

CITY OF RIVERSIDE
MONTGOMERY COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2020**

OHIO AUDITOR OF STATE
KEITH FABER



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City Council
City of Riverside
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Riverside, Ohio 45431-1265

We have reviewed the *Independent Auditor's Report* of the City of Riverside, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2021

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**CITY OF RIVERSIDE
MONTGOMERY COUNTY, OHIO**

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Independent Auditor's Report

City of Riverside
Montgomery County
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Riverside's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Riverside's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Riverside's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of December 31, 2020, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general, fire, street/public service, police and fire/EMS and police income tax funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City of Riverside. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, and schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions* listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverside's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2021, on our consideration of the City of Riverside'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 City of Riverside'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 City of Riverside's internal control over financial reporting and compliance.

Julian & Grube, Inc.

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

The management's discussion and analysis of the City of Riverside's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- The total net position of the City increased \$1,336,034 or 17.12% from 2019's net position.
- General revenues accounted for \$8,795,463 or 58.13% of total governmental activities revenue. Program specific revenues accounted for \$6,334,711 or 41.87% of total governmental activities revenue.
- The City had \$13,794,140 in expenses related to governmental activities; \$6,334,711 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities were offset by general revenues (primarily miscellaneous revenues, property taxes, payments in lieu of taxes, income taxes and unrestricted grants and entitlements) of \$8,795,463.
- The general fund had revenues and other financing sources of \$10,578,671 in 2020. The expenditures and other financing uses of the general fund totaled \$10,386,690 in 2020. The net increase in fund balance for the general fund was \$191,981 or 4.92%.
- The fire fund had revenues and other financing sources of \$2,823,811 in 2020. The expenditures of the fire fund totaled \$2,555,145 in 2020. The net increase in fund balance for the fire fund was \$268,666 or 77.99%.
- The street/public service fund had revenues and other financing sources of \$2,816,904 in 2020. The expenditures and other financing uses of the street/public service fund totaled \$2,496,009 in 2020. The net increase in fund balance for the street/public service fund was \$320,895 or 92.96%.
- The police fund had revenues and other financing sources of \$4,281,890 in 2020. The expenditures of the police fund totaled \$3,420,502 in 2020. The net increase in fund balance for the police fund was \$861,388 or 522.01%.
- The fire/EMS and police income tax fund had revenues of \$1,863,536 in 2020. The expenditures and other financing uses of fire/EMS and police income tax fund totaled \$1,799,286 in 2020. The net increase in fund balance for the fire/EMS and police income tax fund was \$64,250 or 39.47%.
- In the general fund, the actual revenues and other financing sources of \$5,586,419 were greater than the final budget of \$5,053,512. Actual expenditures and other financing uses of \$5,704,169 were less than the amount in the final budget of \$5,940,607. Budgeted revenues and other financing sources increased \$1,091,867 from the original to the final budget while budgeted expenditures and other financing uses decreased \$918,873.

Using this Annual Financial Report

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

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the governmental activities include the City's programs and services, including general administration, police and fire protection, street maintenance, economic development and capital improvements. These services are funded primarily by property and municipal income taxes, revenue in lieu of taxes, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire fund, street/public service fund, police fund and fire/EMS and police income tax fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension/OPEB assets and liabilities.

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CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Government-Wide Financial Analysis

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2020 and 2019.

	Net Position	
	Governmental Activities 2020	Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 14,937,186	\$ 14,202,811
Capital assets, net	<u>22,398,527</u>	<u>20,475,880</u>
Total assets	<u>37,335,713</u>	<u>34,678,691</u>
<u>Deferred outflows of resources</u>	<u>3,009,922</u>	<u>5,119,664</u>
<u>Liabilities</u>		
Current liabilities	1,223,954	1,475,589
Long-term liabilities		
Net pension liability	11,802,762	14,935,043
Net OPEB liability	2,642,964	2,630,567
Other long-term liabilities	<u>10,960,636</u>	<u>10,222,434</u>
Total liabilities	<u>26,630,316</u>	<u>29,263,633</u>
<u>Deferred inflows of resources</u>	<u>4,573,305</u>	<u>2,728,742</u>
<u>Net position</u>		
Net investment in capital assets	12,379,704	11,098,996
Restricted	2,033,561	2,559,632
Unrestricted (deficit)	<u>(5,271,251)</u>	<u>(5,852,648)</u>
Total net position	<u>\$ 9,142,014</u>	<u>\$ 7,805,980</u>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020 (UNAUDITED)

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,142,014.

CITY OF RIVERSIDE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 59.99% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles and infrastructure. The net investment in capital assets at December 31, 2020, was \$12,379,704 in the governmental activities. These capital assets are used to provide services to citizens and are not available for future spending.

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$2,033,561, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance is a deficit unrestricted net position of \$5,271,251.

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CITY OF RIVERSIDE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The following table shows the changes in net position for 2020 and 2019.

	Change in Net Position	
	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues		
Program revenues:		
Charges for services	\$ 2,246,325	\$ 1,818,878
Operating grants and contributions	<u>4,088,386</u>	<u>2,205,852</u>
Total program revenues	<u>6,334,711</u>	<u>4,024,730</u>
General revenues:		
Property taxes	2,057,232	1,950,553
Income taxes	5,003,587	6,235,704
Other local taxes	28,420	59,572
Revenue in lieu of taxes	178,891	183,925
Unrestricted grants and entitlements	605,084	507,842
Investment earnings	24,986	67,807
Miscellaneous	<u>897,263</u>	<u>193,809</u>
Total general revenues	<u>8,795,463</u>	<u>9,199,212</u>
Total revenues	<u>15,130,174</u>	<u>13,223,942</u>
Expenses		
General government	1,645,575	2,444,619
Security of persons and property	8,142,812	1,278,416
Public health and welfare	7,988	9,181
Leisure time activity	56,130	78,601
Community and economic development	996,116	524,006
Transportation	2,613,964	3,394,511
Interest and fiscal charges	283,595	331,941
Bond issuance costs	<u>47,960</u>	<u>-</u>
Total expenses	<u>13,794,140</u>	<u>8,061,275</u>
Change in net position	1,336,034	5,162,667
Net position at beginning of year	<u>7,805,980</u>	<u>2,643,313</u>
Net position at end of year	<u>\$ 9,142,014</u>	<u>\$ 7,805,980</u>

Governmental Activities

Expenses increased in 2020 primarily due to the implementation of a new stipend-based health care model by Ohio Police & Fire (OP&F).

CITY OF RIVERSIDE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

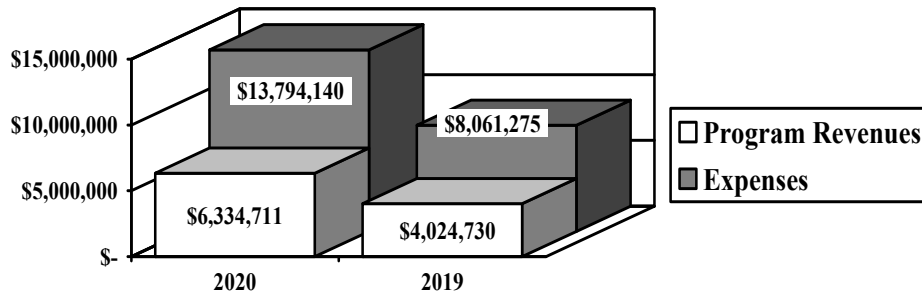
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$8,142,812 of the total expenses of the City. These expenses were partially funded by \$1,005,403 in direct charges to users of the services and \$2,055,691 in operating grants and contributions. Transportation expenses totaled \$2,613,964. Transportation expenses were primarily funded by \$1,872,876 in operating grants and contributions.

During 2020, the local state and federal government contributed to the City a total of \$4,088,386 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$1,872,876 subsidized transportation programs and \$2,055,691 subsidized security of persons and property programs.

General revenues totaled \$8,795,463 and amounted to 58.13% of total governmental revenues in 2020. These revenues primarily consist of property and income tax revenue of \$7,060,819. The other primary source of general revenues is unrestricted grants and entitlements, making up \$605,084.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. As can be seen in the graph below, the City is highly dependent upon property and municipal income taxes as well as miscellaneous revenues.

Governmental Activities - Program Revenues vs. Total Expenses



Governmental Activities

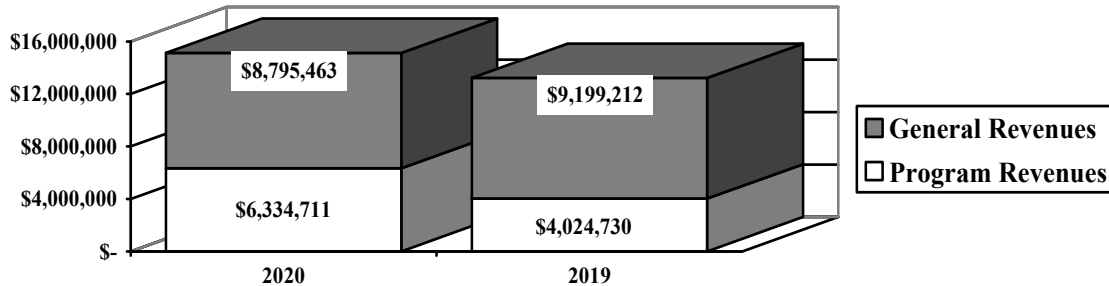
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Program expenses:				
General government	\$ 1,645,575	\$ 370,463	\$ 2,444,619	\$ 1,389,904
Security of persons and property	8,142,812	5,081,718	1,278,416	162,003
Public health and welfare	7,988	7,988	9,181	8,781
Leisure time activity	56,130	56,130	78,601	78,601
Community and economic development	996,116	902,851	524,006	304,675
Transportation	2,613,964	708,724	3,394,511	1,760,640
Interest and fiscal charges	283,595	283,595	331,941	331,941
Bond issuance costs	47,960	47,960	-	-
Total	<u>\$ 13,794,140</u>	<u>\$ 7,459,429</u>	<u>\$ 8,061,275</u>	<u>\$ 4,036,545</u>

The dependence upon general revenues for governmental activities is apparent, with 54.08% of expenses supported through taxes and other general revenues for 2020.

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Governmental Activities - General and Program Revenues



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

The City's governmental funds reported a combined fund balance of \$8,641,290 which is \$1,169,095 more than last year's total of \$7,472,195. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2020 and December 31, 2019 for all major and nonmajor governmental funds.

	Fund Balances 12/31/20	Fund Balances (Deficit) 12/31/19	Increase (Decrease)
Major funds:			
General	\$ 4,096,105	\$ 3,904,124	\$ 191,981
Fire	613,165	344,499	268,666
Street/public service	666,082	345,187	320,895
Police	696,374	(165,014)	861,388
Fire/EMS and police income tax	227,033	162,783	64,250
Other nonmajor governmental funds	2,342,531	2,880,616	(538,085)
Total	<u>\$ 8,641,290</u>	<u>\$ 7,472,195</u>	<u>\$ 1,169,095</u>

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

General Fund

The City's general fund balance increased \$191,981. The table that follows assists in illustrating the revenues of the general fund.

