,047	-	61,047
Bond premium, net of amortization	587,839	-	587,839
Compensated absences	630,382	-	630,382
Net other post-employment benefit obligation	10,169,494	-	10,169,494
Net pension liability	28,206,000	-	28,206,000
<b>Total Long-term Obligations, net of current portion:</b>	<b>52,089,762</b>	<b>-</b>	<b>52,089,762</b>
<b>Total Liabilities</b>	<b>59,825,719</b>	<b>129,492</b>	<b>59,955,211</b>

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

**RIVERSIDE SCHOOL DISTRICT**

**STATEMENT OF NET POSITION (CONT'D)  
JUNE 30, 2022**

	<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	6,079,000	-	6,079,000
Deferred inflows related to OPEB	<u>3,399,724</u>	<u>-</u>	<u>3,399,724</u>
Total Deferred Inflows of Resources	<u>9,478,724</u>	<u>-</u>	<u>9,478,724</u>
NET POSITION:			
Net investment in capital assets	6,241,050	93,187	6,334,237
Restricted	155,916	-	155,916
Unrestricted	<u>(33,792,106)</u>	<u>270,658</u>	<u>(33,521,448)</u>
Total Net Position	<u>(27,395,140)</u>	<u>363,845</u>	<u>(27,031,295)</u>
	<u>\$ 41,909,303</u>	<u>\$ 493,337</u>	<u>\$ 42,402,640</u>

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

**RIVERSIDE SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

			<u>Net (Expense) Revenue and Change in Net Position</u>			
			<u>Program Revenues</u>		<u>Primary Government</u>	
<b>FUNCTIONS/PROGRAMS:</b>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activity</u>	<u>Business-type Activity</u>	<u>Total</u>
Governmental Activities:						
Instructional Services:						
Regular	\$ 12,752,440	\$ -	\$ 1,954,543	\$ (10,797,897)	\$ -	\$ (10,797,897)
Special	3,533,750	-	-	(3,533,750)	-	(3,533,750)
Vocational	275,690	-	-	(275,690)	-	(275,690)
Other instructional programs	189,011	-	-	(189,011)	-	(189,011)
Total Instructional Services	16,750,891	-	1,954,543	(14,796,348)	-	(14,796,348)
Support Services:						
Pupil personnel	762,867	-	-	(762,867)	-	(762,867)
Instructional staff	190,570	-	-	(190,570)	-	(190,570)
Administration	1,558,991	-	-	(1,558,991)	-	(1,558,991)
Pupil health	502,123	-	-	(502,123)	-	(502,123)
Business	422,291	-	-	(422,291)	-	(422,291)
Operation of maintenance and plant services	2,074,171	-	-	(2,074,171)	-	(2,074,171)
Student transportation services	1,186,990	-	-	(1,186,990)	-	(1,186,990)
Central	393,248	-	-	(393,248)	-	(393,248)
Other support services	23,758	-	-	(23,758)	-	(23,758)
Total Support Services	7,115,009	-	-	(7,115,009)	-	(7,115,009)
Other:						
Operation of non-instructional services	490,177	-	-	(490,177)	-	(490,177)
Facilities acquisition, construction, and improvements	31,689	-	-	(31,689)	-	(31,689)
Other expenditures and financing uses	243,250	-	-	(243,250)	-	(243,250)
Unallocated Depreciation	1,163,664	-	-	(1,163,664)	-	(1,163,664)
Interest and fees on long-term debt	208,262	-	-	(208,262)	-	(208,262)
Total Other	2,137,042	-	-	(2,137,042)	-	(2,137,042)
Total Governmental Activities	26,002,942	-	1,954,543	(24,048,399)	-	(24,048,399)
Business-type Activity:						
Food service	878,519	42,371	982,421	-	146,273	146,273
	<u>\$ 26,881,461</u>	<u>\$ 42,371</u>	<u>\$ 2,936,964</u>	<u>(24,048,399)</u>	<u>146,273</u>	<u>(23,902,126)</u>
General Revenues:						
Taxes:						
Property taxes				14,537,632	-	14,537,632
Other taxes				2,443,865	-	2,443,865
Subsidies and contributions				11,314,132	-	11,314,132
Investments earnings				15,308	1,026	16,334
Miscellaneous				101,581	-	101,581
Total General Revenues				28,412,518	1,026	28,413,544
CHANGE IN NET POSITION				4,364,119	147,299	4,511,418
NET POSITION - BEGINNING				(31,759,259)	216,546	(31,542,713)
NET POSITION - ENDING				<u>\$ (27,395,140)</u>	<u>\$ 363,845</u>	<u>\$ (27,031,295)</u>

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



RIVERSIDE SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Capital Reserves</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 4,126,228	\$ -	\$ 69,797	\$ -	\$ 4,196,025
Taxes receivable	840,622	-	-	-	840,622
Grants receivable	6,242,638	-	-	-	6,242,638
Other receivables	1,202,004	-	-	-	1,202,004
Restricted cash and cash equivalents	-	143,250	-	-	143,250
Prepaid expenses	9,850	-	-	12,666	22,516
Due from other funds	73,544	-	-	-	73,544
	<u>\$ 12,494,886</u>	<u>\$ 143,250</u>	<u>\$ 69,797</u>	<u>\$ 12,666</u>	<u>\$ 12,720,599</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 1,090,335	\$ -	\$ -	\$ -	\$ 1,090,335
Accrued salaries and benefits	4,059,228	-	-	-	4,059,228
Payroll deductions and withholdings	171,373	-	-	-	171,373
Total Liabilities	<u>5,320,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,320,936</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenue	<u>754,941</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>754,941</u>
<b>FUND BALANCES:</b>					
Nonspendable	9,850	-	-	-	9,850
Restricted for debt service	-	-	-	12,666	12,666
Restricted for externally imposed restrictions	-	143,250	-	-	143,250
Assigned	-	-	69,797	-	69,797
Unassigned	<u>6,409,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,409,159</u>
Total Fund Balances	<u>6,419,009</u>	<u>143,250</u>	<u>69,797</u>	<u>12,666</u>	<u>6,644,722</u>
	<u>\$ 12,494,886</u>	<u>\$ 143,250</u>	<u>\$ 69,797</u>	<u>\$ 12,666</u>	<u>\$ 12,720,599</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, 2022**

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TOTAL GOVERNMENTAL FUND BALANCES	\$ 6,644,722
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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	52,466,924
Accumulated depreciation	(31,085,903)

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.	754,941
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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.	133,171
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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	(28,206,000)
Deferred outflows of resources	5,377,102
Deferred inflows of resources	(6,079,000)

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, 2022**

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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	(10,169,494)
Deferred outflows of resources	2,170,237
Deferred inflows of resources	(3,399,724)

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	(14,625,000)
Capitalized leases payable	(17,350)
Accrued interest payable	(90,831)
Bond premium, net of amortization	(587,839)
Bond discount, net of amortization	90,218
Special termination benefits	(128,266)
Compensated absences	<u>(630,382)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (27,395,140)</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, 2022**