	2020	2019	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Revenues</u>			
Taxes	\$ 4,083,251	\$ 4,978,944	(17.99) %
Rent	897,953	723,953	24.03 %
Intergovernmental	585,425	524,492	11.62 %
Investment income	22,862	66,526	(65.63) %
Other	<u>429,180</u>	<u>430,433</u>	(0.29) %
Total	<u>\$ 6,018,671</u>	<u>\$ 6,724,348</u>	(10.49) %

Tax revenue represents 67.84% of all general fund revenue and decreased 17.99% related to a decrease in collections related to the Covid-19 virus. Rent revenue increased 24.03% due to higher rent revenue at Wright Point in 2020. Intergovernmental revenues increased 11.62% primarily due to the City receiving a greater amount of funds from the state in 2020 compared to 2019. Investment income decreased 65.63% as a result of a decrease in investment and interest rates. All other amounts remained comparable to 2019.

The table that follows assists in illustrating the expenditures of the general fund.

	2020	2019	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,220,168	\$ 2,108,136	(42.12) %
Leisure time activity	140,360	55,477	153.01 %
Community and economic development	915,375	301,934	203.17 %
Capital outlay	37,547	121,904	(69.20) %
Debt service	<u>4,833,798</u>	<u>5,017,969</u>	(3.67) %
Total	<u>\$ 7,147,248</u>	<u>\$ 7,605,420</u>	(6.02) %

The total general fund expenditures of the City decreased 6.02%. The most significant changes occurred in the general government, community and economic development, and capital outlay line items. General government expenditures decreased 42.12% due to the City's reduced activity during Covid-19. Community and economic development line item increased 203.17% due to increased spending on community safety measures related to Covid-19 pandemic. Capital outlay decreased by 69.20% due to the City being conservative with new projects during the pandemic.

Fire Fund

The City's fire fund had revenues and other financing sources of \$2,823,811 in 2020. The expenditures of the fire fund totaled \$2,555,145 in 2020. The net increase in fund balance for the fire fund was \$268,666 or 77.99%.

CITY OF RIVERSIDE, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Street/Public Service Fund

The City's street/public service fund had revenues and other financing sources of \$2,816,904 in 2020. The expenditures and other financing uses of the street/public service fund totaled \$2,496,009 in 2020. The net increase in fund balance for the street/public service fund was \$320,895 or 92.96%.

Police Fund

The City's police fund had revenues and other financing sources of \$4,281,890 in 2020. The expenditures of the police fund totaled \$3,420,502 in 2020. The net increase in fund balance for the police fund was \$861,388 or 522.01%.

Fire/EMS and Police Income Tax Fund

The City's fire/EMS and police income tax fund had revenues of \$1,863,536 in 2020. The expenditures and other financing uses of the fire/EMS and police income tax fund totaled \$1,799,286 in 2020. The net increase in fund balance for the fire/EMS and police income tax fund was \$64,250 or 39.47%.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund. The actual revenues and other financing sources of \$5,586,419 were greater than the final budget of \$5,053,512. Actual expenditures and other financing uses of \$5,704,169 were less than the amount in the final budget of \$236,438. Budgeted revenues and other financing sources decreased \$1,091,867 from the original to the final budget while budgeted expenditures and other financing uses decreased \$918,873.

Capital Assets and Debt Administration

Capital Assets

At the end of 2020, the City had \$22,398,527 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles and infrastructure.

The following table shows 2020 balances compared to 2019:

**Capital Assets at December 31
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 3,156,136	\$ 3,156,136
Construction in progress	2,056,835	898,099
Land improvements	549,241	590,152
Buildings and improvements	3,837,121	3,984,135
Machinery and equipment	1,792,206	1,375,165
Vehicles	1,376,656	1,650,977
Infrastructure	9,630,332	8,821,216
Totals	<u>\$ 22,398,527</u>	<u>\$ 20,475,880</u>

CITY OF RIVERSIDE, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)**

The City's largest capital asset category is infrastructure. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 43.00% of the City's total governmental capital assets. See Note 9 to the basic financial statements for detail on capital assets.

Debt Administration

The City had the following long-term obligations in outstanding at December 31, 2020 and 2019:

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2019</u>
General obligation bonds	\$ 1,480,000	\$ 557,994
OPWC loans	236,832	273,496
OWDA loan	12,824	13,959
TIF loans	2,815,773	2,815,773
Bond anticipation note	4,560,000	4,730,000
Capital lease obligation	<u>1,089,597</u>	<u>1,197,263</u>
Total long-term debt obligations	<u>\$ 10,195,026</u>	<u>\$ 9,588,485</u>

See Note 11 to the basic financial statements for detail on long-term obligations.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Thomas Garrett, Finance Director, 5200 Springfield Street, Suite 100, Riverside, Ohio 45431.

CITY OF RIVERSIDE, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 8,209,495
Cash with fiscal agent.	140,595
Receivables:	
Income taxes.	1,725,790
Property and other local taxes.	2,107,252
Accounts.	665,550
Payments in lieu of taxes.	178,900
Special assessments.	253,400
Accrued interest.	12,609
Due from other governments.	1,496,550
Materials and supplies inventory.	38,032
Prepayments.	86,486
Net pension asset.	22,527
Capital assets:	
Land and construction in progress.	5,212,971
Depreciable capital assets, net.	17,185,556
Total capital assets, net.	22,398,527
Total assets.	37,335,713
Deferred outflows of resources:	
Pension.	1,840,574
OPEB.	1,169,348
Total deferred outflows of resources.	3,009,922
Liabilities:	
Accounts payable.	205,900
Contracts payable.	40,931
Accrued wages payable.	69,164
Due to other governments.	210,853
Accrued interest payable.	368,717
Notes payable.	170,000
Accrued vacation payable.	158,389
Long-term liabilities:	
Due within one year.	590,116
Due greater than one year:	
Net pension liability.	11,802,762
Net OPEB liability.	2,642,964
Other amounts due in more than one year.	10,370,520
Total liabilities.	26,630,316
Deferred inflows of resources:	
Property taxes and payments in lieu of taxes levied for the next fiscal year.	2,074,471
Pension.	1,631,898
OPEB.	866,936
Total deferred inflows of resources.	4,573,305
Net position:	
Net investment in capital assets.	12,379,704
Restricted for:	
Capital projects.	167,586
Transportation projects.	688,676
Community development programs.	122,495
Police and fire purposes.	1,000,254
Other purposes.	54,550
Unrestricted (deficit).	(5,271,251)
Total net position.	\$ 9,142,014

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
General government.	\$ 1,645,575	\$ 1,167,986	\$ 107,126	\$ (370,463)
Security of persons and property	8,142,812	1,005,403	2,055,691	(5,081,718)
Public health and welfare	7,988	-	-	(7,988)
Transportation.	2,613,964	32,364	1,872,876	(708,724)
Community and economic development.	996,116	40,572	52,693	(902,851)
Leisure time activity.	56,130	-	-	(56,130)
Interest and fiscal charges.	283,595	-	-	(283,595)
Bond issuance costs.	47,960	-	-	(47,960)
Total governmental activities	<u>\$ 13,794,140</u>	<u>\$ 2,246,325</u>	<u>\$ 4,088,386</u>	<u>(7,459,429)</u>

General revenues:

Property taxes levied for:	
General purposes	341,533
Fire.	627,053
Police.	1,088,646
Income taxes levied for:	
General purposes	3,346,618
Police and fire	1,656,969
Other local taxes.	28,420
Payments in lieu of taxes	178,891
Grants and entitlements not restricted	
to specific programs	605,084
Investment earnings	24,986
Miscellaneous	897,263
Total general revenues	<u>8,795,463</u>
Change in net position	1,336,034
Net position at beginning of year.	<u>7,805,980</u>
Net position at end of year.	<u><u>\$ 9,142,014</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF RIVERSIDE, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	<u>General</u>	<u>Fire</u>	<u>Street/ Public Service</u>	<u>Police</u>
Assets:				
Equity in pooled cash and investments	\$ 3,788,694	\$ 716,469	\$ 603,712	\$ 632,694
Cash with fiscal agents	-	-	-	130,800
Receivables:				
Income taxes	1,150,584	-	-	-
Property and other local taxes	387,422	517,399	-	1,202,431
Accounts	402,222	250,077	-	13,251
Payments in lieu of taxes	-	-	-	-
Special assessments	-	-	100,802	-
Interfund loans	241,997	-	-	-
Accrued interest	12,609	-	-	-
Due from other governments	376,527	284,447	605,303	106,655
Materials and supplies inventory	-	-	38,032	-
Prepayments	20,349	17,693	12,665	22,844
Total assets	<u>\$ 6,380,404</u>	<u>\$ 1,786,085</u>	<u>\$ 1,360,514</u>	<u>\$ 2,108,675</u>
Liabilities:				
Accounts payable	\$ 90,217	\$ 14,339	\$ 28,060	\$ 9,545
Contracts payable	-	-	40,931	-
Accrued wages payable	8,018	19,727	7,643	33,366
Interfund loans payable	-	176,997	-	-
Due to other governments	100,314	36,456	10,765	60,304
Accrued interest payable	2,860	-	-	-
Notes payable	170,000	-	-	-
Total liabilities	<u>\$ 371,409</u>	<u>\$ 247,519</u>	<u>\$ 87,399</u>	<u>\$ 103,215</u>
Deferred inflows of resources:				
Property taxes and payments in lieu of taxes				
levied for the next fiscal year	343,926	457,128	-	1,094,517
Delinquent property tax revenue not available	37,299	60,271	-	107,914
Accrued interest not available	8,632	-	-	-
Special assessments revenue not available	325,904	-	100,802	-
Miscellaneous revenue not available	75,406	184,506	-	-
Income tax revenue not available	838,599	-	-	-
Intergovernmental revenue not available	283,124	223,496	506,231	106,655
Total deferred inflows of resources	<u>1,912,890</u>	<u>925,401</u>	<u>607,033</u>	<u>1,309,086</u>
Fund balances:				
Nonspendable	20,349	17,693	50,697	22,844
Restricted	-	595,472	615,385	673,530
Committed	-	-	-	-
Assigned	91,882	-	-	-
Unassigned	3,983,874	-	-	-
Total fund balances	<u>4,096,105</u>	<u>613,165</u>	<u>666,082</u>	<u>696,374</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,380,404</u>	<u>\$ 1,786,085</u>	<u>\$ 1,360,514</u>	<u>\$ 2,108,675</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Fire/EMS and Police Income Tax	Other Governmental Funds	Total Governmental Funds
\$ 90,217	\$ 2,377,709	\$ 8,209,495
-	9,795	140,595
575,206	-	1,725,790
-	-	2,107,252
-	-	665,550
-	178,900	178,900
-	152,598	253,400
-	-	241,997
-	-	12,609
-	123,618	1,496,550
-	-	38,032
-	95	73,646
<u>\$ 665,423</u>	<u>\$ 2,842,715</u>	<u>\$ 15,143,816</u>
\$ 17,256	\$ 46,483	\$ 205,900
-	-	40,931
-	410	69,164
-	65,000	241,997
1,897	1,117	210,853
-	-	2,860
-	-	170,000
<u>19,153</u>	<u>113,010</u>	<u>941,705</u>
-	178,900	2,074,471
-	-	205,484
-	-	8,632
-	152,598	579,304
-	-	259,912
419,237	-	1,257,836
-	55,676	1,175,182
<u>419,237</u>	<u>387,174</u>	<u>5,560,821</u>
-	95	111,678
227,033	1,159,260	3,270,680
-	229	229
-	1,182,947	1,274,829
-	-	3,983,874
<u>227,033</u>	<u>2,342,531</u>	<u>8,641,290</u>
<u>\$ 665,423</u>	<u>\$ 2,842,715</u>	<u>\$ 15,143,816</u>

CITY OF RIVERSIDE, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Total governmental fund balances		\$	8,641,290
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			22,398,527
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	1,257,836	
Property and other taxes receivable		205,484	
Accounts receivable		259,912	
Intergovernmental receivable		1,175,182	
Special assessments receivable		579,304	
Accrued interest receivable		8,632	
Total		3,486,350	3,486,350
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(365,857)
Prepaid bond insurance is not recorded as an asset in the funds, however, on the statement of net position it is reported as an asset and amortized over the life of the bonds.			12,840
Unamortized premiums on bond issuances are not recognized in the funds.			(100,867)
Vacation is accrued for leave accrued on the statement of net position, whereas in the funds, vacation leave expenditures are reported when taken.			(158,389)
The net pension asset and net pension liability are not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the asset, liability and related deferred inflows/outflows of resources are not reported in governmental funds.			
Net pension asset		22,527	
Deferred outflows of resources		1,840,574	
Net pension liability		(11,802,762)	
Deferred inflows of resources		(1,631,898)	
Total		(11,571,559)	(11,571,559)
The net OPEB liability is not available to pay for current period expenditures therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		1,169,348	
Deferred inflows of resources		(866,936)	
Net OPEB liability		(2,642,964)	
Total		(2,340,552)	(2,340,552)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		664,743	
Capital lease payable		1,089,597	
General obligation bonds payable		1,480,000	
Loans payable		3,065,429	
Notes payable		4,560,000	
Total		(10,859,769)	(10,859,769)
Net position of governmental activities		<u>\$</u>	<u>9,142,014</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF RIVERSIDE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General</u>	<u>Fire</u>	<u>Street/ Public Service</u>	<u>Police</u>
Revenues:				
Income taxes	\$ 3,727,582	\$ -	\$ -	\$ -
Property and other local taxes.	355,669	606,106	-	1,054,619
Charges for services.	27,540	719,262	-	35,314
Licenses and permits	284,790	20	1,893	-
Fines and forfeitures	-	-	-	18,155
Intergovernmental.	585,425	265,004	1,270,173	187,662
Special assessments	-	-	30,471	-
Investment income.	22,862	-	-	-
Rental income	897,953	-	-	-
Contributions and donations.	950	33,783	-	325
Payments in lieu of taxes.	-	-	-	-
Other	115,900	204,602	131,367	341,514
Total revenues	<u>6,018,671</u>	<u>1,828,777</u>	<u>1,433,904</u>	<u>1,637,589</u>
Expenditures:				
Current:				
General government	1,220,168	-	-	-
Security of persons and property	-	2,191,845	-	3,409,528
Public health and welfare.	-	-	-	-
Transportation	-	-	1,918,374	-
Community and economic development.	915,375	-	-	-
Leisure time activity	140,360	-	-	-
Capital outlay	37,547	237,740	186,481	-
Debt service:				
Principal retirement.	4,733,878	109,145	163,347	10,085
Interest and fiscal charges	99,920	16,415	13,512	889
Bond issuance costs	-	-	-	-
Payment to refunded bond escrow agent.	-	-	-	-
Total expenditures	<u>7,147,248</u>	<u>2,555,145</u>	<u>2,281,714</u>	<u>3,420,502</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,128,577)</u>	<u>(726,368)</u>	<u>(847,810)</u>	<u>(1,782,913)</u>
Other financing sources (uses):				
Bond issuance.	-	-	-	-
Note issuance	4,560,000	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Capital lease transaction.	-	-	143,000	130,800
Transfers in	-	995,034	1,240,000	2,513,501
Transfers (out).	(3,239,442)	-	(214,295)	-
Premium on bond issuance	-	-	-	-
Total other financing sources (uses)	<u>1,320,558</u>	<u>995,034</u>	<u>1,168,705</u>	<u>2,644,301</u>
Net change in fund balances	191,981	268,666	320,895	861,388
Fund balances (deficit) at				
beginning of year	3,904,124	344,499	345,187	(165,014)
Fund balances at end of year	<u>\$ 4,096,105</u>	<u>\$ 613,165</u>	<u>\$ 666,082</u>	<u>\$ 696,374</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Fire/EMS and Police Income Tax	Other Governmental Funds	Total Governmental Funds
\$ 1,863,536	\$ -	\$ 5,591,118
-	-	2,016,394
-	-	782,116
-	-	286,703
-	140	18,295
-	2,196,843	4,505,107
-	118,403	148,874
-	-	22,862
-	6,600	904,553
-	-	35,058
-	178,891	178,891
-	102,930	896,313
<u>1,863,536</u>	<u>2,603,807</u>	<u>15,386,284</u>
-	213,285	1,433,453
43,451	1,519,710	7,164,534
-	7,988	7,988
-	611,783	2,530,157
-	71,298	986,673
-	-	140,360
-	1,810,287	2,272,055
-	174,681	5,191,136
-	184,006	314,742
-	60,908	60,908
-	54,633	54,633
<u>43,451</u>	<u>4,708,579</u>	<u>20,156,639</u>
<u>1,820,085</u>	<u>(2,104,772)</u>	<u>(4,770,355)</u>
-	1,480,000	1,480,000
-	-	4,560,000
-	(476,061)	(476,061)
-	-	273,800
-	461,037	5,209,572
(1,755,835)	-	(5,209,572)
-	101,711	101,711
<u>(1,755,835)</u>	<u>1,566,687</u>	<u>5,939,450</u>
64,250	(538,085)	1,169,095
162,783	2,880,616	7,472,195
<u>\$ 227,033</u>	<u>\$ 2,342,531</u>	<u>\$ 8,641,290</u>

CITY OF RIVERSIDE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds	\$	1,169,095
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 3,331,445	
Current year depreciation	<u>(1,383,325)</u>	
Total		1,948,120
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(25,473)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	(587,531)	
Property and other taxes	69,258	
Intergovernmental revenues	53,453	
Special assessments	223,150	
Licenses and permits	2,162	
Investment income	2,124	
Charges for services	<u>(18,726)</u>	
Total		(256,110)
Proceeds of notes and capital leases are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(4,833,800)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		5,191,136
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following transactions occurred during the year		
Bonds refunded	516,123	
Deferred charges on refundings	<u>14,571</u>	
Total		530,694
Premiums on general obligation bonds are recognized as other financing sources in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(101,711)
Prepaid bond insurance is amortized over the life of the issuance in the statement of activities.		
		12,948
Issuance of general obligation bonds is recorded as other financing sources in the funds; however, in the statement of activities, it is not reported as other financing sources as it increase liabilities on the statement of net position.		
		(1,480,000)
In the statement of activities, interest is accrued on outstanding bonds, notes, and loans, whereas in governmental funds, an interest expenditure is reported when due.		
Change in accrued interest payable	44,982	
Amortization of prepaid bond insurance	(108)	
Amortization of deferred amounts on refunding	(14,571)	
Amortization of premiums	<u>844</u>	
Total		31,147