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Capital Reserves</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Local sources	\$ 17,350,966	\$ 80	\$ 56	\$ -	\$ 17,351,102
State sources	10,621,346	-	-	-	10,621,346
Federal sources	2,178,173	-	-	-	2,178,173
Total Revenues	<u>30,150,485</u>	<u>80</u>	<u>56</u>	<u>-</u>	<u>30,150,621</u>
<b>EXPENDITURES:</b>					
Instructional Services:					
Regular	13,414,149	-	-	-	13,414,149
Special	3,663,127	-	-	-	3,663,127
Vocational	275,690	-	-	-	275,690
Other Instructional Programs	201,740	-	-	-	201,740
Total Instructional Services	<u>17,554,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,554,706</u>
Support Services:					
Students	790,628	-	-	-	790,628
Instructional Staff	178,497	-	-	-	178,497
Administration	1,612,422	-	-	-	1,612,422
Pupil Health	401,212	-	-	-	401,212
Business	425,802	-	-	92,943	518,745
Operation and Maintenance of Plant Services	2,097,291	-	-	-	2,097,291
Student Transportation Services	1,186,990	-	-	-	1,186,990
Central	409,226	-	-	-	409,226
Other Support Services	23,758	-	-	-	23,758
Total Support Services	<u>7,125,826</u>	<u>-</u>	<u>-</u>	<u>92,943</u>	<u>7,218,769</u>
Operation of Non-Instructional Services	505,394	-	-	-	505,394
Facilities Acquisition, Construction, and Improvement	280,676	-	-	-	280,676
Debt Service:					
Debt service principal	47,234	-	-	10,365,000	10,412,234
Debt service interest/fees	3,855	-	-	513,179	517,034
Capital Outlay	1,171,038	264,831	-	-	1,435,869
Total Expenditures	<u>26,688,729</u>	<u>264,831</u>	<u>-</u>	<u>10,971,122</u>	<u>37,924,682</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>3,461,756</u>	<u>(264,751)</u>	<u>56</u>	<u>(10,971,122)</u>	<u>(7,774,061)</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, 2022**

	<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	(129,543)	-	-	-	(129,543)
Special and extraordinary losses	(20,764)	-	-	-	(20,764)
Operating transfers-in	477,474	-	-	2,580,836	3,058,310
Operating transfers-out	(2,580,836)	-	(139,272)	(338,202)	(3,058,310)
Proceeds from sale of bonds	-	-	-	8,125,000	8,125,000
Bond premium	-	-	-	668,473	668,473
Bond discount	-	-	-	(65,000)	(65,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(65,000)</u>	<u>(65,000)</u>
Total Other Financing Sources (Uses)	<u>(2,253,669)</u>	<u>-</u>	<u>(139,272)</u>	<u>10,971,107</u>	<u>8,578,166</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,208,087	(264,751)	(139,216)	(15)	804,105
FUND BALANCE - Beginning	<u>5,210,922</u>	<u>408,001</u>	<u>209,013</u>	<u>12,681</u>	<u>5,840,617</u>
FUND BALANCE - Ending	<u>\$ 6,419,009</u>	<u>\$ 143,250</u>	<u>\$ 69,797</u>	<u>\$ 12,666</u>	<u>\$ 6,644,722</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, 2022**

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CHANGE IN FUND BALANCE	\$ 804,105
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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	1,435,869
Depreciation	(1,163,664)

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.

	150,030
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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.

	(8,125,000)
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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	10,365,000
Repayment of capitalized leases principal	47,234
Accrued interest	16,962
Bond premium amortization	(355,492)
Bond discount amortization	43,829

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, 2022**

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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.

216,440

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

188,549

Special termination benefits

57,026

Change in net post-employment benefit obligation and related deferrals

(1,018,944)

Change in net pension liability and related deferrals

1,702,175

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 4,364,119

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



**RIVERSIDE SCHOOL DISTRICT**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2022**

	<u>Business-Type Activity</u>	<u>Governmental Activity</u>
	<u>Enterprise Fund</u>	
	<u>Food Service</u>	<u>Internal Service Fund</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 356,769	\$ 182,792
Accounts receivable	35,608	-
Inventory	<u>7,773</u>	<u>-</u>
Total Current Assets	400,150	182,792
CAPITAL ASSETS, net	<u>93,187</u>	<u>-</u>
	<u>\$ 493,337</u>	<u>\$ 182,792</u>
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 42,880	\$ -
Health insurance claims payable	-	49,621
Deferred revenue	13,068	-
Due to general fund	<u>73,544</u>	<u>-</u>
Total Current Liabilities	<u>129,492</u>	<u>49,621</u>
NET POSITION:		
Net investment in capital assets	93,187	-
Unrestricted	<u>270,658</u>	<u>133,171</u>
Total Net Position	<u>363,845</u>	<u>133,171</u>
	<u>\$ 493,337</u>	<u>\$ 182,792</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, 2022**

	Business-Type Activity	Governmental Activity
	Enterprise Fund	
	Food Service	Internal Service Fund
REVENUES:		
Charges for service	\$ 42,371	\$ 2,955,000
Interest income	<u>1,026</u>	<u>356</u>
Total Revenues	<u>43,397</u>	<u>2,955,356</u>
EXPENSES:		
Purchased services	758,766	-
Repairs & Maintenance	87,932	-
Supplies	19,493	-
Depreciation	12,098	-
Fees	230	-
Medical claims expenses	<u>-</u>	<u>2,805,326</u>
Total Expenses	<u>878,519</u>	<u>2,805,326</u>
INCOME (LOSS) FROM OPERATIONS	<u>(835,122)</u>	<u>150,030</u>
NON-OPERATING REVENUES:		
State sources	29,972	-
Federal sources	<u>952,449</u>	<u>-</u>
Total Non-Operating Revenues	<u>982,421</u>	<u>-</u>
CHANGE IN NET POSITION	147,299	150,030
NET POSITION - Beginning	<u>216,546</u>	<u>(16,859)</u>
NET POSITION - Ending	<u>\$ 363,845</u>	<u>\$ 133,171</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, 2022**

	Business-Type Activity	Governmental Activity
	Enterprise Fund	
	Food Service	Internal Service Fund
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers/interfund transfers	\$ 42,265	\$ 2,955,000
Cash paid to suppliers for goods and services	(1,081,744)	-
Cash paid for insurance claims	-	(2,864,015)
Interest received	1,026	356
Net Cash Provided (Used) By Operating Activities	(1,038,453)	91,341
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash received from state sources	30,461	-
Cash received from Federal sources	957,988	-
Net Cash Provided by Non-Capital Financing Activities	988,449	-
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(35,069)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(85,073)	91,341
CASH AND CASH EQUIVALENTS - Beginning	441,842	91,451
CASH AND CASH EQUIVALENTS - Ending	\$ 356,769	\$ 182,792
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (loss) from operations	\$ (835,122)	\$ 150,030
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	12,098	-
Change in assets and liabilities:		
Inventory	2,239	-
Accounts payable	(11,051)	-
Health insurance claims payable	-	(58,689)
Deferred revenue	(106)	-
Due to general fund	(206,511)	-
Net Cash Provided (Used) by Operating Activities	\$ (1,038,453)	\$ 91,341

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



**RIVERSIDE SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2022**

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	Private Purpose <u>Trust</u>	Custodial <u>Fund</u>
	<u>Scholarship</u>	
ASSETS:		
Cash and investments	<u>\$ 86,770</u>	<u>\$ 109,366</u>
LIABILITIES:		
Due to students	<u>\$ -</u>	<u>\$ 109,366</u>
NET POSITION:		
Held-in-trust for scholarships	<u>\$ 86,770</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, 2022**

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	Private Purpose Trust	Scholarship
ADDITIONS:		
Contributions	\$ 7,288	
Interest	<u>1</u>	
Total Additions	<u>7,289</u>	
DEDUCTIONS:		
Scholarships awarded	18,232	
Service charges	<u>740</u>	
Total Deductions	<u>18,972</u>	
CHANGE IN NET POSITION	(11,683)	
NET POSITION - Beginning	<u>98,453</u>	
NET POSITION - Ending	<u>\$ 86,770</u>	

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

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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 provides a full range of educational services appropriate to grade levels kindergarten through twelfth for students living in Moosic and Taylor, Pennsylvania. 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 schools, 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, 2022**

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**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, 2022**

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**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, 2022**

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**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 operation 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, 2022**

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**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, 2022**

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**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 debt issuance from local banks, are restricted for various projects undertaken by the District.