- - Continued

CITY OF RIVERSIDE, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

In the statement of activities, vacation leave is accrued when earned, whereas in governmental funds, an expenditure is reported when vacation leave is taken.	(40,896)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	951,954
OPEB	18,661
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.	
Pension	(1,547,383)
OPEB	(201,554)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(30,794)</u>
Change in net position of governmental activities	<u><u>\$ 1,336,034</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 4,286,630	\$ 3,156,460	\$ 3,830,160	\$ 673,700
Property and other local taxes.	383,600	383,600	362,757	(20,843)
Charges for services.	32,500	32,500	27,625	(4,875)
Licenses and permits	271,800	271,800	283,878	12,078
Intergovernmental.	582,896	541,199	523,561	(17,638)
Investment income.	46,000	46,000	46,070	70
Contributions and donations.	1,300	1,300	950	(350)
Other	35,653	35,653	113,418	77,765
Total revenues	<u>5,640,379</u>	<u>4,468,512</u>	<u>5,188,419</u>	<u>719,907</u>
Expenditures:				
Current:				
General government	1,519,552	1,508,443	1,442,815	65,628
Community and economic development.	542,181	464,400	416,473	47,927
Leisure time activity	85,925	144,325	143,442	883
Total expenditures	<u>2,147,658</u>	<u>2,117,168</u>	<u>2,002,730</u>	<u>114,438</u>
Excess of revenues over expenditures.	<u>3,492,721</u>	<u>2,351,344</u>	<u>3,185,689</u>	<u>834,345</u>
Other financing sources (uses):				
Advances in.	405,000	405,000	220,000	(185,000)
Advances (out).	(461,997)	(461,997)	(461,997)	-
Transfers in	100,000	180,000	178,000	(2,000)
Transfers (out).	(4,249,825)	(3,361,442)	(3,239,442)	122,000
Total other financing sources (uses)	<u>(4,206,822)</u>	<u>(3,238,439)</u>	<u>(3,303,439)</u>	<u>(65,000)</u>
Net change in fund balances	(714,101)	(887,095)	(117,750)	769,345
Fund balance at beginning of year	3,046,664	3,046,664	3,046,664	-
Prior year encumbrances appropriated	87,193	87,193	87,193	-
Fund balance at end of year	<u>\$ 2,419,756</u>	<u>\$ 2,246,762</u>	<u>\$ 3,016,107</u>	<u>\$ 769,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes	\$ 599,450	\$ 599,450	\$ 606,106	\$ 6,656
Charges for services	755,000	755,000	726,081	(28,919)
Licenses and permits	-	-	20	20
Intergovernmental	313,000	268,405	205,570	(62,835)
Contributions and donations	25,005	33,405	33,783	378
Other	15,200	15,200	204,602	189,402
Total revenues	<u>1,707,655</u>	<u>1,671,460</u>	<u>1,776,162</u>	<u>104,702</u>
Expenditures:				
Current:				
Security of persons and property	3,063,406	2,421,626	2,288,447	133,179
Capital outlay	37,360	239,710	239,340	370
Debt service:				
Principal retirement	107,719	107,719	107,716	3
Interest and fiscal charges	16,376	16,376	16,376	-
Total expenditures	<u>3,224,861</u>	<u>2,785,431</u>	<u>2,651,879</u>	<u>133,552</u>
Excess of expenditures over revenues	<u>(1,517,206)</u>	<u>(1,113,971)</u>	<u>(875,717)</u>	<u>238,254</u>
Other financing sources:				
Advances in	-	-	176,997	176,997
Transfers in	1,341,178	1,341,178	995,034	(346,144)
Total other financing sources	<u>1,341,178</u>	<u>1,341,178</u>	<u>1,172,031</u>	<u>(169,147)</u>
Net change in fund balances	(176,028)	227,207	296,314	69,107
Fund balance at beginning of year	371,063	371,063	371,063	-
Prior year encumbrances appropriated	29,091	29,091	29,091	-
Fund balance at end of year	<u>\$ 224,126</u>	<u>\$ 627,361</u>	<u>\$ 696,468</u>	<u>\$ 69,107</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 STREET/PUBLIC SERVICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Licenses and permits	\$ -	\$ -	\$ 1,893	\$ 1,893
Intergovernmental.	1,388,743	1,392,013	1,279,463	(112,550)
Special assessments	-	-	30,471	30,471
Other	88,600	168,600	131,367	(37,233)
Total revenues	<u>1,477,343</u>	<u>1,560,613</u>	<u>1,443,194</u>	<u>(117,419)</u>
Expenditures:				
Current:				
Transportation	2,580,655	2,451,775	2,388,946	62,829
Capital outlay	54,500	43,500	43,481	19
Debt service:				
Principal retirement.	186,512	162,771	162,746	25
Interest and fiscal charges	15,388	13,429	13,427	2
Total expenditures	<u>2,837,055</u>	<u>2,671,475</u>	<u>2,608,600</u>	<u>62,875</u>
Excess of expenditures over revenues.	<u>(1,359,712)</u>	<u>(1,110,862)</u>	<u>(1,165,406)</u>	<u>(54,544)</u>
Other financing sources (uses):				
Transfers in	1,331,347	1,331,347	1,240,000	(91,347)
Transfers (out).	-	(214,296)	(214,295)	1
Total other financing sources (uses)	<u>1,331,347</u>	<u>1,117,051</u>	<u>1,025,705</u>	<u>(91,346)</u>
Net change in fund balances	(28,365)	6,189	(139,701)	(145,890)
Fund balance at beginning of year	255,534	255,534	255,534	-
Prior year encumbrances appropriated . . .	28,365	28,365	28,365	-
Fund balance at end of year.	<u>\$ 255,534</u>	<u>\$ 290,088</u>	<u>\$ 144,198</u>	<u>\$ (145,890)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 POLICE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other local taxes	\$ 1,045,600	\$ 1,045,600	\$ 1,054,621	\$ 9,021
Charges for services	57,300	57,300	23,926	(33,374)
Fines and forfeitures	17,150	17,150	17,825	675
Intergovernmental	186,500	186,500	192,996	6,496
Contributions and donations	-	-	325	325
Other	65,463	213,942	341,514	127,572
Total revenues	<u>1,372,013</u>	<u>1,520,492</u>	<u>1,631,207</u>	<u>110,715</u>
Expenditures:				
Current:				
Security of persons and property	4,483,105	3,679,560	3,595,310	84,250
Total expenditures	<u>4,483,105</u>	<u>3,679,560</u>	<u>3,595,310</u>	<u>84,250</u>
Excess of expenditures over revenues	<u>(3,111,092)</u>	<u>(2,159,068)</u>	<u>(1,964,103)</u>	<u>194,965</u>
Other financing sources:				
Transfers in	3,148,498	2,513,501	2,513,501	-
Total other financing sources	<u>3,148,498</u>	<u>2,513,501</u>	<u>2,513,501</u>	<u>-</u>
Net change in fund balances	37,406	354,433	549,398	194,965
Fund balance at beginning of year	42,805	42,805	42,805	-
Prior year encumbrances appropriated	5,507	5,507	5,507	-
Fund balance at end of year	<u>\$ 85,718</u>	<u>\$ 402,745</u>	<u>\$ 597,710</u>	<u>\$ 194,965</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 FIRE/EMS AND POLICE INCOME TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Income taxes	\$ 1,860,750	\$ 1,827,450	\$ 1,898,703	\$ 71,253
Total revenues	<u>1,860,750</u>	<u>1,827,450</u>	<u>1,898,703</u>	<u>71,253</u>
Expenditures:				
Current:				
Security of persons and property	70,195	59,445	55,102	4,343
Total expenditures	<u>70,195</u>	<u>59,445</u>	<u>55,102</u>	<u>4,343</u>
Excess of revenues over expenditures.	<u>1,790,555</u>	<u>1,768,005</u>	<u>1,843,601</u>	<u>75,596</u>
Other financing uses:				
Transfers (out).	(1,785,835)	(1,755,835)	(1,755,835)	-
Total other financing uses	<u>(1,785,835)</u>	<u>(1,755,835)</u>	<u>(1,755,835)</u>	<u>-</u>
Net change in fund balances	4,720	12,170	87,766	75,596
Fund balance at beginning of year	<u>321</u>	<u>321</u>	<u>321</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,041</u>	<u>\$ 12,491</u>	<u>\$ 88,087</u>	<u>\$ 75,596</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Riverside (the “City”) is a chartered municipal corporation established and operating under the laws of the State of Ohio and its charter. Mad River Township and the Village of Riverside merged in 1994 to become the City of Riverside. The City operates under a Council-Manager form of government. Elected officials include seven council members, one of which is the Mayor. Legislative power is vested in this seven-member Council. All council members, including the Mayor, are elected to four-year terms.

The City Manager, who is appointed by the Council, is the chief executive officer for the City. The administrative activities of the City are carried out by a Department of Finance, a Department of Law, a Department of Service, and a Department of Safety. All department heads are hired by the City Manager, with approval from Council, except for the Director of the Department of Law, who is appointed by Council.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the City are not misleading.

The primary government of the City consists of all funds, departments, and activities which are not legally separate from the City. They comprise the City’s legal entity, which provides various services including police protection, fire protection, health services, street maintenance and repairs, leisure-time activities, and community and economic development. Council and the City Manager have direct responsibility for these activities.

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

The City is associated with five organizations, three of which are defined as jointly governed organizations, one as a related organization, and one as a risk sharing pool.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Regional Planning Commission

The Miami Valley Regional Planning Commission (the "Commission") is a jointly governed organization between Preble, Clark, Clinton, Darke, Greene, Miami, and Montgomery Counties and various cities residing within these counties, including the City of Riverside. The Commission prepares plans, including studies, maps, recommendations, and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the region. These reports show recommendations for systems of transportation, highways, parks and recreational facilities, water supply, sewage disposal, garbage disposal, civic centers, and other public improvements and land uses that affect the development of the region. The Board exercises total control over the operations of the Commission including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. Members of the Board are as follows: the officers of the Commission (elected by member representatives), the immediate past Chair of the Commission, the Commission member representing the City of Dayton, the Commission member representing each of the respective member counties, the representatives selected by each county caucus, a nongovernmental member, and two at-large representatives. Payments to the Commission are made from the general fund. The City contributed \$11,592 for the operation of the Commission during 2020. Financial information may be obtained by writing to Brian Martin, Executive Director, 10 North Ludlow Street, Suite 700, Dayton, Ohio 45402.

Greater Miami Valley Emergency Medical Services Council

The Greater Miami Valley EMS Council (the "Council") is a jointly governed organization between municipal corporations and townships in Montgomery, Greene and Warren Counties. The purpose of the Council is to foster cooperation among the political subdivisions by promoting programs and recommending matters that will result in more efficient methods of delivering fire and emergency medical services in the region. The Council is made up of a representative appointed by the City of Dayton, a representative appointed by the members who are provided Fire/EMS services by volunteers, two representatives appointed by the members who are provided Fire/EMS services by a combination of full-time employees and volunteers, and a representative appointed by members who are provided Fire/EMS services by full-time employees. Payments to the Council are made from the fire special revenue fund. The board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating member is limited to its representation on the Board. The City contributed \$625 toward the operation of the Council during 2020. Financial information may be obtained by writing to Sandy Lehrter, Executive Administrator, at 247 Taylor Street, Suite 130, Dayton, Ohio 45402.

Economic Development/Government Equity Program

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is property balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships, and cities within Montgomery County and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial, or research facilities and by creating and preserving job and employment opportunities for the people of the County.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. Any member default in paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Payments to ED/GE are made from the general fund. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. The degree of control exercised by any participating government is limited to its representation on the Board. The City did not receive any monies from ED/GE during 2020. Financial information may be obtained by writing to Erik Collins, Executive Administrator, 451 West Third Street, Dayton, Ohio 45422.

RELATED ORGANIZATION

The Riverside Historical Society

The Riverside Historical Society (RHS) is a related organization that was created by Ordinance No. 96-0-79 on November 7, 1996 by the City of Riverside. RHS is governed by seven members, which are appointed by City Council. RHS was established to provide a society that is interested and qualified to undertake such programs that will promote the historical and cultural heritage of the City, to protect existing historical landmarks in the City, and to promote the use of protected historical sites within the City. The City is not able to impose its will on the RHS, and no financial benefit and/or burden relationship exists. The City contributed \$4,887 to the operating of the RHS during 2020.

RISK SHARING POOL

Public Entities Pool of Ohio

The Public Entities Pool of Ohio (PEP) is a statutory entity created pursuant to Section 2744.081 of the Ohio Revised Code by the execution of an intergovernmental contract ("Participation Agreements"). PEP enables the subscribing subdivisions to pool risk for property, liability, and public official liability.

PEP has no employees; rather, it is administered through contracts with various professionals. Pursuant to a contract, the firm of American Risk Pooling Consultants administers PEP. PEP is a separate legal entity. PEP subcontracts certain self-insurance, administrative, and claims functions to a "Pool Operator," currently USI Insurance Services. PEP has executed contracts with various professionals for actuary services, as independent auditors, as loss control representatives, as litigation management and defense law firms, as counsel to PEP, and other as required.

The City pays an annual "premium" to PEP for the coverage they are provided, based on rates established by PEP, using anticipated and actual results of operation for the various coverage provided. Participants are also charged for a "surplus contribution" that is used to fund the activities of PEP. During 2020, the City made premium payments of \$177,071 to PEP. There was no required surplus contribution in 2020.

PEP is governed by a seven-member Board of Trustees elected by the members of PEP. The City makes an annual contribution to PEP for the coverage it is provided, based on rates established by PEP. Financial information may be obtained by writing to the Public Entities Pool of Ohio, 229 Riverside Drive, Dayton, Ohio 45402.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements normally distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The City, however; has no business-type activities.

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

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

C. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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

The following are the City's major governmental funds:

General fund - This fund accounts for and reports all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Fire fund - This fund accounts for and reports restricted monies related to the fire department activities and the fire levy tax proceeds.

Street/public service fund - This fund accounts for and reports that portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the City.

Police fund - This fund accounts for and reports restricted monies received from police levy tax proceeds, along with fines generated through safety enforcement within the City.

Fire/EMS and police income tax fund - This fund accounts for and reports the accumulation of restricted income taxes levied for supplementing the police and fire special revenue funds. Once the income taxes are collected, the monies are transferred to the respective police and fire special revenue funds for payment of the liabilities.

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

D. Measurement Focus

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

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

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 31 days of year-end.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes and revenue in lieu of taxes are recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, other local taxes, investment income, and intergovernmental revenues (including motor vehicle license tax, gasoline tax, grants, and local government assistance).

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 15 and 16 for deferred outflows of resources related the City's net pension liability/asset and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 15 and 16 for deferred inflows of resources related to the City's net pension liability/asset and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

F. Cash and Cash Equivalents

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

The City has permissive motor vehicle license money, which is held by the Montgomery County Engineer as agent and distributed to the City for approved street projects. The balance in this account is presented on the balance sheet as "cash with fiscal agent".

At December 31, 2020, the City has capital lease proceeds related to the police cruiser lease held in escrow. The balance in this account is presented on the balance sheet as "cash with fiscal agent".

During the year, investments were limited to federal agency securities, a money market mutual fund, United States Treasury Notes, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the City measures its investments at fair value which is based upon quoted market prices.

During 2020, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides NAV per share that approximates fair value.

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2020 amounted to \$22,862, which includes \$11,706 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are considered to be cash equivalents.