**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

Taxes Receivable and Unavailable 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, 2022 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, 2022**

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**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, 2022**

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**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, 2022.

Operating transfers between funds for the year ended June 30, 2022 were as follows:

	TRANSFERS <u>IN</u>	TRANSFERS <u>OUT</u>
General Fund:		
Debt Service Fund	\$ 338,202	\$ 2,580,836
Capital Reserve Fund	<u>139,272</u>	<u>-</u>
	<u>\$ 477,474</u>	<u>\$ 2,580,836</u>
Debt Service Fund:		
General Fund	<u>\$ 2,580,836</u>	<u>\$ 338,202</u>
Capital Reserve Fund:		
General Fund	<u>\$ -</u>	<u>\$ 139,272</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, 2022**

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

The following summarizes receivables and payables between governmental funds as of June 30, 2022:

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Food Service Fund	<u>\$ 73,544</u>	<u>\$ -</u>
Food Service Fund:		
General Fund	<u>\$ -</u>	<u>\$ 73,544</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, 2022**

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**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.

**Recently Implemented Accounting Standards**

The District implemented GASB Statement No. 87, *Leases*, which 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. This standard had no effect on the District's financial position.

**Effects of New Pronouncements**

The following summarizes recent GASB pronouncements and their impact, if any, on the 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, 2022**

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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 statement on its financial statements.

In June 2022, GASB issued statement No. 101, *Compensated Absences*. This statement improves financial reporting by updating the recognition and measurement guidance for compensated absences.

The requirements of Statement No. 101 are effective for fiscal years beginning after December 15, 2023. The District is currently evaluating the effects of this statement 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. 99, *Omnibus 2022*, with effective dates for fiscal years through June 15, 2023.
- Statement No. 100, *Accounting Changes and Errors and Corrections - an Amendment of GASB Statement No. 62*, with an effective date for fiscal years beginning after June 15, 2023.

Subsequent Events

Management performed a review for subsequent events through April 19, 2023, 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, 2022, and has determined that the District has no subsequent events that are required to be reported.



**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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, 2022, \$5,017,724 of the financial institution balance of \$5,517,724 was uninsured, but was collateralized by collateral held by the pledging bank's trust department 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 of Pennsylvania, 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.

**NOTE 3: TAXES - REAL ESTATE AND OTHER**

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. In addition, the School District levies a .5% earned income tax. Property taxes are based on assessed valuations of real property within the School District. Taxes are levied on July 1 and payable in the following periods:

Discount period: July 1 to August 31 - 2% of gross levy  
Face period: September 1 to October 31  
Penalty period: October 31 to collection - 5% of gross levy  
Lien date: January 15

School District taxes are billed and collected by the local elected tax collectors. Property taxes attach as an enforceable lien on property as of July 1.



**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3: CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases/ Reclassifications</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital assets, not being depreciated:				
Land	\$ 302,489	\$ -	\$ -	\$ 302,489
Construction-in-progress	<u>158,551</u>	<u>957,949</u>	<u>1,116,500</u>	<u>-</u>
Total capital assets, not being being depreciated	<u>461,040</u>	<u>957,949</u>	<u>1,116,500</u>	<u>302,489</u>
Capital assets, being depreciated:				
Buildings and improvements	46,253,180	1,116,500	-	47,369,680
Furniture and equipment	3,332,487	151,305	-	3,483,792
Site improvements	<u>984,348</u>	<u>326,615</u>	<u>-</u>	<u>1,310,963</u>
Total capital assets, being depreciated	<u>50,570,015</u>	<u>1,594,420</u>	<u>-</u>	<u>52,164,435</u>
Less: Accumulated depreciation:				
Buildings and improvements	(26,299,893)	(1,026,875)	-	(27,326,768)
Furniture and equipment	(2,999,907)	(113,316)	-	(3,113,223)
Site improvements	<u>(622,439)</u>	<u>(23,473)</u>	<u>-</u>	<u>(645,912)</u>
Total accumulated depreciation	<u>(29,922,239)</u>	<u>(1,163,664)</u>	<u>-</u>	<u>(31,085,903)</u>
Total capital assets being depreciated, net	<u>20,647,776</u>	<u>430,756</u>	<u>-</u>	<u>21,078,532</u>
Capital assets, net	<u>\$ 21,108,816</u>	<u>\$ 1,388,705</u>	<u>\$ 1,116,500</u>	<u>\$ 21,381,021</u>
<b>BUSINESS-TYPE ACTIVITY:</b>				
Capital assets, being depreciated:				
Furniture and equipment	\$ 175,497	\$ 35,069	2,698	\$ 207,868
Less: Accumulated depreciation:				
Furniture and equipment	<u>(105,281)</u>	<u>(12,098)</u>	<u>(2,698)</u>	<u>\$ (114,681)</u>
Capital assets, net	<u>\$ 70,216</u>	<u>\$ 22,971</u>	<u>\$ -</u>	<u>\$ 93,187</u>

**RIVERSIDE SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

NOTE 4: LONG-TERM OBLIGATIONS

At June 30, 2022, general long-term obligations were as follows:

	Balance Outstanding July 1, <u>2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding June 30, <u>2022</u>	Amounts Due Within <u>One Year</u>
General Obligation Bonds:					
2014 General Obligation Bond	\$ 8,035,000	\$ -	\$ 8,035,000	\$ -	\$ -
2016 General Obligation Bond	2,015,000	-	2,015,000	-	-
2017 General Obligation Bond	1,230,000	-	240,000	990,000	240,000
2018 General Obligation Bond	3,720,000	-	10,000	3,710,000	10,000
2020 General Obligation Bond	1,865,000	-	5,000	1,860,000	5,000
2021 General Obligation Bond	<u>-</u>	<u>8,125,000</u>	<u>60,000</u>	<u>8,065,000</u>	<u>1,935,000</u>
Total General Obligation Bonds	<u>\$ 16,865,000</u>	<u>\$ 8,125,000</u>	<u>\$ 10,365,000</u>	<u>\$ 14,625,000</u>	<u>\$ 2,190,000</u>
Lease Obligation Payable:					
Capitalized Equipment Leases	<u>\$ 64,584</u>	<u>\$ -</u>	<u>\$ 47,234</u>	<u>\$ 17,350</u>	<u>\$ 17,350</u>
Other Long-Term Obligations:					
Compensated absences	<u>\$ 818,931</u>	<u>\$ -</u>	<u>\$ 188,549</u>	<u>\$ 630,382</u>	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

A summary of long-term debt outstanding at June 30, 2022 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%. 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%. 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.