G. Materials and Supplies Inventory

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

H. Capital Assets

General capital assets are capital assets that are associated with governmental activities. These assets generally result from expenditures in governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition values on the date received. The City maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	10 - 25 years
Buildings and improvements	20 - 50 years
Machinery and equipment	3 - 20 years
Vehicles	5 - 20 years
Infrastructure	10 - 60 years

The City's infrastructure consists of streets, a storm sewer system, light poles, street lights, traffic signals, and curbs. The City only reports the amounts acquired after 2003. General infrastructure assets acquired prior to January 1, 2004 are not reported in the basic financial statements.

I. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments after an employee retires. The liability is an estimate based on the City's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, claims and judgments that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds, loans, bond anticipation notes, and lease purchase agreements are recognized as liabilities on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

K. Bond Premiums/Bond Issuance Costs/Prepaid Bond Insurance

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements bond premiums are recognized in the period in which these items are incurred. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.

Prepaid bond insurance is amortized over the term of the bonds using the straight-line method.

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The nonspendable fund balance for the City includes materials and supplies inventory.

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

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by ordinance or by State statute. The future appropriations amount assigned in the general fund represents 2020 appropriations that exceed estimated revenues. State statute authorizes the finance director to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The City's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes federal equitable sharing and cemetery. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Estimates

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

P. Interfund Receivables and Payables

On fund financial statements, outstanding interfund loans and unpaid interfund services are reported as "interfund loans receivable" and "interfund loans payable." Interfund balances are eliminated in the governmental activities column of the statement of net position.

Q. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

R. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund, department, and the following object categories: personnel services, operating expenses, capital outlay, debt service and transfers. Budgetary modifications may only be made by resolution of Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the financial statements as final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

S. Extraordinary and Special Items

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2020, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories:

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met,
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have not been met.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,
3. Obligations of the City.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. In accordance with Ohio Revised Code, except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. The City's investment policy limits security purchases to those that mature within five years of the settlement date. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

At year end, the City had \$9,795 on deposit with the Montgomery County Treasurer. The data regarding insurance and collateralization can be obtained from the Montgomery County Comprehensive Annual Financial Report for the year ended December 31, 2020. This amount is not included in the City's depository balance below.

At year end, the City had \$130,800 held in escrow related to the proceeds of the capital lease transaction for police cruisers. This amount is not included in the City's depository balance below.

B. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was \$5,519,360 and the bank balance of all City deposits was \$5,778,981. Of the bank balance, \$5,528,981 was covered by the Ohio Pooled Collateral System (OPCS) and \$250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of December 31, 2020, the City had the following investments:

Measurement/ Investment type	Measurement Value	Investment Maturities		
		6 months or less	7 to 12 months	13 to 18 months
<i>Fair value:</i>				
FNMA	\$ 422,855	\$ 231,078	\$ 191,777	\$ -
FHLMC	250,260	91,244	95,583	63,433
FHLB	1,385,755	210,862	1,009,794	165,099
U.S. Treasury Notes	485,292	146,089	339,203	-
U.S. Government money market mutual fund	10,946	10,946	-	-
<i>Amortized cost:</i>				
STAR Ohio	<u>132,327</u>	<u>132,327</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,687,435</u>	<u>\$ 822,546</u>	<u>\$ 1,636,357</u>	<u>\$ 228,532</u>

The weighted average of maturity of investments is 0.61 years.

The City's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FHLB, FHLMC, FNMA), and U.S. Treasury Notes are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: State statute requires that an investment mature within five years from the date of purchase unless matched to a specific obligation or debt of the City and that an investment must be purchased with the expectation that it will be held to maturity. The City's investment policy states that the City will not directly invest in securities maturing more than five years from the settlement date unless, per a bond indenture, the investment is matched to a specified obligation or debt of the subdivision. Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds. The intent to invest in securities with longer maturities will be disclosed in writing to City Council.

Credit Risk: Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The City's investments in federal agency securities and U.S. treasury notes were both rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund an AAAM money market rating. The City limits its investments to those authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Director of Finance or qualified trustee.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any single issuer. The following table includes the percentage of each investment type held by the City at December 31, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair value:</i>		
FNMA	\$ 422,855	15.73
FHLMC	250,260	9.31
FHLB	1,385,755	51.56
U.S. Treasury Notes	485,292	18.06
U.S. Government money market mutual fund	10,946	0.41
<i>Amortized cost:</i>		
STAR Ohio	<u>132,327</u>	<u>4.93</u>
Total	<u>\$ 2,687,435</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,519,360
Investments	2,687,435
Cash with fiscal agent	140,595
Cash on hand	<u>2,700</u>
Total	<u>\$ 8,350,090</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 8,350,090</u>

NOTE 5 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of one and one-half percent on all income earned within the City, as well as on incomes of residents earned outside the City. However, the City allows a credit for income taxes paid to another municipality up to 50 percent of the City's current tax rate. The City utilizes the Central Collection Agency (CCA) to collect income taxes.

Income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, police and fire operations, and other governmental functions when needed, as determined by Council. In 2020, the proceeds were allocated to the general fund and the fire/EMS and police income tax special revenue fund.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements.

Transfers from:	Transfers to:				Total
	Fire Fund	Street/Public Service Fund	Police Fund	Nonmajor Governmental Funds	
General fund	\$ 292,700	\$ 1,240,000	\$ 1,460,000	\$ 246,742	\$ 3,239,442
Street/public service fund	-	-	-	214,295	214,295
Fire/EMS and police income tax	702,334	-	1,053,501	-	1,755,835
Total	\$ 995,034	\$ 1,240,000	\$ 2,513,501	\$ 461,037	\$ 5,209,572

Transfers from the general fund were made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers from the fire/EMS and police income tax fund to the fire fund and the police fund were made for operating purposes. Interfund transfers between governmental funds are eliminated on the government-wide financial statements. The transfer from the street/public service fund to a nonmajor governmental fund was to meet the local share requirements of an Ohio Department of Transportation (ODOT) project. All transfers were compliant with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B. Interfund loans consisted of the following at December 31, 2020, as reported on the fund financial statements.

Receivable fund	Payable fund	Amount
General	Fire fund	\$ 176,997
General	Nonmajor governmental funds	65,000
Total		\$ 241,997

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

NOTE 7 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 - PROPERTY TAXES - (Continued)

The Montgomery County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The Montgomery County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2020 was \$11.34 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2020 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 200,955,160
Commercial/industrial/public utility	46,221,700
<u>Public utility</u>	
Personal	<u>6,923,010</u>
Total assessed value	<u>\$ 254,099,870</u>

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020, consisted of property taxes, revenue in lieu of taxes, other local taxes, municipal income taxes, accounts, accrued interest, special assessments and amounts due from other governments arising from grants, entitlements or shared revenues.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amount</u>
Local government	\$ 199,513
Grants	439,864
Homestead and rollback	182,665
Auto license	64,007
Gasoline tax	590,375
Permissive motor vehicle license tax	<u>20,126</u>
Total due from other governments	<u>\$ 1,496,550</u>

All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, income taxes and special assessments. Property taxes, revenue in lieu of taxes and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Special assessments expected to be collected in more than one year for the City amounts to \$35,582 and represents delinquents at December 31, 2020.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - RECEIVABLES

Revenue in lieu of taxes

The City granted real property tax exemptions to landowners for improvements made to their properties for a period of 10 years. The City requires the owners to make an annual payment to the City in lieu of taxes in the amount that would be payable on the increase in the value of the property if not for the exemption. The City then uses these monies to pay for public infrastructure improvements benefitting the owners. The City accrues a receivable for amounts measurable at December 31, 2020, with a corresponding credit to deferred inflows of resources.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> 12/31/19	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> 12/31/20
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,156,136	\$ -	\$ -	\$ 3,156,136
Construction in progress	898,099	1,710,931	(552,195)	2,056,835
Total capital assets, not being depreciated	<u>4,054,235</u>	<u>1,710,931</u>	<u>(552,195)</u>	<u>5,212,971</u>
<i>Capital assets being depreciated:</i>				
Land improvements	979,081	-	-	979,081
Buildings and improvements	5,573,832	9,250	-	5,583,082
Machinery and equipment	4,498,351	653,153	(45,440)	5,106,064
Vehicles	4,535,377	95,292	(150,229)	4,480,440
Infrastructure	13,089,373	1,415,014	-	14,504,387
Total capital assets being depreciated	<u>28,676,014</u>	<u>2,172,709</u>	<u>(195,669)</u>	<u>30,653,054</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(388,929)	(40,911)	-	(429,840)
Buildings and improvements	(1,589,697)	(156,264)	-	(1,745,961)
Machinery and equipment	(3,123,186)	(210,639)	19,967	(3,313,858)
Vehicles	(2,884,400)	(369,613)	150,229	(3,103,784)
Infrastructure	(4,268,157)	(605,898)	-	(4,874,055)
Total accumulated depreciation	<u>(12,254,369)</u>	<u>(1,383,325)</u>	<u>170,196</u>	<u>(13,467,498)</u>
Total capital assets being depreciated, net	<u>16,421,645</u>	<u>789,384</u>	<u>(25,473)</u>	<u>17,185,556</u>
Governmental activities capital assets, net	<u>\$ 20,475,880</u>	<u>\$ 2,500,315</u>	<u>\$ (577,668)</u>	<u>\$ 22,398,527</u>

Depreciation expense was charged to functions/programs of the City as follows:

<u>Governmental activities:</u>	
General government	\$ 197,859
Security of persons and property	343,968
Leisure time activities	24,887
Transportation	<u>816,611</u>
Total depreciation expense	<u>\$ 1,383,325</u>

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LEASES

A. Capital

In 2020, the City entered into a lease agreement with Republic First National Corporation for police cruisers. The City did not receive the vehicles during 2020 and therefore the balance of this lease at December 31, 2020 of \$115,091 is not included in the calculation of net investment in capital assets. The original amount of the lease was \$130,800 and is paid from the bond retirement fund (a nonmajor governmental fund).

In 2020, the City entered into a lease agreement with Republic First National Corporation for pickup trucks. The original amount of the lease was \$143,000 and is paid from the street/public service fund.

In 2018, the City entered into a lease agreement with Phoenix Safety Outfitters for turnout gear. The original amount of the lease was \$54,325 and is paid from the fire fund.

In 2018, the City entered into a lease agreement with Ford Motor Credit for a Ford E450 truck. The original amount of the lease was \$157,494 and is paid from the bond retirement fund (a nonmajor governmental fund).

In 2018, the City entered into a lease agreement with Republic First National Corporation for a street sweeper truck. The original amount of the lease was \$253,980 and will be paid from the street/public service fund.

In 2017, the City entered into a lease agreement with Mercedes-Benz Financial Services for a Freightliner truck. The original amount of the lease was \$107,891 and was paid from the street/public service fund. This lease was retired in 2020.

In 2017, the City entered into a lease agreement with Ford Motor Credit for three police interceptors. The original amount of the interceptor lease was \$117,793 and was paid from the bond retirement fund (a nonmajor governmental fund). This lease was retired in 2020.

In 2017, the City entered into a lease agreement with Axon Enterprise, Inc. for Tasers. The original amount of the Taser lease was \$39,630 and will be paid from the police fund. The acquired equipment associated with this lease was not capitalized on the City's capital assets because the individual Tasers were less than the City's capitalization threshold of \$1,000. The balance of this lease was \$8,311 at December 31, 2020.

In 2014, the City entered into a lease agreement with U.S. Bancorp for energy conservation improvements. The original amount of the energy conservation lease was for \$830,000 with \$56,742 being considered a capital lease and \$773,258 being considered an operating lease. Both the capital and operating leases will be repaid from the bond retirement fund (a nonmajor governmental fund).

In 2015, the City entered into two lease agreements with U.S. Bancorp. The first being for three snow plows and the second for two fire trucks. The original amount of the snow plow lease was \$455,655 and will be paid from the street/public service fund. The original amount of the fire truck lease was \$985,000 and will be repaid from the fire fund.

In 2015, the City also entered into a lease agreement with De Lage Landen Public Finance, LLC for copiers. The original amount of the copier lease was \$39,961 and was repaid from the general, street/public service, fire and police funds. This lease was retired in 2020.

Each lease meets the criteria of a capital lease as defined by generally accepted accounting principles. Certain capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LEASES - (Continued)

Capital assets acquired by leases have been capitalized in the amount of \$2,485,880 which equaled the present value of the future minimum lease payments at the time of acquisition. Principal payments in 2020 totaled \$381,466.

The assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Book Value 12/31/2020</u>
Asset class:			
Buildings	\$ 56,742	\$ (7,802)	\$ 48,940
Machinery and equipment	138,489	(30,487)	108,002
Vehicles	<u>2,290,649</u>	<u>(1,075,511)</u>	<u>1,215,138</u>
Total	<u>\$ 2,485,880</u>	<u>\$ (1,113,800)</u>	<u>\$ 1,372,080</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2020:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 352,959
2022	284,992
2023	237,559
2024	153,575
2025	116,676
2026 - 2030	<u>16,527</u>
Total minimum lease payments	1,162,288
Less: amount representing interest	<u>(72,691)</u>
Present value of future minimum lease payments	<u>\$ 1,089,597</u>

B. Operating

In 2014, the City entered into a lease purchase agreement with U.S. Bancorp to finance energy conservation improvements made to various buildings and infrastructure throughout the City. The original amount of the lease was \$830,000 with \$56,742 being considered a capital lease and \$773,258 being considered an operating lease. The lease commenced on June 20, 2014 and ends June 20, 2029. Operating lease payments made during 2020 were \$64,350.

The future minimum lease payments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 64,350
2022	64,350
2023	64,350
2024	64,350
2025	64,350
2026 - 2029	<u>225,225</u>
Total	<u>\$ 546,975</u>

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - LONG-TERM OBLIGATIONS

During 2020, the following changes occurred in the City's long-term obligations.

	Interest Rate	Balance 12/31/2019	Additions	Reductions	Balance 12/31/2020	Due Within One Year
<u>Governmental activities:</u>						
<u>Loans - from direct borrowings:</u>						
OWDA loan	3.25%	\$ 13,959	\$ -	\$ (1,135)	\$ 12,824	\$ 1,172
Brantwood Division TIF loan	5.00%	1,711,117	-	-	1,711,117	-
Brantwood Division II TIF loan	5.00%	1,104,656	-	-	1,104,656	-
OPWC Burkhardt Road	0.00%	62,349	-	(31,174)	31,175	31,175
OPWC Harshman Road Phase II	0.00%	156,000	-	(4,000)	152,000	8,000
OPWC Union Schoolhouse Road	0.00%	55,147	-	(1,490)	53,657	2,981
Total loans		<u>3,103,228</u>	<u>-</u>	<u>(37,799)</u>	<u>3,065,429</u>	<u>43,328</u>
<u>General obligation bonds:</u>						
Various purpose - series 2010	3.60%	557,994	-	(557,994)	-	-
Refunding - series 2020	2.25 - 4%	-	475,000	-	475,000	40,000
Various purpose - series 2020	2.25 - 4%	-	1,005,000	-	1,005,000	35,000
Total general obligation bonds		<u>557,994</u>	<u>1,480,000</u>	<u>(557,994)</u>	<u>1,480,000</u>	<u>75,000</u>
<u>Bond anticipation notes:</u>						
2019 property acquisition	2.70%	4,730,000	-	(4,730,000)	-	-
2020 property acquisition	2.125%	-	4,560,000	-	4,560,000	-
Total bond anticipation notes		<u>4,730,000</u>	<u>4,560,000</u>	<u>(4,730,000)</u>	<u>4,560,000</u>	<u>-</u>
<u>Other long-term liabilities:</u>						
Capital lease obligations		1,197,263	273,800	(381,466)	1,089,597	323,038
Net pension liability		14,935,043	-	(3,132,281)	11,802,762	-
Net OPEB liability		2,630,567	91,550	(79,153)	2,642,964	-
Compensated absences		633,949	111,716	(80,922)	664,743	148,750
Total other long-term liabilities		<u>19,396,822</u>	<u>477,066</u>	<u>(3,673,822)</u>	<u>16,200,066</u>	<u>471,788</u>
Total governmental activities						
long-term liabilities		<u>\$ 27,788,044</u>	<u>\$ 6,517,066</u>	<u>\$ (8,999,615)</u>	25,305,495	<u>\$ 590,116</u>
				Unamortized premium	<u>100,867</u>	
				Total on statement of net position	<u>\$ 25,406,362</u>	

The series 2010 various purpose bonds were issued on November 8, 2010, in the amount of \$1,200,000 to retire the real estate acquisition bond anticipation note and the Center of Flight improvement bond anticipation note. The bonds were issued at a 3.6 percent interest rate and reached maturity on November 8, 2020. The bonds were paid from the Center of Flight special revenue fund using transfers from the general fund.

On November 5, 2020 the City issued series 2020 refunding bonds to currently refund the series 2010 general obligation bonds. The issuance proceeds of \$495,026, along with a \$54,633 contribution from the City, were used to pay for the cost of the issuance and to retire the outstanding series 2010 general obligation bonds.

The 2020 refunding issue is comprised of current interest bonds, par value \$475,000. The interest rate on the current interest bonds ranges from 2.25-4.00% and mature on December 1, 2030. The bonds will be retired through the Center of Flight special revenue fund using transfers from the general fund.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$14,571. This amount was expensed in 2020 because the series 2010 general obligation bonds matured on November 8, 2020.

On November 5, 2020 the City issued series 2020 various purpose bonds to provide resources for various infrastructure improvement projects. The 2020 various purpose issue is comprised of current interest bonds, par value \$1,005,000. The interest rate on the current interest bonds ranges from 2.25-4.00% and mature on December 1, 2040. The bonds will be retired through the bond retirement fund (a nonmajor governmental fund).

The Ohio Water Development Authority (OWDA) loan consists of money owed to the OWDA for the construction of a salt storage shed. The loan was issued at a 3.25 percent interest rate and will reach maturity on July 1, 2030. The loan will be repaid from the street/public service fund.

OWDA loans are direct borrowings that have terms negotiated directly between the City and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

On December 21, 2012, the City entered into a tax increment financing (TIF) and infrastructure development agreement with Disciple Development Company, LLC to fund the construction of public infrastructure improvement in the Brantwood division. The initial loan was received in 2013. During 2018, the City received an additional loan of \$403,724. Per the agreement, the City will make payments on the loan based on the TIF monies received from the Brantwood division development, and the repayment schedule will depend upon the amount of TIF monies received by the City. The loan will be repaid from the Brantwood Subdivision fund (a nonmajor governmental fund).

On February 5, 2016, the City entered into a tax increment financing (TIF) and infrastructure development agreement with Brantwood Development, LLC to fund the construction of public infrastructure improvement in the Brantwood division II. The initial loan was received in 2016. During 2018, the City received an additional loan of \$376,961. Per the agreement, the City will make payments on the loan based on TIF monies received from the Brantwood division II development, and the repayment schedule will depend upon the amount of TIF monies received by the City. The loan will be repaid from the Brantwood II Subdivision fund (a nonmajor governmental fund).

TIF loans are direct borrowings that have terms negotiated directly between the City and the developers and are not offered for public sale.

The 2019 property acquisition bond anticipation note was issued on March 14, 2019 in the amount of \$4,900,000 for acquisition and improvements of properties and buildings. This note matured on March 12, 2020. This note was refinanced on March 12, 2020 for \$4,730,000. The note matures on March 11, 2021. On March 11, 2021, the City refinanced the \$4,730,000 bond anticipation note with a \$4,560,000 bond anticipation note, see Note 22. \$364,599 of the note proceeds remain unspent at December 31, 2020.

During 2014, the City received a loan in the amount of \$200,000 from the Ohio Public Works Commission (OPWC) for the Harshman Road improvements. The loan was issued at a zero percent interest rate and will mature on July 1, 2039. The loan will be repaid from the bond retirement fund (a nonmajor governmental fund).

During 2015, the City received a loan in the amount of \$311,748 from the Ohio Public Works Commission (OPWC) for the Burkhardt Road project. The loan was issued at a zero percent interest rate and will mature on July 1, 2021. The loan will be repaid from the bond retirement fund (a nonmajor governmental fund).

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

During 2018, the City received a loan in the amount of \$59,618 from OPWC for the Union Schoolhouse Road Rehab project. The loan was issued at a zero percent interest rate and will mature on January 1, 2039. The loan will be repaid from the Issue II - Union Schoolhouse fund (a nonmajor governmental fund).

OPWC loans are direct borrowings that have terms negotiated directly between the City and the OPWC and are not offered for public sale. In the event of default, the OPWC may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest or late charges associated with the default.

Compensated absences will be paid from the general fund and the fire, street/public service, police and victims of crime act special revenue funds.

For additional information regarding the City's net pension liability and net OPEB liability, see Notes 15 and 16, respectively. The City pays obligations related to employee compensation from the fund benefitting from their service.

The City's overall legal debt margin was \$21,443,867, with an unvoted debt margin of \$8,738,874 at December 31, 2020.

Annual debt service requirements to maturity for long-term obligations are:

Year Ending December 31,	General Obligation Bonds		OWDA Loan - Direct Borrowing		OPWC Loans - Direct Borrowing
	Principal	Interest	Principal	Interest	Principal
2021	\$ 75,000	\$ 54,282	\$ 1,172	\$ 376	\$ 42,156
2022	75,000	47,625	1,211	340	10,981
2023	85,000	44,625	1,251	304	10,981
2024	85,000	41,225	1,292	266	10,981
2025	85,000	37,825	1,334	227	10,981
2026 - 2030	490,000	150,637	6,564	503	54,904
2031 - 2035	265,000	96,400	-	-	54,905
2036 - 2040	320,000	39,400	-	-	40,943
Totals	<u>\$ 1,480,000</u>	<u>\$ 512,019</u>	<u>\$ 12,824</u>	<u>\$ 2,016</u>	<u>\$ 236,832</u>

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - NOTES PAYABLE

On March 14, 2019, the City issued \$4,900,000 in bond anticipation notes to refinance \$5,000,000 of bond anticipation notes that were previously issued in 2018. The bond anticipation notes at December 31, 2019 had an interest rate of 2.70% and matured on March 12, 2020. On March 12, 2020, the City issued \$4,730,000 to refinance the 2019 bond anticipation notes. The bond anticipation notes outstanding at December 31, 2020 bear an interest rate of 2.125% and mature on March 11, 2021. The bond anticipation notes are a liability of the general fund. On March 11, 2021, the City refinanced the \$4,730,000 bond anticipation note with a \$4,560,000 bond anticipation note, see Note 22. A summary of the bond anticipation note transactions for the year ended December 31, 2020 follows:

	Maturity Date	Outstanding 12/31/2019	Issued	Retired	Outstanding 12/31/2020
<u>Governmental activities:</u>					
Bond anticipation notes:					
Series 2019 BAN - 2.70%	3/12/2020	\$ 170,000	\$ -	\$ (170,000)	\$ -
Series 2020 BAN - 2.125%	3/11/2021	-	170,000	-	170,000
Total bond anticipation notes		<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ (170,000)</u>	<u>\$ 170,000</u>

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service and negotiated agreements. The current policy of union employees covered by negotiated agreements credits vacation leave annually on January 1 and allows the unused balance to be accumulated at levels that depend upon years of service. City employees covered by the negotiated agreements are paid for earned, unused vacation leave at the time of termination of employment. However, non-union employees covered by the personnel policy of the City cannot carry over more than 40 hours of accrued vacation. These employees lose any remaining vacation balances existing at the end of the calendar year. On governmental fund financial statements, a liability is reported for non-union employees for vacation balances that do not carry over beyond the anniversary of their date of hire each year. These amounts are recorded in the account "accrued vacation leave payable" in the funds from which the employees will be paid.