**Series 2020**

During the year ended June 30, 2021, 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.



**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**General Obligation Bonds (Cont'd)**

**Series 2021**

During the year ended June 30, 2022, 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 and 2016 bonds.

Future debt service requirements on general obligation bonds as of June 30, 2022 are as follows:

<u>Years Ending June 30,:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,390,000	192,672	2,582,672
2027	2,475,000	110,231	2,585,231
2028 - 2029	<u>3,050,000</u>	<u>49,875</u>	<u>3,099,875</u>
	<u>\$ 14,625,000</u>	<u>\$ 1,400,937</u>	<u>\$ 16,025,937</u>

**Capitalized Leases**

The District entered into various leases for equipment with a net value of \$26,622 at June 30, 2022 payable in annual installments including interest of 5.97%, with final payments through July 2022.

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

<u>Year Ending June 30,:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 17,350</u>	<u>\$ 1,035</u>	<u>\$ 18,385</u>

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 5: PENSION PLAN**

**Plan 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 92 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.



**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 5: PENSION PLAN (CONT'D)**

**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.

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, 2022 was 34.13% 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 \$3,483,102 for the year ended June 30, 2022.

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, 2022 the contribution rate was .82% of covered payroll and the District contributed \$1,200.

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 5: PENSION PLAN (CONT'D)**

Contributions (Cont'd)

Employer Contributions (Cont'd)

Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for approximately one-half of the employer contributions made, including contributions related to pension and healthcare. The reimbursement recognized by the District for the year ended June 30, 2022 was \$1,952,601.

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the System's total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 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 - 7.00 percent, includes inflation at 2.50 percent
- Salary increases - effective average of 4.50 percent, which reflects an allowance for inflation of 2.50 percent, real wage growth and merit or seniority increases of 2.00 percent
- Mortality rates were based on a blend of 50 percent Pub T-2010 and 50 percent Pub G-2010 retiree tables for males and females, adjusted to reflect PSERS experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

At June 30, 2022, the District reported a liability of \$28,206,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. 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, 2021, the District's proportion was .0687% which was an increase of .0013% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,672,000. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5: PENSION PLAN (CONT'D)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in actual and expected experience	\$ 21,000	\$ (371,000)
Changes in assumptions	1,368,000	-
Difference between projected and actual investment earnings	-	(4,490,000)
Changes in proportion	505,000	(1,218,000)
Contributions subsequent to the measurement date	<u>3,483,102</u>	<u>-</u>
	<u>\$ 5,377,102</u>	<u>\$ (6,079,000)</u>

Contributions subsequent to the measurement date of \$3,483,102 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. 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  
June 30,:**

2023	\$ (927,000)
2024	(548,000)
2025	(546,000)
2026	<u>(1,451,000)</u>
	<u>\$ (3,472,000)</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.

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022****NOTE 5: PENSION PLAN (CONT'D)****Investments (Cont'd)**

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 24.58%. 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of return</u>
Global public equity	27.0%	5.2%
Private equity	12.0%	7.3%
Fixed income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
MLPs/Infrastructure	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	0.1%
Leverage	<u>(13.0%)</u>	<u>0.1%</u>
	<u>100.0%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. 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.



**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 5: PENSION PLAN (CONT'D)**

**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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Lower <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Higher <u>8.00%</u>
District's proportionate share of the net pension liability	<u>\$ 37,021,000</u>	<u>\$ 28,206,000</u>	<u>\$ 20,770,000</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](http://www.psers.state.pa.us).

**Payables to the Pension Plan**

At June 30, 2022, the District reported a payable of \$2,646,282 for the outstanding amount of contributions to the plan required for the year ended June 30, 2022.

**NOTE 6: POST-RETIREMENT HEALTHCARE BENEFITS**

**Plan 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.

**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

The following employees were covered by the benefit terms at June 30, 2022:

Retired participants	5
Vested former participants	0
Active participants	<u>175</u>
Total	<u>180</u>

**Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements. As of June 30, 2022, 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, 2020	\$ 12,461,378
Changes for the year:	
Service cost	942,691
Interest	247,838
Changes of benefit terms	-
Differences between expected and actual experience	(2,970,304)
Changes in assumptions or other inputs	(365,402)
Benefit payments	<u>(146,707)</u>
Balance at June 30, 2021	<u>\$ 10,169,494</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 (1.28%) or one percentage point higher (3.28%) than the current discount rate:

	1% Lower <u>1.28%</u>	Rate <u>2.28%</u>	1% Higher <u>3.28%</u>
Total OPEB Liability	<u>\$ 11,047,224</u>	<u>\$ 10,169,494</u>	<u>\$ 9,322,735</u>



**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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>\$ 8,711,681</u>	<u>\$ 10,169,494</u>	<u>\$ 11,902,563</u>

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

For the year ended June 30, 2022, the District recognized \$1,075,659 in OPEB expense, which was determined as follows:

Service cost	\$ 942,691
Interest	247,838
Current period amortization of deferred inflows and outflows of resources:	
Deferred outflows	168,441
Deferred inflows	<u>(283,311)</u>
	<u>\$ 1,075,659</u>

At June 30, 2022, 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	\$ 492,807	\$ (2,741,819)
Changes of assumptions or other inputs	1,620,715	(657,905)
Benefits paid subsequent to the measurement date (7/1/2021)	<u>56,715</u>	<u>-</u>
	<u>\$ 2,170,237</u>	<u>\$ (3,399,724)</u>

**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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 June 30,:</u>	<u>Amount</u>
2023	\$ (114,870)
2024	(114,870)
2025	(114,870)
2026	(114,870)
2027	(114,870)
Thereafter	<u>(711,852)</u>
	<u>\$ (1,286,202)</u>

**NOTE 7: FUND BALANCE**

General Fund:

Nonspendable for:	
Prepaid expense	\$ 9,850
Unassigned	<u>6,409,159</u>
	<u>6,419,009</u>

Capital Projects Fund:

Restricted for:	
Capital improvements	<u>143,250</u>

Capital Reserve Fund:

Assigned for:	
Capital improvements	<u>69,797</u>

Debt Service Fund:

Restricted for:	
Debt service	<u>12,666</u>
	<u>\$ 6,644,722</u>



**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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, 2022 will not have a material effect on the District's financial position.

**Commitments**

In June 2022, the District signed a five year contract for school transportation services. The contract includes fixed prices for each type of vehicle but the total value of the contract is not determinable since the number of vehicles that will be needed is unknown.

**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 District 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, 2022, the District carried a stop-loss policy limiting its liability per individual to \$85,000 per year, with unlimited plan period and lifetime reimbursement. The District's annual aggregate deductible under the plan is \$3,248,421 with the stop-loss policy covering up to an additional \$1,000,000.

**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 9: RISK MANAGEMENT (CONT'D)**

During the year ended June 30, 2022, employees of the District were covered by the District's medical self-insurance plan. The District contributed \$2,955,000 to the plan during the year ended June 30, 2022. 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 56% of the total revenue collected by the District for the year ended June 30, 2022. 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 up to 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, 2022 were as follows:

Balance at July 1, 2021	\$ 207,144
Payments	<u>(67,219)</u>
Balance at June 30, 2022	139,926
Less: Unamortized discount	<u>(11,660)</u>
Present value of special termination benefits	128,266
Less: Current portion	<u>(67,219)</u>
Long-term portion of special termination benefits	<u>\$ 61,047</u>

The District pays special termination benefits from the general fund.



**RIVERSIDE SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 20: TAX ABATEMENTS**

As of June 30, 2022, 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, 2022, 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 9 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>	<u>2013</u>
District's proportion of the net pension liability	0.0687%	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>\$ 28,206,000</u>	<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>\$ 10,202,408</u>	<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>276.46%</u>	<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>63.67%</u>	<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 9 FISCAL YEARS**

	<u>2022</u>	<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	\$ 3,483,102	\$ 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>(3,483,102)</u>	<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)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered-employee payroll	<u>\$ 10,202,408</u>	<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>34.13%</u>	<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.

**RIVERSIDE SCHOOL DISTRICT**

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

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**Pension Plan**

Valuation date

June 30, 2020

Methods and assumptions used to  
determine contribution rates:

Actuarially cost method

Entry age normal - level % of pay

Salary increases

Effective average of 4.50%,  
comprised of inflation of 2.50% and  
2.00% for real wage growth and for  
merit or seniority increases

Investment rate of return

7.00% including inflation at 2.50%

Mortality

Blend of 50% Pub T-2010 and 50%  
Pub G-2010 Retiree Tables for  
Males and Females, adjusted to  
reflect PSERS experience and  
projected using a modified version  
of the MP-2020 Mortality  
Improvement Scale



**RIVERSIDE SCHOOL DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S OPEB LIABILITY AND RELATED RATIOS  
JUNE 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:					
Service cost	\$ 942,691	\$ 678,640	\$ 625,874	\$ 593,121	\$ 591,695
Interest	247,838	353,349	281,343	273,251	194,566
Differences between expected and actual experience	(2,970,304)	-	616,008	-	-
Change in assumptions or other inputs	(365,402)	1,647,012	(367,182)	(35,821)	281,169
Benefit payments	<u>(146,707)</u>	<u>(120,720)</u>	<u>(148,607)</u>	<u>(156,757)</u>	<u>(147,884)</u>
Net Change in Total OPEB Liability	(2,291,884)	2,558,281	1,007,436	673,794	919,546
Total OPEB Liability - Beginning	<u>12,461,378</u>	<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>\$ 10,169,493</u>	<u>\$ 12,461,378</u>	<u>\$ 9,903,097</u>	<u>\$ 8,895,661</u>	<u>\$ 8,221,867</u>
Covered-employee payroll	<u>\$ 9,698,667</u>	<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>104.85%</u>	<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, 2022**

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	<u>Other Post- Employment Benefit Plan</u>
Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 years
Healthcare Inflation Rate	5.5% in 2021 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	2.28% based on S&P Municipal Bond 20 year High Grade Rate Index at July 1, 2021



**RIVERSIDE SCHOOL DISTRICT**

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
<b>REVENUE:</b>				
Local sources	\$ 16,555,428	\$ 17,350,966	\$ 795,538	\$ 16,605,295
State Sources	9,704,463	10,621,346	916,883	10,695,345
Federal Sources	<u>2,540,075</u>	<u>2,178,173</u>	<u>(361,902)</u>	<u>1,038,265</u>
Total Revenue	<u>28,799,966</u>	<u>30,150,485</u>	<u>1,350,519</u>	<u>28,338,905</u>
<b>EXPENDITURES:</b>				
Instruction - Regular Programs	14,603,639	13,414,149	(1,189,490)	12,655,108
Instruction - Special Programs	3,796,412	3,663,127	(133,285)	2,995,717
Instruction - Vocational Programs	310,000	275,690	(34,310)	279,613
Other Instructional Programs - E/S	18,078	201,740	183,662	100,227
Support Services - Students	807,475	790,628	(16,847)	876,441
Support Services - Instructional Staff	179,976	178,497	(1,479)	307,443
Support Services - Administration	1,480,188	1,612,422	132,234	1,355,009
Support Services - Pupil Health	371,691	401,212	29,521	395,634
Support Services - Business	315,553	425,802	110,249	394,434
Support Services - Operation and Maintenance of Plant Services	1,912,268	2,097,291	185,023	1,913,492
Support Services - Student Transportation Services	1,331,639	1,186,990	(144,649)	832,355
Support Services - Central	365,358	409,226	43,868	309,861
Support Services - Other	23,488	23,758	270	24,304
Operation of Noninstructional Services - Student Activities	548,321	505,394	(42,927)	425,775
Facilities Acquisition, Construction and Improvement Services	-	280,676	280,676	82,024
Debt Service	-	51,089	51,089	69,069
Capital Outlay	<u>-</u>	<u>1,171,038</u>	<u>1,171,038</u>	<u>410,972</u>
Total Expenditures	<u>26,064,086</u>	<u>26,688,729</u>	<u>624,643</u>	<u>23,427,478</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,735,880</u>	<u>3,461,756</u>	<u>725,876</u>	<u>4,911,427</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Other debt service and financing uses	(86,000)	(129,543)	(43,543)	(86,808)
Special and extraordinary losses	-	(20,764)	(20,764)	(12,508)
Operating transfers-out	(2,649,880)	(2,580,836)	69,044	(937,765)
Operating transfers-in	<u>-</u>	<u>477,474</u>	<u>477,474</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,735,880)</u>	<u>(2,253,669)</u>	<u>482,211</u>	<u>(1,037,081)</u>
CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 1,208,087</u>	<u>\$ 1,208,087</u>	<u>\$ 3,874,346</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, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
<b>REVENUE:</b>				
Local Sources:				
Current real estate taxes	\$ 13,800,949	\$ 13,934,036	\$ 133,087	\$ 13,385,321
Public utility realty tax	15,183	15,636	453	15,164
Payments in lieu of taxes	20,244	9,303	(10,941)	24,675
Occupation tax	-	48,458	48,458	45,958
Earned income tax	1,475,000	1,580,267	105,267	1,507,383
Real estate transfer taxes	200,000	472,493	272,493	350,285
Delinquent taxes	640,000	603,596	(36,404)	1,108,577
Other taxes	53,000	101,268	48,268	77,882
Earnings on investments	19,000	15,172	(3,828)	23,229
Rentals	3,000	-	(3,000)	-
Tuition	5,000	-	(5,000)	-
Student activities	42,000	41,297	(703)	3,832
Receipts from intermediary sources	278,552	427,859	149,307	8,002
Miscellaneous	3,500	101,581	98,081	54,987
Total Local Sources	<u>16,555,428</u>	<u>17,350,966</u>	<u>795,538</u>	<u>16,605,295</u>
State Sources:				
Basic instructional subsidy	5,396,000	5,892,469	496,469	5,359,004
Special education of exceptional pupils	851,000	910,236	59,236	737,653
Transportation	440,000	263,279	(176,721)	334,615
Health services	28,500	28,421	(79)	29,000
Property tax relief payments	464,140	465,616	1,476	464,140
Extra grants	113,648	500,350	386,702	1,046,931
Revenue for social security	393,191	386,217	(6,974)	430,586
Revenue for retirement	1,795,827	1,952,601	156,774	2,071,259
Ready to learn	222,157	222,157	-	222,157
Total State Sources	<u>9,704,463</u>	<u>10,621,346</u>	<u>916,883</u>	<u>10,695,345</u>
Federal Sources:				
Title I	496,000	648,068	152,068	496,325
Title II	71,000	43,132	(27,868)	71,249
Title IV	29,000	25,285	(3,715)	29,854
Medical assistance	-	7,145	7,145	7,260
ESSER	1,231,627	532,780	(698,847)	-
Other grants	712,448	921,763	209,315	433,577
Total Federal Sources	<u>2,540,075</u>	<u>2,178,173</u>	<u>(361,902)</u>	<u>1,038,265</u>
Total Revenues	<u>\$ 28,799,966</u>	<u>\$ 30,150,485</u>	<u>\$ 1,350,519</u>	<u>\$ 28,338,905</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, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
<b>EXPENDITURES:</b>				
Instruction - Regular Programs:				
Salaries	\$ 6,569,237	\$ 6,672,831	\$ 103,594	\$ 6,502,600
Employee benefits	4,766,052	5,028,585	262,533	4,890,856
Purchased professional services and technical services	210,000	197,323	(12,677)	165,882
Purchased property services	8,700	16,992	8,292	(16,393)
Other purchased services	721,300	1,038,584	317,284	929,478
Supplies	2,328,350	453,359	(1,874,991)	195,891
Property	-	4,415	4,415	(13,206)
Other objects	-	2,060	2,060	-
	<u>14,603,639</u>	<u>13,414,149</u>	<u>(1,189,490)</u>	<u>12,655,108</u>
Total Instruction - Regular Programs				
Instruction - Special Programs:				
Salaries	1,487,786	1,472,624	(15,162)	1,405,039
Employee benefits	1,156,689	853,409	(303,280)	828,914
Purchased professional services and technical services	638,862	1,074,458	435,596	706,639
Purchased property services	-	1,991	1,991	(1,991)
Other purchased services	300,000	147,553	(152,447)	34,171
Supplies	116,825	98,302	(18,523)	21,326
Property	750	-	(750)	-
Other objects	95,500	14,790	(80,710)	1,619
	<u>3,796,412</u>	<u>3,663,127</u>	<u>(133,285)</u>	<u>2,995,717</u>
Total Instruction - Special Programs				
Instruction-Vocational Programs:				
Other purchased services	-	275,690	275,690	279,613
Other objects	310,000	-	(310,000)	-
	<u>310,000</u>	<u>275,690</u>	<u>(34,310)</u>	<u>279,613</u>
Total Instruction-Vocational Programs				

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SUPPLEMENTAL SCHEDULE OF REVENUE AND EXPENDITURES  
BUDGET AND ACTUAL - GENERAL FUND (CONT'D)  
YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
EXPENDITURES (CONT'D):				
Other Instructional Programs - E/S:				
Salaries	12,500	132,527	120,027	52,317
Employee benefits	3,978	68,678	64,700	34,712
Purchased professional services and technical services	-	535	535	10,815
Other purchased services	<u>1,600</u>	<u>-</u>	<u>(1,600)</u>	<u>2,383</u>
Total Other Instructional Programs - E/S	<u>18,078</u>	<u>201,740</u>	<u>183,662</u>	<u>100,227</u>
Total Instruction	<u>18,728,129</u>	<u>17,554,706</u>	<u>(1,173,423)</u>	<u>16,030,665</u>
Support Services - Students:				
Salaries	434,865	411,004	(23,861)	451,334
Employee benefits	347,910	355,860	7,950	393,667
Purchased professional services and technical services	-	12,734	12,734	12,657
Other purchased services	1,200	-	(1,200)	-
Supplies	23,500	11,005	(12,495)	7,733
Property	-	-	-	11,000
Other objects	<u>-</u>	<u>25</u>	<u>25</u>	<u>50</u>
Total Support Services - Students	<u>807,475</u>	<u>790,628</u>	<u>(16,847)</u>	<u>876,441</u>
Support Services - Instructional Services:				
Salaries	54,564	340	(54,224)	83,877
Employee benefits	43,402	90,698	47,296	132,663
Purchased professional services and technical services	21,000	4,200	(16,800)	4,905
Purchased property services	24,510	23,584	(926)	11,657
Supplies	34,500	57,963	23,463	74,341
Property	<u>2,000</u>	<u>1,712</u>	<u>(288)</u>	<u>-</u>
Total Support Services - Instructional Staff	<u>179,976</u>	<u>178,497</u>	<u>(1,479)</u>	<u>307,443</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, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
<b>EXPENDITURES (CONT'D):</b>				
Support Services - Administration:				
Salaries	678,208	714,220	36,012	654,920
Employee benefits	536,480	514,225	(22,255)	513,606
Purchased professional services and technical services	116,300	245,686	129,386	121,431
Other purchased services	52,250	25,241	(27,009)	13,879
Supplies	84,950	41,796	(43,154)	36,425
Other objects	<u>12,000</u>	<u>71,254</u>	<u>59,254</u>	<u>14,748</u>
Total Support Services - Administration	<u>1,480,188</u>	<u>1,612,422</u>	<u>132,234</u>	<u>1,355,009</u>
Support Services - Pupil Health:				
Salaries	197,272	212,266	14,994	204,489
Employee benefits	156,919	181,523	24,604	184,164
Purchased professional services and technical services	5,500	3,835	(1,665)	3,044
Supplies	12,000	3,588	(8,412)	3,793
Other objects	<u>-</u>	<u>-</u>	<u>-</u>	<u>144</u>
Total Support Services - Pupil Health	<u>371,691</u>	<u>401,212</u>	<u>29,521</u>	<u>395,634</u>
Support Services - Business:				
Salaries	139,828	151,924	12,096	133,052
Employee benefits	111,225	149,434	38,209	151,100
Purchased professional services and technical services	51,000	73,946	22,946	79,847
Other purchased services	3,500	971	(2,529)	1,471
Supplies	3,500	41,634	38,134	22,710
Property	3,500	-	(3,500)	-
Other objects	<u>3,000</u>	<u>7,893</u>	<u>4,893</u>	<u>6,254</u>
Total Support Services - Business	<u>315,553</u>	<u>425,802</u>	<u>110,249</u>	<u>394,434</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, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
<b>EXPENDITURES (CONT'D):</b>				
Support Services - Operation and Maintenance of Plant Services:				
Salaries	540,351	217,754	(322,597)	552,332
Employee benefits	429,817	181,227	(248,590)	498,835
Purchased professional services and technical services	38,000	296,808	258,808	10,188
Purchased property services	520,500	1,002,591	482,091	470,751
Other purchased services	129,100	101,741	(27,359)	131,702
Supplies	235,000	241,758	6,758	251,505
Property	18,000	55,189	37,189	(1,260)
Other objects	1,500	223	(1,277)	(561)
Total Support Services - Operation and Maintenance of Plant Services	<u>1,912,268</u>	<u>2,097,291</u>	<u>185,023</u>	<u>1,913,492</u>
Support Services - Student Transportation Services:				
Employee benefits	-	3,675	3,675	3,121
Other purchased services	<u>1,331,639</u>	<u>1,183,315</u>	<u>(148,324)</u>	<u>829,234</u>
Total Support Services - Student Transportation Services	<u>1,331,639</u>	<u>1,186,990</u>	<u>(144,649)</u>	<u>832,355</u>
Support Services - Central:				
Salaries	175,075	213,962	38,887	160,982
Employee benefits	139,762	135,981	(3,781)	119,061
Purchased professional services and technical services	2,000	2,500	500	1,333
Other purchased services	30,071	14,378	(15,693)	9,506
Supplies	17,950	33,308	15,358	18,579
Property	-	9,097	9,097	-
Other objects	500	-	(500)	400
Total Support Services - Central	<u>365,358</u>	<u>409,226</u>	<u>43,868</u>	<u>309,861</u>
Support Services - Other				
Other purchased services	<u>23,488</u>	<u>23,758</u>	<u>270</u>	<u>24,304</u>
Total Support Services	<u>6,787,636</u>	<u>7,125,826</u>	<u>338,190</u>	<u>6,408,973</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, 2022**

	<u>Budget</u>	<u>2022 Actual</u>	<u>Variance from Final Budget</u>	<u>2021 Actual</u>
<b>EXPENDITURES (CONT'D):</b>				
Operation of Noninstructional Services -				
Student Activities:				
Salaries	208,851	143,199	(65,652)	152,338
Employee benefits	89,770	63,279	(26,491)	64,865
Purchased professional services				
and technical services	31,000	138,096	107,096	68,496
Purchased property services	20,000	-	(20,000)	-
Other purchased services	84,500	61,021	(23,479)	55,598
Supplies	74,000	86,337	12,337	60,996
Property	31,000	5,151	(25,849)	15,108
Other objects	3,500	8,311	4,811	8,374
Total Operation of				
Noninstructional Services -				
Student Activities	542,621	505,394	(37,227)	425,775
Operation of Noninstructional Services -				
Community Services:				
Purchased professional services				
and technical services	5,700	-	(5,700)	2,447
Facilities Acquisition, Construction &				
Improvements:				
Existing Building Improvements	-	280,676	280,676	79,577
Debt Service:				
Debt service principal	-	47,234	47,234	61,705
Debt service interest	-	3,855	3,855	7,364
Capital Outlay	-	1,171,038	1,171,038	410,972
Total Expenditures	26,064,086	26,688,729	624,643	23,427,478
<b>EXCESS OF REVENUES OVER</b>				
<b>    EXPENDITURES</b>	2,735,880	3,461,756	725,876	4,911,427
<b>OTHER FINANCING SOURCES (USES):</b>				
Other debt service and financing uses	(86,000)	(129,543)	(43,543)	(86,808)
Special and extraordinary losses	-	(20,764)	(20,764)	(12,508)
Operating transfers-out	(2,649,880)	(2,580,836)	69,044	(937,765)
Operating transfers-in	-	477,474	477,474	-
Total Other Financing Sources				
(Uses)	(2,735,880)	(2,253,669)	482,211	(1,037,081)
<b>CHANGE IN FUND BALANCE</b>	\$ -	\$ 1,208,087	\$ 1,208,087	\$ 3,874,346

See independent auditors' report.

RIVERSIDE SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

<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, 2021</u>	<u>REVENUE RECOGNIZED</u>	<u>FEDERAL EXPENDITURES</u>	<u>ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2022</u>
U.S. DEPARTMENT OF EDUCATION:									
Pass-through grant programs from:									
Pennsylvania Department of Education:									
ESEA, Title 1 Grant	84.010	013-190363	7/1/20-6/30/21	\$ 394,973	\$ 230,050	\$ 230,050	\$ -	\$ -	\$ -
ESEA, Title 1 Grant	84.010	013-200363	7/1/21-6/30/22	-	182,135	-	648,068	648,068	465,933
Title II, Improving Teacher Quality	84.367	020-200363	7/1/20-6/30/21	71,249	37,852	37,852	-	-	-
Title II, Improving Teacher Quality	84.367	020-200363	7/1/21-6/30/22	-	22,763	-	43,132	43,132	20,369
Title IV, SSAE	84.424	144-200363	7/1/20-6/30/21	29,854	11,942	11,942	-	-	-
Title IV, SSAE	84.424	144-200363	7/1/20-6/30/22	-	10,630	-	25,285	25,285	14,655
Education Stabilization Fund	84.425	FA-200-21-0363		1,827,998	212,557	-	919,817	919,817	707,260
Education Stabilization Fund	84.425	223-210364		258,826	15,675	-	81,050	81,050	65,375
Education Stabilization Fund	84.425	223-210363		<u>3,438,684</u>	<u>201,682</u>	<u>-</u>	<u>451,731</u>	<u>451,731</u>	<u>250,049</u>
Total Pennsylvania Department of Education				<u>6,021,584</u>	<u>925,286</u>	<u>279,844</u>	<u>2,169,083</u>	<u>2,169,083</u>	<u>1,523,641</u>
N.E.I.U. 19:									
Individuals with Disabilities Act	84.027	N/A	7/1/21-6/30/22	-	318,239	318,239	424,939	424,939	424,939
TOTAL U.S. DEPARTMENT OF EDUCATION				<u>6,021,584</u>	<u>1,243,525</u>	<u>598,083</u>	<u>2,594,022</u>	<u>2,594,022</u>	<u>1,948,580</u>

N.A. - Not Available

The accompanying notes are an integral part of this schedule.



RIVERSIDE SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONT'D)**  
**YEAR ENDED JUNE 30, 2022**

<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, 2021</u>	<u>REVENUE RECOGNIZED</u>	<u>FEDERAL EXPENDITURES</u>	<u>ACCRUED OR (DEFERRED) REVENUE AT JUNE 30, 2022</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.	7/1/2021-6/30/22	-	711,722	26,600	710,708	710,708	25,586
National School Breakfast Program	10.553	N.A.	7/1/20-6/30/21	-	246,266	14,056	241,145	241,145	8,935
Pandemic EBT	10.649	N.A.		-	3,063	-	3,063	3,063	-
Total Pennsylvania Department of Education				-	961,051	40,656	954,916	954,916	34,521
Pennsylvania Department of Agriculture:									
National School Lunch Program - Commodities	10.555	N.A.	7/1/20-6/30/21	-	58,230	(13,174)	58,336	58,336	(13,068)
TOTAL U.S. DEPARTMENT OF AGRICULTURE				-	1,019,281	27,482	1,013,252	1,013,252	21,453
TOTAL				\$ 6,021,584	\$ 2,262,806	\$ 625,565	\$ 3,607,274	\$ 3,607,274	\$ 1,970,033

N.A. - Not Available

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

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**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, 2022. 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, 2022.





**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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 19, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the 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.

**CERTIFIED PUBLIC ACCOUNTANTS**

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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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

### **Report on Compliance and Other Matters**

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

### **District's Response to Findings**

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

### **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  
April 19, 2023

# KOHANSKI

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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Education of the  
Riverside School District:

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited the Riverside School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major Federal program for the year ended June 30, 2022. The District's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2022.

#### **Basis for Opinion on the Major Federal Program**

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

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

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## **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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



## Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-004, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Kohanski & Co., PC*

Scranton, PA  
April 19, 2023



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements:

Type of auditors' report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
- Material weakness(es) identified?	<u>  X  </u> Yes	<u>      </u> No	
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?	<u>      </u> Yes	<u>  X  </u> None reported	
Noncompliance material to financial statements noted?	<u>      </u> Yes	<u>  X  </u> No	

Federal Awards:

Internal control over major programs:			
- Material weakness(es) identified?	<u>      </u> Yes	<u>  X  </u> No	
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)?	<u>      </u> Yes	<u>  X  </u> None reported	

Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a) of Uniform Guidance?	<u>  X  </u> Yes	<u>      </u> No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as low-risk auditee:	<u>      </u> Yes	<u>  X  </u> No
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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

**FINDING 2022 - 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. Additionally:

- Property taxes are recorded in the year levied.
- 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 taxes receivable. As a result, taxes receivable and unavailable revenue were understated by \$312,091.

Condition - General Fund: Grant revenue in the general fund was understated by \$500,000, related to grant funds for the RACP grant passed-thru Lackawanna County. While expenditures related to the grant were incurred during the year and properly reported, grant proceeds were not recorded as revenue and accounts receivable in accordance with the revenue recognition criteria noted above.

Condition - General Fund: Grants receivable and revenue were understated by \$1,022,682 as a result of unrecorded grant funds due to the District.

Condition – Debt Service Fund: Proceeds from the issuance of bonds were not recorded in accordance with the criteria noted above. As a result, cash and other financing sources in the debt service fund were understated by \$8,125,000.

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



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)**  
**YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONT'D)**

**FINDING 2022 - 001: REVENUE RECOGNITION (CONT'D)**

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

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 2022 - 002: ERRORS IN FINANCIAL REPORTING - INTERFUND TRANSACTIONS**

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 other financing sources and interest expense in the amount of \$132,074.

Condition - General Fund: A transfer from the debt service fund was not properly recorded resulting in an understatement of other financing sources and expenditures in the amount of \$338,202.

Condition - Food Service Fund: Amounts due to the general fund were not recorded in the food service fund resulting in an understatement of liabilities and expenses in the amount of \$59,887.

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.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
YEAR ENDED JUNE 30, 2022**

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**SECTION II - FINANCIAL STATEMENT FINDINGS (CONT'D)**

**FINDING 2022 - 002: ERRORS IN FINANCIAL REPORTING - INTERFUND  
TRANSACTIONS (CONT'D)**

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.

**FINDING 2022 - 003: ERRORS IN FINANCIAL REPORTING - ACCOUNTS PAYABLE  
AND EXPENSES**

**EXPENDITURE REPORTING**

Criteria: Expenditures in governmental fund reporting are recorded when a liability is incurred.

Condition - Food Service Fund: Total accounts payable and expenses were understated by \$53,931 as a result of errors in reversing entries in accounts payable.

Condition - General Fund: Total expenses and fund balance were overstated by \$176,520 as a result of errors in voiding transactions and properly recording correcting entries.

Condition - Internal Service Fund: Total expenses were overstated by \$58,688 as a result of errors in adjusting accounts payable.

Effect: Expenditures in the fund financial statements were materially misstated.

Cause: Internal controls over financial reporting did not include procedures to ensure transactions were recorded in the proper period.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
YEAR ENDED JUNE 30, 2022**

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**FINDING 2022 - 003: ERRORS IN FINANCIAL REPORTING - ACCOUNTS PAYABLE  
AND EXPENSES (CONT'D)**

**EXPENDITURE REPORTING (CONT'D)**

Recommendation: We recommend that the District evaluate staffing in the business office as well as policies and procedures related to recording expenditures. 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 expense recognition standards with members of the business office to ensure that expenditures are reported in the financial statements in the proper period.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**FINDING 2022-004: INCOMPLETE PRIOR YEAR SEFA**

Criteria: Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") requires non-federal government entities that expend more than \$750,000 in Federal financial assistance to have a Single Audit. All Federal expenditures should be reported on the schedule of expenditures of Federal awards ("SEFA").

Condition: The District receives Federal funding from a number of different sources. During the current year audit, we noted that prior year grant expenditures in the amount of \$323,316 were not reported on the SEFA for the year ended June 30, 2021.

Cause: Internal controls over financial reporting do not include procedures for tracking all Federal funds expensed by the District during each fiscal year.

Effect: There is an increased risk of noncompliance if the District does not have controls in place to identify and report all Federal funds received and expended.

Recommendation: We recommend the District designate an individual to act as a Federal grant coordinator. This individual would be responsible for identifying Federal awards, tracking expenditures and preparing the schedule of expenditures of Federal awards.

View of Responsible Officials: See accompanying corrective action plan.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2022**

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**SECTION I - FINANCIAL STATEMENT FINDINGS**

**FINDING 2021 - 001: REVENUE RECOGNITION**

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.

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.

Auditor's 2022 Status: Finding remains as stated. See current year finding 2022-001.

**FINDING 2021 - 002: ERRORS IN FINANCIAL REPORTING**

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.



**RIVERSIDE SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONT'D)**

**YEAR ENDED JUNE 30, 2022**

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**SECTION I - FINANCIAL STATEMENT FINDINGS (CONT'D)**

**FINDING 2021 - 002: ERRORS IN FINANCIAL REPORTING (CONT'D)**

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.

Auditor's 2022 Status: Finding remains as stated. See current year finding 2022-002.

**SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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



### **Finding 2022-001: 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 understated by \$312,091. Similarly, Grant revenue in the amounts of \$500,000 and \$1,022,682 were understated or unrecorded as due to the District. 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. The office staff will provide a revenue and coding listing 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 2023 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 2023 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 2023.

### **FINDING 2022-002: ERRORS IN FINANCIAL REPORTING- INTERFUND TRANSACTIONS**

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 other financing sources and interest expense for \$132,074. An error in recording a transfer from the debt service fund to the general fund resulted in an understatement of other financing sources as well as an understatement of amounts due to the general fund from the food services 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 2023 and the results will be shared with the Audit team at Kohanski Co.





**FINDING 2022-003: ERRORS IN FINANCIAL REPORTING- ACCOUNTS PAYABLE AND EXPENSES**

The errors in financial reporting include an understatement of accounts payable and expenses as a result in reversing entries in accounts payable, as well as an understatement of amounts due to the general fund from the food services fund. The Riverside Business Office will establish, implement and review internal control procedures for all accounts payable and expenses prior to month close. These internal controls will include a monthly listing of accounts payable, expenses and reversing journal entries be presented by the Business Office Staff to the Business Manager as a part of the monthly close process. The Business Manager will sign off on the listings 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 2023 and the results will be shared with the Audit team at Kohanski Co.

**FINDING 2022-004: INCOMPLETE PRIOR YEAR SEFA:**

The error in Federal expenditures were a result of unrecorded federal expenditures on the previous year's SEFA. The District has since assigned a new Federal Coordinator, Scott Pentasuglio. The implemented internal control is Federal Coordinator will review all required federal quarterly expenditure reports with the Business Manager prior to submissions. In July of 2023, the Federal Coordinator and Business Manager will work in conjunction to approve the annual SEFA with the information provided in the quarterly reports. The SEFA and quarterly reports will be submitted to the audit team at Kohanski Co. in August of 2024.