Sick leave is earned at rates that vary depending upon specified personnel policies and union contracts. At retirement, employees will be paid varying portions of their accumulated leave, based on the union agreements and the City personnel policy.

City employees can also earn compensatory time. Compensatory time is paid at one and one-half times an employee's regular rate. Employees with time remaining upon termination of their employment will be paid for any unused compensatory time.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

Full-time City employees are provided medical/surgical benefits from Medical Mutual of Ohio. The City pays 90 percent for non-union employees, 84 percent for fire and police union employees, and 85 percent of street union employees, of the monthly premiums for the employees. The premium varies with each employee depending on the plan. Department heads and administrative staff receive an amount equal to their annual salary in life insurance, up to \$50,000; the City Manager receives two times his annual salary; police and fire employees receive \$50,000, and street union employees receive \$30,000 in coverage selected. Additionally, the City contributes to health reimbursement accounts for all full-time employees, which serves to pay part of the employees' deductible each year. Employees can purchase dental insurance through Superior Dental Care and vision benefits through Superior Vision. Life insurance is provided through Medical Mutual of Ohio.

C. Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan, Ohio Municipal League 457 Deferred Compensation Plan, International City Manager Association 457 Deferred Compensation Plan, or the Ohio Association of Professional Fire Fighters 457 Deferred Compensation Plan. These plans were created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plans permits deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

The City insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2020, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three years. There have been no significant reductions in coverage from the prior year.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 - RISK MANAGEMENT- (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2020 and 2019:

<u>Casualty & Property Coverage</u>	<u>2020</u>	<u>2019</u>
Assets	\$57,336,499	\$54,973,597
Liabilities	<u>(16,156,805)</u>	<u>(16,440,940)</u>
Net Position	<u>\$41,179,694</u>	<u>\$38,532,657</u>

At December 31, 2020 and 2019, respectively, the liabilities above include approximately \$14.1 million and \$14.7 million of estimated incurred claims payable. The assets above also include approximately \$13.5 million and \$13.7 million of unpaid claims to be billed. PEP's membership increased from 553 members in 2019 to 571 members in 2020. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2020, the City's share of these unpaid claims collectible in future years is approximately \$118,000.

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2019	\$174,985
2020	\$177,071

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

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

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$185,146 for 2020. Of this amount, \$18,201 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Comprehensive Annual Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3.00% of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$766,808 for 2020. Of this amount, \$74,127 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS were measured as of December 31, 2019, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00904700%	0.01656400%	0.01530200%	0.15261300%	
Proportion of the net pension liability/asset current measurement date	<u>0.00860200%</u>	<u>0.01076500%</u>	<u>0.00208100%</u>	<u>0.14996610%</u>	
Change in proportionate share	<u>-0.00044500%</u>	<u>-0.00579900%</u>	<u>-0.01322100%</u>	<u>-0.00264690%</u>	
Proportionate share of the net pension liability	\$ 1,700,244	\$ -	\$ -	\$ 10,102,518	\$ 11,802,762
Proportionate share of the net pension asset	-	22,448	79	-	22,527
Pension expense	193,312	2,572	(46)	1,351,545	1,547,383

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	OP&F	Total
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 261	\$ 382,413	\$ 382,674
Changes of assumptions	90,812	2,314	13	247,991	341,130
Changes in employer's proportionate percentage/ difference between employer contributions	-	-	-	164,816	164,816
Contributions subsequent to the measurement date	178,738	6,008	400	766,808	951,954
Total deferred outflows of resources	<u>\$ 269,550</u>	<u>\$ 8,322</u>	<u>\$ 674</u>	<u>\$ 1,562,028</u>	<u>\$ 1,840,574</u>

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ 21,497	\$ 5,271	\$ -	\$ 521,025	\$ 547,793
Net difference between projected and actual earnings on pension plan investments	339,159	2,909	24	488,033	830,125
Changes in employer's proportionate percentage/ difference between employer contributions	89,253	-	-	164,727	253,980
Total deferred inflows of resources	\$ 449,909	\$ 8,180	\$ 24	\$ 1,173,785	\$ 1,631,898

\$951,954 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021.

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

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Year Ending December 31:					
2021	\$ (110,483)	\$ (1,430)	\$ 32	\$ (45,619)	\$ (157,500)
2022	(127,988)	(1,376)	32	(9,069)	(138,401)
2023	14,043	(565)	37	199,976	213,491
2024	(134,669)	(1,633)	29	(467,029)	(603,302)
2025	-	(303)	33	(56,824)	(57,094)
Thereafter	-	(559)	87	-	(472)
Total	\$ (359,097)	\$ (5,866)	\$ 250	\$ (378,565)	\$ (743,278)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2019 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,804,252	\$ 1,700,244	\$ 707,773
Combined Plan	(13,564)	(22,448)	(28,850)
Member-Directed Plan	(42)	(79)	(104)

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u><u>120.00 %</u></u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 14,001,738	\$ 10,102,518	\$ 6,841,206

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 15 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$160 for 2020. Of this amount, \$16 is reported as due to other governments.

Plan Description - Ohio Police & Fire Pension Fund (OP&F)

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$18,501 for 2020. Of this amount, \$1,788 is reported as due to other governments.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	OPERS	OP&F	Total
Proportion of the net OPEB liability prior measurement date	0.00951700%	0.15261300%	
Proportion of the net OPEB liability current measurement date	<u>0.00841000%</u>	<u>0.14996610%</u>	
Change in proportionate share	<u>-0.00110700%</u>	<u>-0.00264690%</u>	
Proportionate share of the net OPEB liability	\$ 1,161,639	\$ 1,481,325	\$ 2,642,964
OPEB expense	\$ 38,782	\$ 162,772	\$ 201,554

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 32	\$ -	\$ 32
Changes of assumptions	183,873	866,041	1,049,914
Changes in employer's proportionate percentage/difference between employer contributions	-	100,741	100,741
Contributions subsequent to the measurement date	160	18,501	18,661
Total deferred outflows of resources	<u>\$ 184,065</u>	<u>\$ 985,283</u>	<u>\$ 1,169,348</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 106,237	\$ 159,304	\$ 265,541
Net difference between projected and actual earnings on OPEB plan investments	59,151	68,164	127,315
Changes of assumptions	-	315,692	315,692
Changes in employer's proportionate percentage/difference between employer contributions	113,295	45,093	158,388
Total deferred inflows of resources	<u>\$ 278,683</u>	<u>\$ 588,253</u>	<u>\$ 866,936</u>

\$18,661 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ (48,146)	\$ 69,621	\$ 21,475
2022	(21,403)	69,623	48,220
2023	45	83,604	83,649
2024	(25,274)	61,561	36,287
2025	-	66,422	66,422
Thereafter	-	27,698	27,698
Total	\$ (94,778)	\$ 378,529	\$ 283,751

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.70% for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,520,192	\$ 1,161,639	\$ 874,556

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,127,361	\$ 1,161,639	\$ 1,195,482

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,836,747	\$ 1,481,325	\$ 1,185,994

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 17 - CONTINGENCIES

A. Litigation

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 2020, to December 31, 2020, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would not have a material impact on the financial statements.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

Net Change in Fund Balance

	<u>General</u>	<u>Fire</u>	<u>Street/Public Service</u>	<u>Police</u>	<u>Fire/EMS and Police Income Tax</u>
Budget basis	\$ (117,750)	\$ 296,314	\$ (139,701)	\$ 549,398	\$ 87,766
Net adjustment for revenue accruals	(70,183)	52,615	(9,290)	6,382	(35,167)
Net adjustment for expenditure accruals	65,913	76,733	(132,628)	139,824	9,521
Net adjustment for other sources/uses	241,997	(176,997)	143,000	130,800	-
Funds budgeted elsewhere	(47,126)	-	-	-	-
Adjustment for encumbrances	<u>119,130</u>	<u>20,001</u>	<u>459,514</u>	<u>34,984</u>	<u>2,130</u>
GAAP basis	<u>\$ 191,981</u>	<u>\$ 268,666</u>	<u>\$ 320,895</u>	<u>\$ 861,388</u>	<u>\$ 64,250</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the Wright Point fund, the Danis land acquisition fund and Contingency Reserve fund.

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 19 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and the nonmajor governmental funds are presented below:

Fund balance	General	Fire	Street/Public Service	Police	Fire/EMS and Police Income Tax	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ -	\$ -	\$ 38,032	\$ -	\$ -	\$ -	\$ 38,032
Prepayments	<u>20,349</u>	<u>17,693</u>	<u>12,665</u>	<u>22,844</u>	<u>-</u>	<u>95</u>	<u>73,646</u>
Total nonspendable	<u>20,349</u>	<u>17,693</u>	<u>50,697</u>	<u>22,844</u>	<u>-</u>	<u>95</u>	<u>111,678</u>
Restricted:							
Safety forces	-	595,472	-	673,530	227,033	11,757	1,507,792
Transportation services	-	-	615,385	-	-	606,709	1,222,094
Center of Flight program	-	-	-	-	-	122,400	122,400
Street lighting	-	-	-	-	-	196,584	196,584
Drug law	-	-	-	-	-	3,185	3,185
Fire insurance settlements	-	-	-	-	-	50,774	50,774
Cemetery purposes	-	-	-	-	-	265	265
Community development	-	-	-	-	-	58,080	58,080
Capital improvements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,506</u>	<u>109,506</u>
Total restricted	<u>-</u>	<u>595,472</u>	<u>615,385</u>	<u>673,530</u>	<u>227,033</u>	<u>1,159,260</u>	<u>3,270,680</u>
Committed:							
Transportation services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229</u>	<u>229</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>229</u>	<u>229</u>
Assigned:							
Purchases on order	91,882	-	-	-	-	-	91,882
Capital improvements	-	-	-	-	-	209,566	209,566
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>973,381</u>	<u>973,381</u>
Total assigned	<u>91,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,182,947</u>	<u>1,274,829</u>
Unassigned	<u>3,983,874</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,983,874</u>
Total fund balances	<u>\$ 4,096,105</u>	<u>\$ 613,165</u>	<u>\$ 666,082</u>	<u>\$ 696,374</u>	<u>\$ 227,033</u>	<u>\$ 2,342,531</u>	<u>\$ 8,641,290</u>

CITY OF RIVERSIDE, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 20 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 127,010
Fire fund	6,058
Street/Service fund	398,441
Police fund	18,969
Nonmajor governmental funds	<u>149,428</u>
Total	<u><u>\$ 699,906</u></u>

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 22 - SUBSEQUENT EVENT

On March 11, 2021, the City issued \$5,060,000 in bond anticipation notes. \$4,560,000 of this issue was used to refinance the 2020 bond anticipation notes described in Note 11. \$500,000 of this issue is additional money that will be used to make improvements at the Wright Point office complex. The bond anticipation notes bear an interest rate of 0.875% and mature on March 10, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.008602%	0.009047%	0.009704%	0.009880%
City's proportionate share of the net pension liability	\$ 1,700,244	\$ 2,477,790	\$ 1,522,369	\$ 2,243,580
City's covered payroll	\$ 1,234,893	\$ 1,216,657	\$ 1,287,969	\$ 1,277,675
City's proportionate share of the net pension liability as a percentage of its covered payroll	137.68%	203.66%	118.20%	175.60%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.010765%	0.016564%	0.019486%	0.025438%
City's proportionate share of the net pension asset	\$ 22,448	\$ 18,522	\$ 26,527	\$ 14,158
City's covered payroll	\$ 47,921	\$ 70,843	\$ 79,800	\$ 99,017
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.84%	26.15%	33.24%	14.30%
Plan fiduciary net position as a percentage of the total pension asset	145.28%	126.64%	137.28%	116.55%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.002081%	0.015302%	0.016575%	0.022995%
City's proportionate share of the net pension asset	\$ 79	\$ 349	\$ 578	\$ 96
City's covered payroll	\$ 12,370	\$ 87,470	\$ 90,840	\$ 99,475
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.64%	0.10%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.46%	103.40%

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

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

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.14996610%	0.15261300%	0.15342700%	0.14974100%
City's proportionate share of the net pension liability	\$ 10,102,518	\$ 12,457,253	\$ 9,416,530	\$ 9,484,406
City's covered payroll	\$ 3,676,956	\$ 3,592,265	\$ 3,441,383	\$ 3,148,566
City's proportionate share of the net pension liability as a percentage of its covered payroll	274.75%	346.78%	273.63%	301.23%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.14821900%	0.14421990%	0.14421990%
\$ 9,535,032	\$ 7,471,192	\$ 7,023,962
\$ 3,071,613	\$ 2,928,529	\$ 2,551,425
310.42%	255.12%	275.30%
66.77%	72.20%	73.00%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 178,738	\$ 172,885	\$ 170,332	\$ 167,436
Contributions in relation to the contractually required contribution	<u>(178,738)</u>	<u>(172,885)</u>	<u>(170,332)</u>	<u>(167,436)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,276,700	\$ 1,234,893	\$ 1,216,657	\$ 1,287,969
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 6,008	\$ 6,709	\$ 9,918	\$ 10,374
Contributions in relation to the contractually required contribution	<u>(6,008)</u>	<u>(6,709)</u>	<u>(9,918)</u>	<u>(10,374)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 42,914	\$ 47,921	\$ 70,843	\$ 79,800
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 400	\$ 1,237	\$ 8,747	\$ 9,084
Contributions in relation to the contractually required contribution	<u>(400)</u>	<u>(1,237)</u>	<u>(8,747)</u>	<u>(9,084)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,000	\$ 12,370	\$ 87,470	\$ 90,840
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note: Information prior to 2016 for the Combined Plan was unavailable.

Note: Information prior to 2016 for the Member Directed Plan was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 153,321	\$ 152,682	\$ 150,347	\$ 151,323
<u>(153,321)</u>	<u>(152,682)</u>	<u>(150,347)</u>	<u>(151,323)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,277,675	\$ 1,272,350	\$ 1,252,892	\$ 1,164,023
12.00%	12.00%	12.00%	13.00%
\$ 11,882			
<u>(11,882)</u>			
<u>\$ -</u>			
\$ 99,017			
12.00%			
\$ 11,937			
<u>(11,937)</u>			
<u>\$ -</u>			
\$ 99,475			
12.00%			

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 433,979	\$ 455,530	\$ 445,614	\$ 417,734
Contributions in relation to the contractually required contribution	<u>(433,979)</u>	<u>(455,530)</u>	<u>(445,614)</u>	<u>(417,734)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,284,100	\$ 2,397,526	\$ 2,345,337	\$ 2,198,600
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 332,829	\$ 300,666	\$ 293,028	\$ 292,054
Contributions in relation to the contractually required contribution	<u>(332,829)</u>	<u>(300,666)</u>	<u>(293,028)</u>	<u>(292,054)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,416,294	\$ 1,279,430	\$ 1,246,928	\$ 1,242,783
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 390,585	\$ 377,919	\$ 357,425	\$ 263,511	\$ 220,106	\$ 246,712
<u>(390,585)</u>	<u>(377,919)</u>	<u>(357,425)</u>	<u>(263,511)</u>	<u>(220,106)</u>	<u>(246,712)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,055,711	\$ 1,989,047	\$ 1,881,184	\$ 1,659,041	\$ 1,726,322	\$ 1,934,996
19.00%	19.00%	19.00%	15.88%	12.75%	12.75%
\$ 256,821	\$ 254,403	\$ 246,126	\$ 181,797	\$ 157,275	\$ 154,739
<u>(256,821)</u>	<u>(254,403)</u>	<u>(246,126)</u>	<u>(181,797)</u>	<u>(157,275)</u>	<u>(154,739)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,092,855	\$ 1,082,566	\$ 1,047,345	\$ 891,890	\$ 911,739	\$ 897,038
23.50%	23.50%	23.50%	20.38%	17.25%	17.25%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.008410%	0.009517%	0.010260%	0.010777%
City's proportionate share of the net OPEB liability	\$ 1,161,639	\$ 1,240,792	\$ 1,114,160	\$ 1,088,492
City's covered payroll	\$ 1,295,184	\$ 1,374,970	\$ 1,458,609	\$ 1,476,167
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.69%	90.24%	76.39%	73.74%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.14996610%	0.15261300%	0.15342700%	0.14974100%
City's proportionate share of the net OPEB liability	\$ 1,481,325	\$ 1,389,775	\$ 8,692,976	\$ 7,107,869
City's covered payroll	\$ 3,676,956	\$ 3,592,265	\$ 3,441,383	\$ 3,148,566
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	40.29%	38.69%	252.60%	225.75%
Plan fiduciary net position as a percentage of the total OPEB liability	47.08%	46.57%	14.13%	15.96%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 160	\$ 495	\$ 3,499	\$ 17,312
Contributions in relation to the contractually required contribution	<u>(160)</u>	<u>(495)</u>	<u>(3,499)</u>	<u>(17,312)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,323,614	\$ 1,295,184	\$ 1,374,970	\$ 1,458,609
Contributions as a percentage of covered payroll	0.01%	0.04%	0.25%	1.19%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 29,907	\$ 59,818	\$ 37,490	\$ 62,447
<u>(29,907)</u>	<u>(59,818)</u>	<u>(37,490)</u>	<u>(62,447)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,476,167	\$ 1,272,350	\$ 1,252,892	\$ 1,164,023
2.03%	4.70%	2.99%	5.36%

CITY OF RIVERSIDE, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 11,420	\$ 11,988	\$ 11,727	\$ 10,993
Contributions in relation to the contractually required contribution	<u>(11,420)</u>	<u>(11,988)</u>	<u>(11,727)</u>	<u>(10,993)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,284,100	\$ 2,397,526	\$ 2,345,337	\$ 2,198,600
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
<i>Fire:</i>				
Contractually required contribution	\$ 7,081	\$ 6,397	\$ 6,235	\$ 6,214
Contributions in relation to the contractually required contribution	<u>(7,081)</u>	<u>(6,397)</u>	<u>(6,235)</u>	<u>(6,214)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,416,294	\$ 1,279,430	\$ 1,246,928	\$ 1,242,783
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 10,279	\$ 9,945	\$ 9,405	\$ 106,829	\$ 116,527	\$ 130,612
<u>(10,279)</u>	<u>(9,945)</u>	<u>(9,405)</u>	<u>(106,829)</u>	<u>(116,527)</u>	<u>(130,612)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,055,711	\$ 1,989,047	\$ 1,881,184	\$ 1,659,041	\$ 1,726,322	\$ 1,934,996
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%
\$ 15,743	\$ 15,358	\$ 14,643	\$ 58,020	\$ 61,542	\$ 60,550
<u>(15,743)</u>	<u>(15,358)</u>	<u>(14,643)</u>	<u>(58,020)</u>	<u>(61,542)</u>	<u>(60,550)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,092,855	\$ 1,082,566	\$ 1,047,345	\$ 891,890	\$ 911,739	\$ 897,038
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

CITY OF RIVERSIDE, OHIO

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020**

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2020.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019-2020.

(Continued)

CITY OF RIVERSIDE, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model. There were no changes in benefit terms for 2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% down to 3.56%.

SUPPLEMENTARY INFORMATION

CITY OF RIVERSIDE
MONTGOMERY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	FEDERAL CFDA NUMBER	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Attorney General's Office</i>			
Crime Victims Assistance	2020-VOCA-132925606	16.575	\$ 32,840
Crime Victims Assistance	2020-SVAA-132925609	16.575	470
Crime Victims Assistance	2021-VOCA-133873492	16.575	13,574
Total Crime Victims Assistance			<u>46,884</u>
Total U.S. Department of Justice			<u>46,884</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus Relief Fund	COVID-19 - HB481-CRF-Local	21.019	1,427,681
Total U.S. Department of Treasury			<u>1,427,681</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct</i>			
COVID-19 - Provider Relief Fund	COVID-19	93.498	16,847
Total U.S. Department of Health and Human Services			<u>16,847</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Direct</i>			
Assistance to Firefighters Grant	EMW-2019-FG-05984	97.044	176,996
Staffing for Adequate Fire and Emergency Response (SAFER)	EMW-2018-FH-00113	97.083	164,962
Total U.S. Department of Homeland Security			<u>341,958</u>
Total Expenditures of Federal Awards			<u>\$ 1,833,370</u>

The accompanying notes are an integral part of this schedule.

**CITY OF RIVERSIDE
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Riverside (the City) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, or changes in net position of the City. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 2 – INDIRECT COST RATE

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

NOTE 3 - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**Independent Auditor's 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***

City of Riverside
Montgomery County
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

To the Members of Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Riverside, Montgomery County, Ohio, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City of Riverside's basic financial statements, and have issued our report thereon dated July 26, 2021, wherein we noted as described in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Riverside'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 City of Riverside's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Riverside'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 City of Riverside's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Riverside'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 City of Riverside's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
July 26, 2021

**Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

City of Riverside
Montgomery County
5200 Springfield Street, Suite 100
Riverside, Ohio 45431

To the Members of Council and Mayor:

Report on Compliance for Each Major Federal Program

We have audited the City of Riverside’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Riverside’s major federal programs for the year ended December 31, 2020. The City of Riverside’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Riverside complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City of Riverside is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Riverside's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Riverside's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Julian & Grube, Inc.
July 26, 2021

**CITY OF RIVERSIDE
MONTGOMERY COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	COVID-19 – Coronavirus Relief Fund (CFDA 21.019)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS
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None.

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OHIO AUDITOR OF STATE KEITH FABER



CITY OF RIVERSIDE

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/14/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov