



**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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FAIRFIELD COUNTY
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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FAIRFIELD COUNTY
FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITOR'S REPORT

Berne Union Local School District
Fairfield County
506 North Main Street
Sugar Grove, Ohio 43155

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Berne Union Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 3, 2025

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BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

The discussion and analysis of the Berne Union Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- < Total net cash position of the District at June 30, 2024 is \$18,343,534. This balance was comprised of a \$11,396,140 balance in net position amounts restricted for specific purposes and a balance of \$6,947,394 in unrestricted net position.
- < In total, net cash position of governmental activities decreased by \$17,598,394, which represents a 49.03 percent decrease from 2023. Net cash position of the business-type activities decreased \$31,605, which represents a 38.67 percent decrease from 2023.
- < General receipts accounted for \$23,146,660 or 92.07 percent of all receipts of governmental activities. Program specific receipts in the form of charges for services and sales, operating grants and contributions accounted for \$1,993,959 or 7.93 percent of total receipts of \$25,140,619 for the governmental activities.
- < The District had \$42,739,013 in disbursements related to governmental activities; only \$1,993,959 of these disbursements were offset by program specific charges for services and sales, operating grants or contributions. General receipts (primarily taxes, grants, and entitlements) of \$23,146,660 were used to provide for the remainder of these programs.
- < The District had \$82,319 in disbursements related to business-type activities; \$50,714 of these disbursements were offset by program specific charges for services and sales.
- < The District recognizes three major governmental funds: the General, Building and Bond Retirement Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$18,673,299 in receipts and \$15,619,828 in disbursements in fiscal year 2024.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, as applicable to the District's cash basis of accounting, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements – Cash Basis

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and present all cash activity of the District, excluding that of the fiduciary funds. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on all of the District's cash and net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the District's net cash position changed during the recent fiscal year. All changes in net cash position are reported as cash is received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. Primarily taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts fund these services.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District preschool operations are reported as business activities.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Reporting the District's Most Significant Funds

Fund Financial Statements

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary 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 individually significant funds (major funds) with all others combined into one column. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using cash basis of accounting.

Proprietary Funds

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the District as a whole. These funds are reported using the cash basis of accounting.

Fiduciary Funds

The District's fiduciary fund is a private purpose trust fund. We exclude these activities from the District's other financial statements because the District cannot use these cash assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Fiduciary funds use the cash basis of accounting.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Recall that the statement of net cash position provides the perspective of the District as a whole, showing cash and net cash position. Table 1 provides a summary of the District's net cash position for 2024 compared to fiscal year 2023:

Table 1
Net Cash Position

	<u>Governmental Activities</u>		<u>Business -Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
<u>Cash Assets:</u>						
Cash and Cash Equivalents	<u>\$ 18,293,412</u>	<u>\$ 35,891,806</u>	<u>\$ 50,122</u>	<u>\$ 81,727</u>	<u>\$ 18,343,534</u>	<u>\$ 35,973,533</u>
<i>Total Cash Assets</i>	<u>18,293,412</u>	<u>35,891,806</u>	<u>50,122</u>	<u>81,727</u>	<u>18,343,534</u>	<u>35,973,533</u>
<u>Net Cash Position:</u>						
Restricted	11,396,140	29,423,939	0	0	11,396,140	29,423,939
Unrestricted	<u>6,897,272</u>	<u>6,467,867</u>	<u>50,122</u>	<u>81,727</u>	<u>6,947,394</u>	<u>6,549,594</u>
<i>Total Net Cash Position</i>	<u>\$18,293,412</u>	<u>\$35,891,806</u>	<u>\$50,122</u>	<u>\$81,727</u>	<u>\$18,343,534</u>	<u>\$35,973,533</u>

Total Cash and Cash Equivalents decreased \$17,629,999 from fiscal year 2023. The primary reason for the decrease is due to payments for the building construction project disbursements in 2024.

The District's largest portion of net position is restricted. The restricted net cash position is subject to external restrictions on how they may be used.

The remaining balance of \$6,947,394 is unrestricted net cash position. Unrestricted net cash position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

Table 2 shows the changes in net cash position for fiscal year 2024 and provides a comparison to fiscal year 2023.

BERNE UNION LOCAL SCHOOL DISTRICT*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2024**(Unaudited)*

Table 2
Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Services and Sales	\$306,411	\$288,675	\$50,714	\$53,010	\$357,125	\$341,685
Operating Grants and Contributions	1,687,548	2,948,277	0	0	1,687,548	2,948,277
<i>General Receipts:</i>						
Property Taxes	10,256,338	9,535,869	0	0	10,256,338	9,535,869
Income Taxes	2,787,457	2,778,126	0	0	2,787,457	2,778,126
Unrestricted Grants and Entitlements	4,265,929	4,140,445	0	0	4,265,929	4,140,445
Investment Earnings	423,321	449,985	0	0	423,321	449,985
Payments in Lieu of Taxes	20,612	17,997	0	0	20,612	17,997
Miscellaneous	186,912	86,190	0	0	186,912	86,190
Certificates of Participation Issued	5,000,000	9,200,000	0	0	5,000,000	9,200,000
Premium on Debt Issued	206,091	257,064	0	0	206,091	257,064
<i>Total Receipts</i>	<u>25,140,619</u>	<u>29,702,628</u>	<u>50,714</u>	<u>53,010</u>	<u>25,191,333</u>	<u>29,755,638</u>
<u>Disbursements:</u>						
<i>Program Disbursements:</i>						
<i>Instruction:</i>						
Regular	4,955,179	4,813,838	0	0	4,955,179	4,813,838
Special	3,051,411	3,127,279	0	0	3,051,411	3,127,279
<i>Support Services:</i>						
Pupils	784,824	796,939	0	0	784,824	796,939
Instructional Staff	326,978	322,131	0	0	326,978	322,131
Board of Education	52,116	54,902	0	0	52,116	54,902
Administration	1,387,029	1,342,690	0	0	1,387,029	1,342,690
Fiscal	803,470	724,839	0	0	803,470	724,839
Business	18,001	9,280	0	0	18,001	9,280
Operation and Maintenance of Plant	1,505,975	2,438,081	0	0	1,505,975	2,438,081
Pupil Transportation	1,222,499	1,000,052	0	0	1,222,499	1,000,052
Central	7,167	6,919	0	0	7,167	6,919
<i>Operation of Non-Instructional Services:</i>						
Food Services	985,561	372,351	0	0	985,561	372,351
Extracurricular Activities	331,785	319,406	0	0	331,785	319,406
Capital Outlay	24,360,160	29,740,866	0	0	24,360,160	29,740,866
<i>Debt Service:</i>						
Principal	814,569	1,988,429	0	0	814,569	1,988,429
Interest and Fiscal Charges	1,975,774	1,613,711	0	0	1,975,774	1,613,711
Issuance Cost	156,515	236,907	0	0	156,515	236,907
Preschool	0	0	82,319	21,741	82,319	21,741
<i>Total Disbursements</i>	<u>42,739,013</u>	<u>48,908,620</u>	<u>82,319</u>	<u>21,741</u>	<u>42,821,332</u>	<u>48,930,361</u>
<i>Change in Net Cash Position</i>	<u>(17,598,394)</u>	<u>(19,205,992)</u>	<u>(31,605)</u>	<u>31,269</u>	<u>(17,629,999)</u>	<u>(19,174,723)</u>
Net Position at Beginning of Year	<u>35,891,806</u>	<u>55,097,798</u>	<u>81,727</u>	<u>50,458</u>	<u>35,973,533</u>	<u>55,148,256</u>
Net Position at End of Year	<u>\$18,293,412</u>	<u>\$35,891,806</u>	<u>\$50,122</u>	<u>\$81,727</u>	<u>\$18,343,534</u>	<u>\$35,973,533</u>

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

The most significant governmental activities program disbursements for the District are Capital Outlay, Regular Instruction, Special Instruction, Interest and Fiscal Charges, Operation and Maintenance of Plant, Administration and Pupil Transportation. These programs account for 89.98 percent of the total governmental activities. Capital Outlay, which represents 57.00 percent of the total, represents costs associated with buying and constructing buildings. Regular Instruction, which accounts for 11.59 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 7.14 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Interest and Fiscal Charges, which represents 4.62 percent of the total, represents costs of the interest portion of general obligation debt. Operation and Maintenance of Plant, which represents 3.52 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 3.25 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupil Transportation, which represents 2.86 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

As noted previously, the net cash position for the governmental activities decreased \$17,598,394 or 49.03 percent. This is a change from last year when net cash position decreased \$19,205,992 or 34.86 percent. For the governmental activities, total receipts decreased \$4,562,009 or 15.36 percent from last year and disbursements decreased \$6,169,607 or 12.61 percent from last year.

The District's governmental activities had a decrease in program receipts of \$1,242,993, and a decrease in general receipts of \$3,319,016. The decrease in program receipts is due to a decrease in ESSER federal funding for fiscal year 2024. The decrease in general receipts is primarily due to a decrease in proceeds from the issuance of the certificates of participation.

The total disbursements for governmental activities decreased primarily from a decrease of \$5,380,706 in capital outlay and \$932,106 in operation and maintenance of plant. The decrease in capital outlay is due to decreased expenses paid for the construction of new facilities.

The majority of the funding for the most significant programs indicated above is from property taxes and unrestricted grants and entitlements. Property taxes and unrestricted grants and entitlements account for 57.76 percent of total receipts for governmental activities.

The net position for the business-type activities decreased \$31,605. The business-type activities had \$50,714 of program receipts and \$82,319 of program disbursements. For the business-type activities, total receipts decreased \$2,296 or 4.33 percent from last year and disbursements increased \$60,578 or 278.63 percent from last year.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. The District was facing a potential deficit (dependent upon the State's Biennium Budget for Fiscal Year 2007) in fiscal year 2007 and would have been placed in Fiscal Caution by the Ohio Department of Education. To avoid the potential deficit, in May 2007, the Board of Education placed an income tax levy on the ballot. The voters approved the 1 percent income tax levy, which was replaced by a 2.0 percent earned income tax replacement levy in May 2014. This 2.0 percent income tax levy was approved as a continuing tax by voters in May 2021.

The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 40.79 percent and intergovernmental receipts (unrestricted and operating grants) made up 23.68 percent of the total receipts for the governmental activities in

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely because of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2024, the District received \$4,663,630 through the State's foundation program, which represents 18.55 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 18.73 percent of governmental activities program disbursements. Support services disbursements make up 14.29 percent of governmental activities program disbursements. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities include the Preschool activities. This program had program receipts of \$50,714 and disbursements of \$82,319 for fiscal year 2024. All of the program receipts were from tuition and fees.

Table 3 shows, the total cost of services and the net cost of services for fiscal year 2024 and comparison to fiscal year 2023. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Activities

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
<i>Program Disbursements:</i>				
<i>Governmental Activities:</i>				
Instruction	\$8,006,590	\$7,941,117	\$6,992,006	\$6,942,350
Support Services	6,108,059	6,695,833	5,616,343	4,917,247
Operation of Non-Instructional Services	985,561	372,351	570,514	(13,628)
Extracurricular Activities	331,785	319,406	259,173	245,786
Capital Outlay	24,360,160	29,740,866	24,360,160	29,740,866
Principal Retirement	814,569	1,988,429	814,569	1,988,429
Interest and Fiscal Charges	1,975,774	1,613,711	1,975,774	1,613,711
Issuance Cost	156,515	236,907	156,515	236,907
<i>Business-Type Activities:</i>				
Preschool	82,319	21,741	31,605	(31,269)
Total Disbursements	<u>\$42,821,332</u>	<u>\$48,930,361</u>	<u>\$40,776,659</u>	<u>\$45,640,399</u>

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

(Unaudited)

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$28,134,031 and disbursements and other financing uses of \$46,074,656.

The total fund balance of governmental funds decreased by \$17,940,625. The decrease in fund balance for the year was most significant in the Building Fund where there was a decrease of \$18,546,859, due to an increase in capital outlay disbursements. The General Fund fund balance increased \$60,059, due to an increase in receipts.

Budget Highlights - General Fund

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2024, the District did amend its General Fund budget from the original budget. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$18,463,349 representing a \$417,535 change from the original budget estimates of \$18,045,814. In addition, the final budget basis disbursements were \$15,652,513 and reflects an \$278,964 change from the original budget estimates of \$15,373,549.

Debt Administration

At June 30, 2024, the District had \$59,659,910 in general obligation debt outstanding with \$790,565 due within one year. Table 4 summarizes the general obligation debt outstanding for fiscal year 2024 compared to fiscal year 2023.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2024	2023
Certificates of Participation - Series 2020	\$45,595,000	\$46,045,000
Certificates of Participation - Series 2023	8,865,000	\$9,200,000
Certificates of Participation - Series 2024	5,000,000	\$0
Energy Conservation Notes	199,910	\$229,479
Total General Obligation Debt	<u>\$59,659,910</u>	<u>\$55,474,479</u>

More detailed information pertaining to the District's long-term debt activity can be found in Note 12 of the notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024 (Unaudited)

Current Issues

Although considered a mid-wealth district, Berne Union Local School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the District is dependent on property taxes and a District income tax. Public Utilities Personal Property Tax (PUPP) valuation increased 148% during tax year 2019, which resulted in the District receiving an additional \$3,500,000 a year in receipts. The District has completed construction on a new PK/12 school building with the increased revenue. Careful financial planning has permitted the District to provide a quality education for our students.

As noted above, the Berne Union Local School District continues to anticipate meaningful growth in revenue as a result of the increase in PUPP Valuation. Besides the new PK/12 building the District doesn't anticipate any major expenditures in the near future. Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

The District voters approved a 10 year earned income tax replacement levy of 2 percent in May 2014, for tax years 2015-2024. This issue was converted to a continuing levy by voters of the District on May 4, 2021. In July 2024, the District received \$2,787,457, a \$9,331 increase compared to July 2023.

Tax year 2022, collected and paid in 2023, was a triannual update for Fairfield County. The District realized a 26.9% increase in Class 1 properties and a 24.62% increase in PUPP values.

Currently, unpaid property taxes in the Berne Union School District continue to be an issue resulting in a substantial loss of revenue. The amount of money we spend per student is \$1,200 less than the state average. All funding for new school bus purchases have been eliminated by the Ohio Department of Education through House Bill 1. The District has been able to update the bus fleet over the past few years.

Beginning in fiscal year 2022, Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data. The state's share of the calculated Base Cost total is \$2,036,936 or \$2,599 per pupil.

The FSFP also started funding students where they attended school. Therefore district educated enrollment is now used for per pupil funding. At the same time, the FSFP eliminated tuition transfer payments from school districts.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Kirk Grandy, Treasurer of Berne Union Local School Board of Education, 506 North Main Street, Sugar Grove, Ohio 43155.

BERNE UNION LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
<u>Cash Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$17,873,627	\$50,122	\$17,923,749
Cash and Cash Equivalents with Fiscal Agent	419,785	0	419,785
<i>Total Assets</i>	18,293,412	50,122	18,343,534
<u>Net Cash Position:</u>			
<i>Restricted for:</i>			
Capital Improvements	8,161,802	0	8,161,802
Debt Service	2,905,445	0	2,905,445
Food Service Operations	274,073	0	274,073
Other Purposes	54,820	0	54,820
Unrestricted	6,897,272	50,122	6,947,394
<i>Total Net Cash Position</i>	\$18,293,412	\$50,122	\$18,343,534

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2024*

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>						
<i>Instruction:</i>						
Regular	\$4,955,179	\$142,615	\$86,977	(\$4,725,587)	\$0	(\$4,725,587)
Special	3,051,411	0	784,992	(2,266,419)	0	(2,266,419)
<i>Support Services:</i>						
Pupils	784,824	0	0	(784,824)	0	(784,824)
Instructional Staff	326,978	0	16,266	(310,712)	0	(310,712)
Board of Education	52,116	0	0	(52,116)	0	(52,116)
Administration	1,387,029	0	0	(1,387,029)	0	(1,387,029)
Fiscal	803,470	0	0	(803,470)	0	(803,470)
Business	18,001	0	0	(18,001)	0	(18,001)
Operation and Maintenance of Plant	1,505,975	0	12,672	(1,493,303)	0	(1,493,303)
Pupil Transportation	1,222,499	0	458,783	(763,716)	0	(763,716)
Central	7,167	0	3,995	(3,172)	0	(3,172)
<i>Operation of Non-Instructional Services:</i>						
Food Service	985,561	91,184	323,863	(570,514)	0	(570,514)
Extracurricular Activities	331,785	72,612	0	(259,173)	0	(259,173)
Capital Outlay	24,360,160	0	0	(24,360,160)	0	(24,360,160)
<i>Debt Service:</i>						
Principal	814,569	0	0	(814,569)	0	(814,569)
Interest and Fiscal Charges	1,975,774	0	0	(1,975,774)	0	(1,975,774)
Issuance Costs	156,515	0	0	(156,515)	0	(156,515)
<i>Total Governmental Activities</i>	<u>42,739,013</u>	<u>306,411</u>	<u>1,687,548</u>	<u>(40,745,054)</u>	<u>0</u>	<u>(40,745,054)</u>
<u>Business-Type Activities:</u>						
Preschool	82,319	50,714	0	0	(31,605)	(31,605)
<i>Total Business-Type Activities</i>	<u>82,319</u>	<u>50,714</u>	<u>0</u>	<u>0</u>	<u>(31,605)</u>	<u>(31,605)</u>
<i>Totals</i>	<u>\$42,821,332</u>	<u>\$357,125</u>	<u>\$1,687,548</u>	<u>(40,745,054)</u>	<u>(31,605)</u>	<u>(40,776,659)</u>
<u>General Cash Receipts:</u>						
<i>Property Taxes Levied for:</i>						
General Purposes				10,256,338	0	10,256,338
Income Taxes Levied for General Purposes				2,787,457	0	2,787,457
Grants and Entitlements not Restricted to Specific Programs				4,265,929	0	4,265,929
Payments in Lieu of Taxes				20,612	0	20,612
Investment Earnings				423,321	0	423,321
Certificates of Participation Issued				5,000,000	0	5,000,000
Premium on Debt Issued				206,091	0	206,091
Miscellaneous				186,912	0	186,912
<i>Total General Cash Receipts</i>				<u>23,146,660</u>	<u>0</u>	<u>23,146,660</u>
Changes in Net Cash Position				(17,598,394)	(31,605)	(17,629,999)
<i>Net Cash Position at Beginning of Year</i>				<u>35,891,806</u>	<u>81,727</u>	<u>35,973,533</u>
<i>Net Cash Position at End of Year</i>				<u>\$18,293,412</u>	<u>\$50,122</u>	<u>\$18,343,534</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Cash Basis Assets and Fund Cash Balances
Governmental Funds
June 30, 2024

	General	Building	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Cash Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,300,567	\$7,899,046	\$2,905,445	\$591,649	\$17,696,707
<i>Total Cash Assets</i>	<u>\$6,300,567</u>	<u>\$7,899,046</u>	<u>\$2,905,445</u>	<u>\$591,649</u>	<u>\$17,696,707</u>
<u>Fund Cash Balances:</u>					
Nonspendable	\$5,562	\$0	\$0	\$0	\$5,562
Restricted	0	7,899,046	2,905,445	591,649	11,396,140
Assigned	<u>6,295,005</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,295,005</u>
<i>Total Fund Cash Balances</i>	<u>\$6,300,567</u>	<u>\$7,899,046</u>	<u>\$2,905,445</u>	<u>\$591,649</u>	<u>\$17,696,707</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities
June 30, 2024*

Total Governmental Fund Cash Balances	\$17,696,707
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*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.	<u>596,705</u>
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<i>Net Cash Position of Governmental Activities</i>	<u><u>\$18,293,412</u></u>
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See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Building	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Cash Receipts:</u>					
Property Taxes	\$10,256,338	\$0	\$0	\$0	\$10,256,338
Income Tax	2,787,457	0	0	0	2,787,457
Intergovernmental	5,141,006	0	0	812,353	5,953,359
Interest	142,570	208,182	72,569	0	423,321
Tuition and Fees	142,615	0	0	0	142,615
Extracurricular Activities	0	0	0	72,612	72,612
Payment in Lieu of Taxes	20,612	0	0	0	20,612
Gifts and Donations	0	0	0	118	118
Customer Sales and Services	0	0	0	91,184	91,184
Miscellaneous	182,701	0	0	4,211	186,912
Total Cash Receipts	18,673,299	208,182	72,569	980,478	19,934,528
<u>Cash Disbursements:</u>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	5,008,218	0	0	91,664	5,099,882
Special	2,758,479	0	0	358,007	3,116,486
<i>Support Services:</i>					
Pupils	807,207	0	0	0	807,207
Instructional Staff	318,079	0	0	16,700	334,779
Board of Education	52,116	0	0	0	52,116
Administration	1,420,866	0	0	2,635	1,423,501
Fiscal	816,211	0	0	0	816,211
Business	18,001	0	0	0	18,001
Operation and Maintenance of Plant	1,512,179	0	0	12,672	1,524,851
Pupil Transportation	1,247,343	0	0	0	1,247,343
Central	3,567	0	0	3,600	7,167
<i>Operation of Non-Instructional Services:</i>					
Food Service Operations	0	0	0	985,561	985,561
Extracurricular Activities	262,277	0	0	78,844	341,121
Capital Outlay	605,119	23,755,041	0	0	24,360,160
<i>Debt Service:</i>					
Principal Retirement	364,569	0	0	450,000	814,569
Interest and Fiscal Charges	425,597	0	19,521	1,530,656	1,975,774
Issuance Costs	0	0	156,515	0	156,515
Total Cash Disbursements	15,619,828	23,755,041	176,036	3,530,339	43,081,244
Excess (deficiency) of Cash Receipts Over (Under) Cash Disbursements	3,053,471	(23,546,859)	(103,467)	(2,549,861)	(23,146,716)
<u>Other Financing Sources (Uses):</u>					
Certificates of Participation Issued	0	5,000,000	0	0	5,000,000
Premium Debt Issued	0	0	206,091	0	206,091
Transfers In	0	0	750,000	2,243,412	2,993,412
Transfers Out	(2,993,412)	0	0	0	(2,993,412)
Total Other Financing Sources (Uses)	(2,993,412)	5,000,000	956,091	2,243,412	5,206,091
Net Changes in Fund Cash Balances	60,059	(18,546,859)	852,624	(306,449)	(17,940,625)
Fund Cash Balances at Beginning of Year, As Previously Reported	6,240,508	26,445,905	0	2,950,919	35,637,332
<i>Change within Financial Reporting Entity:</i>					
Major to Nonmajor Fund and Nonmajor to Major Fund - See Note 3	0	0	2,052,821	(2,052,821)	0
Fund Cash Balances at Beginning of Year, As Restated	6,240,508	26,445,905	2,052,821	898,098	35,637,332
Fund Cash Balances at End of Year	\$6,300,567	\$7,899,046	\$2,905,445	\$591,649	\$17,696,707

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Cash Balances - Total Governmental Funds	(\$17,940,625)
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***Amounts reported for governmental activities in the
Statement of Activities are different because:***

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide Statement of Activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

342,231

Change in Net Cash Position of Governmental Activities

<u>(\$17,598,394)</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Receipts, Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Receipts:</u>				
Property Taxes	\$9,875,000	\$10,256,338	\$10,256,338	\$0
Income Tax	2,856,414	2,787,457	2,787,457	0
Intergovernmental	5,038,500	5,034,814	5,141,006	106,192
Interest	95,000	120,000	142,570	22,570
Tuition and Fees	117,900	133,948	134,775	827
Payments in Lieu of Taxes	18,000	20,612	20,612	0
Miscellaneous	45,000	110,180	110,409	229
<i>Total Receipts</i>	<u>18,045,814</u>	<u>18,463,349</u>	<u>18,593,167</u>	<u>129,818</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,877,876	4,914,777	5,042,635	(127,858)
Special	2,876,308	2,902,991	2,827,286	75,705
<i>Support Services:</i>				
Pupils	821,590	821,977	807,347	14,630
Instructional Staff	316,246	316,621	318,144	(1,523)
Board of Education	58,196	59,062	53,041	6,021
Administration	1,338,797	1,382,274	1,417,467	(35,193)
Fiscal	755,586	762,252	818,742	(56,490)
Business	9,837	16,791	22,369	(5,578)
Operation and Maintenance of Plant	1,182,993	1,307,063	1,844,327	(537,264)
Pupil Transportation	1,034,513	1,067,096	1,279,340	(212,244)
Central	3,518	3,518	3,567	(49)
Extracurricular Activities	257,732	257,734	269,481	(11,747)
Capital Outlay	607,123	607,123	715,844	(108,721)
<i>Debt Service:</i>				
Principal Retirement	1,204,812	1,204,812	364,569	840,243
Interest and Fiscal Charges	28,422	28,422	425,597	(397,175)
<i>Total Disbursements</i>	<u>15,373,549</u>	<u>15,652,513</u>	<u>16,209,756</u>	<u>(557,243)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,672,265</u>	<u>2,810,836</u>	<u>2,383,411</u>	<u>(427,425)</u>
<u>Other Financing (Uses):</u>				
Transfers Out	<u>(8,599,618)</u>	<u>(9,016,685)</u>	<u>(2,993,412)</u>	<u>6,023,273</u>
<i>Total Other Financing (Uses)</i>	<u>(8,599,618)</u>	<u>(9,016,685)</u>	<u>(2,993,412)</u>	<u>6,023,273</u>
<i>Net Change in Fund Balances</i>	<u>(5,927,353)</u>	<u>(6,205,849)</u>	<u>(610,001)</u>	<u>5,595,848</u>
<i>Fund Balance at Beginning of Year</i>	<u>5,927,355</u>	<u>5,927,355</u>	<u>5,927,355</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>278,494</u>	<u>278,494</u>	<u>278,494</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$278,496</u>	<u>\$0</u>	<u>\$5,595,848</u>	<u>\$5,595,848</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

Statement of Fund Net Position - Cash Basis

Proprietary Funds

June 30, 2024

	Business-Type Activities	Governmental Activities
	Other Enterprise	Internal Service
<u>Cash Assets:</u>		
<i>Current Cash Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$50,122	\$176,920
Cash and Cash Equivalents with Fiscal Agent	0	419,785
<i>Total Cash Assets</i>	50,122	596,705
<u>Net Cash Position:</u>		
Unrestricted	50,122	596,705
<i>Total Net Cash Position</i>	\$50,122	\$596,705

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash
Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Business-Type Activities	Governmental Activities
	Other Enterprise	Internal Service
<u>Operating Cash Receipts:</u>		
Tuition	\$50,714	\$0
Charges for Services	0	2,293,244
	<hr/>	<hr/>
<i>Total Operating Cash Receipts</i>	50,714	2,293,244
<u>Operating Cash Disbursements:</u>		
Salaries	75,000	0
Purchased Services	355	558,915
Materials and Supplies	6,964	0
Claims	0	1,392,098
	<hr/>	<hr/>
<i>Total Operating Cash Disbursements</i>	82,319	1,951,013
	<hr/>	<hr/>
<i>Operating Income(Loss)</i>	(31,605)	342,231
<i>Net Cash Position at Beginning of Year</i>	81,727	254,474
	<hr/>	<hr/>
<i>Net Cash Position at End of Year</i>	<u>\$50,122</u>	<u>\$596,705</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
June 30, 2024

	Private Purpose Trust
	<hr/>
<u>Cash Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<hr/> \$6,868 <hr/>
<u>Net Cash Position:</u>	
Held in Trust for Scholarships	<hr/> 6,868 <hr/>
<i>Total Net Cash Position</i>	<hr/> <hr/> \$6,868 <hr/> <hr/>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2024

	Private Purpose Trust
<u>Additions:</u>	
Miscellaneous	\$1,500
<u>Deductions:</u>	
Scholarship Payments in Accordance with Trust Agreements	500
<i>Change in Net Cash Position</i>	1,000
<i>Net Cash Position at Beginning of Year</i>	5,868
<i>Net Cash Position at End of Year</i>	<u>\$6,868</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Berne Union Local School District (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established through the consolidation of existing land areas and school districts. It is staffed by 46 non-certificated employees, 64 certificated full-time teaching personnel and 4 administrative employees who provide services to 854 students and other community members.

Reporting Entity

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

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

The District is associated with two jointly governed organizations: the Metropolitan Educational Technology Association (META) Solutions and the South Central Ohio Insurance Consortium (SCOIC). The District is also associated with one insurance purchasing pool: Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. As discussed further in Note 2.D., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. The more significant of the District's accounting policies are described below.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

A. Basis of Presentation

The District's basic financial statement consists of government-wide financial 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 District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the cash position of the governmental activities and business-type activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within three categories: governmental, proprietary and fiduciary.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund cash balance.

The following are the District's major governmental funds:

General Fund- This fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Fund- This fund is used to account for the proceeds of long-term debt issued for improvements of school facilities and the payment of these construction costs.

Bond Retirement Fund - This fund is used to account for financial resources accumulated for the payment of general long-term debt principal, interest and related costs.

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

Proprietary Funds

Proprietary funds may be classified as either enterprise or internal service funds. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for a preschool program which is funded through tuition fees charged. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides health and dental benefits to employees.

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary fund is a private purpose trust fund that accounts for monies donated to be used for scholarships.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared measuring receipts and disbursements when cash is received or paid.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

Fund Financial Statements

Only cash is included on the Balance Sheet. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds, proprietary and fiduciary fund financial statements are prepared using the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$142,570, which includes \$43,986 assigned from other District funds. Interest revenue was also credited to the Building Fund and the Bond Retirement Fund in the amounts of \$208,182 and \$72,569, respectively.

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

F. Inventory

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. Amounts on financial statement represent unspent state mandated set-aside amounts.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

J. Long-Term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

L. Net Cash Position

Net cash position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District first applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

M. Fund Cash Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

N. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the proprietary fund. For the District, these receipts are tuition for the preschool program and charges for services for the self-insurance program. Operating disbursements are necessary costs incurred to run the preschool and to provide the self-insurance service that are the primary activities of the funds. Receipts and disbursements not meeting these definitions are reported as nonoperating.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one 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 disbursements to the funds that initially paid for them are not presented on the financial statements.

P. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of control has been established at the fund level of expenditures, the District has elected to present the budgetary statement for the General Fund at the fund and function level of expenditures in the basic financial statements. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2024.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

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

NOTE 3 – NEW ACCOUNTING PRINCIPLES AND COMPLIANCE

Change to or within the Financial Reporting Entity

For the fiscal year 2024, the District has implemented GASB Statement No. 100, Accounting Changes. This statement enhances accounting and financial reporting requirements for accounting and error corrections to provide more understandable, reliable, relevant, consistent, and compatible information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did have an effect on the financial statements of the School District, due to a change in the reporting entity resulting from a new major fund for fiscal year 2024.

During fiscal year 2024, changes within the financial reporting entity resulted in restatements of beginning fund balance. The Capital Projects fund presentation was changed from major to nonmajor and also Bond Retirement fund presentation changed from nonmajor to major.

	Bond	Capital	All Other
	Retirement	Projects	Governmental
			Funds
Balance as Previously Reported at June 30, 2023	\$0	\$0	\$2,950,919
Change to/within the Financial Reporting Entity	2,052,821	0	(2,052,821)
Balance as restated at June 30, 2023	<u>\$2,052,821</u>	<u>\$0</u>	<u>\$898,098</u>

Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (budgetary basis) presented for the General Fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The differences between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the General Fund on the cash basis but not on the budgetary basis.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statement:

	Net Change in Fund Cash Balance
	<u>General</u>
Cash Basis	\$60,059
Adjustment for encumbrances	(639,525)
Funds budgeted elsewhere**	<u>(30,535)</u>
Budget Basis	<u><u>(\$610,001)</u></u>

**As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 accounts including passbook accounts.

Public depositories must give security for all public funds on deposit. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

- (1) United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing 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 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- (6) The State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and bankers' acceptances (if authorized by the Board of Education).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40 "Deposit and Investment Risk Disclosures."

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

At June 30, 2024, the carrying amount of all District deposits was \$8,708,333. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2023, \$8,047,774 of the District's bank balance of \$8,297,774 was exposed to custodial credit risk as discussed above while \$250,000 was covered by Federal Depository Insurance.

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

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2024 the District's financial institution participated in the Ohio Pool Collateral System.

Investments: As of June 30, 2024, the District had the following investments and maturities:

Measurement/Investment Type	Measurement Value	Less Than One Year	One to Two Years	Three to Five Years
<i>Amortized Costs:</i>				
STAROhio	\$1,225,949	\$1,225,949	\$0	\$0
<i>Cost Basis:</i>				
Federal Farm Credit Bank Discount Notes	752,866	0	0	752,866
U.S. Treasury Notes	1,549,767	0	0	1,549,767
Negotiable CD's	495,509	0	495,509	0
Money Market	5,617,978	5,617,978	0	0
Total	<u>\$9,642,069</u>	<u>\$6,843,927</u>	<u>\$495,509</u>	<u>\$2,302,633</u>

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk is the risk, that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less. Commercial paper must mature within 270 days.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its investments to those authorized by state statute in its investment policy. Standard and Poor's has assigned STAROhio a rating of "AAAm" and for the Federal Farm Credit Bank Discount Notes, and U.S. Treasury Notes a rating of "AAA". Credit ratings for negotiable CD's are not readily available.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investments be held in the name of the District. All of the District's investments are held in the name of the District.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary although Ohio Law sets limits on investments in commercial paper. The District's investments in STAROhio, Federal Farm Credit Bank Discount Notes, U.S. Treasury Notes, Negotiable CD's and Money Market were 13%, 8%, 16%, 5% and 58%, respectively, of the District's total investments.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. 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 alternate payment dates to be established.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2023 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Fairfield and Hocking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2024 are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	<u>2023 Second Half Collections</u>		<u>2024 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$151,994,080	47.14%	\$152,940,160	46.61%
Public Utility Personal	170,437,290	52.86%	175,158,000	53.39%
Total Assessed Value	<u>\$322,431,370</u>	<u>100.00%</u>	<u>\$328,098,160</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.90		\$43.90	

NOTE 7- INCOME TAX

The District levies a voted income tax of 2.00 percent for general operations on the earned income of residents. The income tax became effective on January 1, 2015. The income tax was renewed at 2.00 percent by voters in 2021 as a continuing tax. Employers of residents are required to withhold income tax on earned income and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts of \$2,787,457 were credited to the General Fund for fiscal year 2024.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2024, the District contracted with Hylant Administrative Services for professional and general liability insurance, fleet insurance and property insurance. Coverage's provided are as follows:

Description	Amount
Building and Contents (\$2,500 deductible)	\$ 45,120,609
Fleet Liability (Buses \$1,000 collision and comprehensive all other \$500 deductible for collision and \$250 for comprehensive)	3,000,000
General Liability:	
Per Occurrence	4,000,000
Aggregate Limit	6,000,000
Public Officials Bonds:	
Treasurer	50,000
Superintendent	25,000
Board President	25,000

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

For fiscal year 2024, the District participated in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP) (the Plan), an insurance purchasing pool (Note 17). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Sheakley Unicom provides administrative, cost control and actuarial services to the Plan.

The District joined four other school districts January 1, 1996, to form a regional council of governments in accordance with Ohio Revised Code Chapter, the South Central Ohio Insurance Consortium (SCOIC) for the purpose of carrying out a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code, in an effort to minimize risk exposure and control claims and premium costs. The Board's share and the employees' share of premium contributions are determined by the negotiated agreement for employee groups and by the Board action for administrative employees.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 8 - RISK MANAGEMENT – (Continued)

Stop loss limits are established by each district participating within the program. For fiscal year 2024, the District had an individual stop loss limit of \$75,000 per person with a \$3 million maximum lifetime limit per person. With this coverage, the District contributions to the program cover the first \$75,000 in claims per individual and anything in excess of this amount is covered by commercial stop loss coverage obtained through commercial carriers. Effective July 1, 2016 claims in excess of the individual predetermined limit established by each district up to \$200,000 will be covered by SCOIC internal pool with anything in excess of that amount covered by commercial carriers.

EV Benefits services all claims submitted by employees. The charges for services receipts reported in the internal service fund within these financial statements reflect the premiums paid by the same fund as those that are responsible for the employees' salaries. Disbursements reported within the internal service fund represent cash disbursements reported by SCOIC to operate the District's self-insurance program including claims, claims reserves and administrative costs.

At June 30, 2024, the District had an estimated \$93,035 of claims liability, based on an estimate provided by SCOIC, related to incurred but not reported (IBNR) claims at year end. The change in claims activity for the past two years is presented below.

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2023	\$131,959	\$2,036,771	\$2,036,227	\$132,503
2024	132,503	1,392,098	1,431,566	93,035

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

The net pension liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was \$283,800 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$814,568 for fiscal year 2024.

Net Pension Liability

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 9 - DEFINED BENEFIT PENSION PLANS** – (Continued)

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04785110%	0.03957094%	
Prior Measurement Date	0.05269180%	0.03875147%	
Change in Proportionate Share	-0.00484070%	0.00081947%	
Proportionate Share of the Net Pension Liability	\$2,644,018	\$8,521,577	\$11,165,595
Pension Expense (Gain)	\$19,414	\$1,161,361	\$1,180,775

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses	7.00 percent net of system expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Mortality rates for 2023 and 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$3,902,438	\$2,644,018	\$1,584,042

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.50 percent	2.50 percent
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-Retirement mortality rates for 2023 and 2022 are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return**
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$13,104,300	\$8,521,577	\$4,645,848

Assumption and Benefit Changes Since the Prior Measurement Date – The discount rate remained at 7.00 percent for June 30, 2023 valuation.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$31,387.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$31,387 for fiscal year 2024.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability(asset) was measured as of June 30, 2023, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.04885570%	0.03957094%	
Prior Measurement Date	0.05324130%	0.03875147%	
Change in Proportionate Share	<u>-0.00438560%</u>	<u>0.00081947%</u>	
Proportionate Share of the Net OPEB Liability	\$804,871	\$0	\$804,871
Proportionate Share of the Net OPEB (Asset)	\$0	(\$769,600)	(\$769,600)
OPEB Expense (Gain)	(\$159,647)	\$58,764	(\$100,883)

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	3.86 percent	3.69 percent
Prior Measurement Date	3.69 percent	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.27 percent	4.08 percent
Prior Measurement Date	4.08 percent	2.27 percent
Medical Trend Assumption		
Medicare	6.75 to 4.40 percent	7.00 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.40 percent

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

For 2023 and 2022, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023 and 3.69 percent at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent to 4.40 percent).

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$1,028,855	\$804,871	\$628,250

	Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$591,311	\$804,871	\$1,087,867

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation and the June 30, 2022 actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate	7.50 percent initial, 3.94 percent ultimate
Medicare	-10.94 percent initial, 4.14 percent ultimate	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate	9.00 percent initial, 3.94 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate	-5.47 initial, 3.94 percent ultimate

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

For healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023, and was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$651,366	\$769,600	\$872,570

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$877,348	\$769,600	\$639,820

Assumption Changes Since the Prior Measurement Date – The discount rate remained unchanged at 7.00 percent for June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024,

NOTE 11 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days for aides and all other classified employees and for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 55 days for all employees.

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 12 - LONG-TERM OBLIGATIONS**

The changes in the District's long-term liabilities during fiscal year 2024 were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2023	Additions	Deductions	Principal Outstanding at June 30, 2024	Amount Due In One Year
<i><u>Governmental Activities:</u></i>							
Certificate of Participation - Series 2020	2021	4.00%	\$46,045,000	\$0	\$450,000	\$45,595,000	\$405,000
Certificate of Participation - Series 2023	2023	5.00%	9,200,000	0	335,000	8,865,000	145,000
Certificate of Participation - Series 2024	2024	5.00%	0	5,000,000	0	5,000,000	210,000
HB 264 Energy Conservation Notes	2015	3.34%	229,479	0	29,569	199,910	30,565
Total Governmental Activities Long-Term Liabilities			<u>\$55,474,479</u>	<u>\$5,000,000</u>	<u>\$814,569</u>	<u>\$59,659,910</u>	<u>\$790,565</u>

Certificates of Participation – Series 2020 In December 2020, Berne Union Local School District entered into an agreement with the OFCC (Ohio Facilities Construction Commission) to participate in the ELPP (Expedited Local Partnership Program) to construct a new Pre-K/12 school building. The District issued debt through HB #153 also known as a COPS Project in the amount of \$49,040,000. The District will repay the debt using revenue which is generated with the Leach Xpress Pipeline. The new facility has an estimated completion date of spring 2025.

Certificates of Participation – Series 2023 Berne Union Local School District entered into an agreement with the OFCC (Ohio Facilities Construction Commission) to participate in the ELPP (Expedited Local Partnership Program) to construct a new Pre-K/12 school building. In May 2023, the District issued debt through HB #153 also known as a COPS Project in the amount of \$9,200,000. The District will repay the debt using revenue which is generated with the Leach Xpress Pipeline. The new facility has an estimated completion date of spring 2025.

Certificates of Participation – Series 2024 Berne Union Local School District entered into an agreement with the OFCC (Ohio Facilities Construction Commission) to participate in the ELPP (Expedited Local Partnership Program) to construct a new Pre-K/12 school building. In April 2024, the District issued debt through HB #153 also known as a COPS Project in the amount of \$5,000,000. The District will repay the debt using revenue which is generated with the Leach Xpress Pipeline. The new facility has an estimated completion date of spring 2025.

HB264 Energy Conservation Notes - In July 2015, Berne Union Local School District issued general obligation notes for H.B. 264 energy improvements. The notes were issued for \$435,000 at 3.34% interest and mature June, 2030. The notes will be retired through the General Fund using amounts from energy savings.

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 12 - LONG-TERM OBLIGATIONS** - (Continued)

The annual requirements to retire the general obligation debt outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	HB 264 Energy Conservation Notes			Series 2020 Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$30,565	\$6,412	\$36,977	\$405,000	\$1,520,112	\$1,925,112
2026	31,594	5,382	36,976	360,000	1,504,811	1,864,811
2027	32,658	4,318	36,976	310,000	1,491,411	1,801,411
2028	33,758	3,218	36,976	260,000	1,480,011	1,740,011
2029	34,895	2,081	36,976	210,000	1,470,612	1,680,612
2030-2034	36,440	906	37,346	13,615,000	5,949,156	19,564,156
2035-2039	0	0	0	12,105,000	3,443,466	15,548,466
2040-2044	0	0	0	9,720,000	1,817,672	11,537,672
2045-2049	0	0	0	6,795,000	700,624	7,495,624
2050-2053	0	0	0	1,815,000	49,804	1,864,804
Totals	\$199,910	\$22,317	\$222,227	\$45,595,000	\$19,427,679	\$65,022,679

Fiscal Year Ending June 30,	Series 2023 Certificates of Participation			Series 2024 Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$145,000	\$403,881	\$548,881	\$210,000	\$154,183	\$364,183
2026	150,000	396,506	546,506	80,000	237,294	317,294
2027	160,000	388,756	548,756	80,000	233,294	313,294
2028	165,000	380,631	545,631	85,000	229,294	314,294
2029	175,000	372,131	547,131	90,000	225,044	315,044
2030-2034	1,025,000	1,715,655	2,740,655	525,000	1,052,720	1,577,720
2035-2039	1,300,000	1,426,530	2,726,530	675,000	907,470	1,582,470
2040-2044	1,660,000	1,058,283	2,718,283	850,000	730,056	1,580,056
2045-2049	2,085,000	634,323	2,719,323	1,050,000	524,174	1,574,174
2050-2053	2,000,000	169,126	2,169,126	1,355,000	220,760	1,575,760
Totals	\$8,865,000	\$6,945,822	\$15,810,822	\$5,000,000	\$4,514,289	\$9,514,289

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

On November 8, 1994, the voters of the District passed a .5 mill levy to qualify for State Building Assistance Funds. The District received a \$6,120,000 loan from the State of Ohio for the construction and reconstruction of classroom facilities.

Pursuant to changes that became effective on September 14, 2000, Section 3318.05 of the Ohio Revised Code was amended eliminating the requirement that certain school districts receiving state classroom facilities assistance repay one-half of the required twenty-three year one-half mill levy. From that date forward any school district that had previously been required to make repayment has been directed to cease making the payments to the Ohio School Facilities Commission and to instead deposit one hundred percent of the proceeds in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund designated by the Auditor of State.

The District's overall legal debt margin was \$30,131,076 with an unvoted debt margin of \$328,098 at June 30, 2024.

NOTE 13 – FUND CASH BALANCES

As of June 30, 2024, fund cash balances are composed of the following:

	General	Building	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>					
Unclaimed Monies	\$5,562	\$0	\$0	\$0	\$5,562
<i>Restricted:</i>					
Capital Improvements	0	7,899,046	0	262,756	8,161,802
Debt Service	0	0	2,905,445	0	2,905,445
State Grants	0	0	0	3,525	3,525
Federal Grants	0	0	0	10,257	10,257
Food Service	0	0	0	274,073	274,073
Student Activities	0	0	0	25,755	25,755
Athletics	0	0	0	15,283	15,283
<i>Total Restricted</i>	<u>0</u>	<u>7,899,046</u>	<u>2,905,445</u>	<u>591,649</u>	<u>11,396,140</u>
<i>Assigned:</i>					
Uniform School Supplies	13,207	0	0	0	13,207
Public School Support	46,430	0	0	0	46,430
Subsequent Appropriations	6,235,368	0	0	0	6,235,368
<i>Total Assigned</i>	<u>6,295,005</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,295,005</u>
Total Fund Balance	<u><u>\$6,300,567</u></u>	<u><u>\$7,899,046</u></u>	<u><u>\$2,905,445</u></u>	<u><u>\$591,649</u></u>	<u><u>\$17,696,707</u></u>

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 14 - STATUTORY SET-ASIDES

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

The following changes occurred in the District set-aside reserve accounts during fiscal year 2024:

	Capital Improvements
Set-Aside Balance June 30, 2023	\$27,115
Current Year Set Aside Requirement	174,690
Current Year Qualifying Disbursements	(521,033)
Total	(319,228)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance at June 30, 2024	\$0

Excess of qualified expenditures for capital improvements do not carry forward.

NOTE 15 – ENCUMBRANCE COMMITMENTS

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

	Year-End Encumbrances
General	\$639,525
Building Fund	2,401,035
Nonmajor governmental funds	60,023
Total	\$3,100,583

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2024, the District paid META Solutions \$49,106 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

South Central Ohio Insurance Consortium (SCOIC)

South Central Ohio Insurance Consortium is a regional council of governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Program

The District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool with Sheakley Uniservice, Inc. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 18 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2024, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

C. School Foundation

In fiscal year 2024, District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The final adjustment was not material and is not reflected in the accompanying financial statements.

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BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years (1)

	2024	2023	2022	2021
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.0478511%	0.0526918%	0.0462619%	0.0449912%
District's Proportionate Share of the Net Pension Liability	\$2,644,018	\$2,849,982	\$1,706,930	\$2,975,813
District's Covered Payroll	\$1,869,771	\$1,739,657	\$1,640,571	\$1,531,543
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	141.41%	163.82%	104.04%	194.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.03957094%	0.03875147%	0.03841727%	0.03720747%
District's Proportionate Share of the Net Pension Liability	\$8,521,577	\$8,614,501	\$4,911,993	\$9,002,884
District's Covered Payroll	\$5,055,429	\$5,367,571	\$4,736,029	\$4,584,629
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	168.56%	160.49%	103.72%	196.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.88%	87.80%	75.48%

(1) Information prior to 2014 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

Amounts presented as of the District's measurement date which is the prior fiscal year.

2020	2019	2018	2017	2016	2015
0.0435815%	0.0543749%	0.0431635%	0.0422585%	0.0408237%	0.0380880%
\$2,607,558	\$3,114,151	\$2,578,924	\$3,092,932	\$2,329,440	\$1,927,612
\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893	\$1,218,146	\$1,117,937
201.12%	252.20%	182.97%	222.69%	191.23%	172.43%
70.85%	69.50%	69.50%	62.98%	69.16%	71.70%
0.03739518%	0.03694706%	0.03700119%	0.03454793%	0.03329147%	0.0329850%
\$8,269,719	\$8,123,829	\$8,789,712	\$11,564,234	\$9,200,789	\$8,099,343
\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943	\$3,103,507	\$3,663,892
183.99%	175.03%	222.27%	339.13%	296.46%	224.06%
77.40%	75.30%	75.30%	66.80%	72.10%	74.70%

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Pension
Last Ten Fiscal Years

	2024	2023	2022	2021
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions	\$283,800	\$261,768	\$243,552	\$229,680
Contributions in Relation to the Contractually Required Contributions	<u>(283,800)</u>	<u>(261,768)</u>	<u>(243,552)</u>	<u>(229,680)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$2,027,143	\$1,869,771	\$1,739,657	\$1,640,571
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$814,568	\$707,760	\$751,460	\$663,044
Contributions in Relation to the Contractually Required Contributions	<u>(814,568)</u>	<u>(707,760)</u>	<u>(751,460)</u>	<u>(663,044)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$5,818,343	\$5,055,429	\$5,367,571	\$4,736,029
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$214,416	\$175,029	\$166,698	\$197,327	\$194,445	\$168,835
<u>(214,416)</u>	<u>(175,029)</u>	<u>(166,698)</u>	<u>(197,327)</u>	<u>(194,445)</u>	<u>(168,835)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,531,543	\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893	\$1,218,146
14.00%	13.50%	13.50%	14.00%	14.00%	13.86%
\$641,848	\$629,264	\$649,784	\$553,639	\$477,392	\$434,533
<u>(641,848)</u>	<u>(629,264)</u>	<u>(649,784)</u>	<u>(553,639)</u>	<u>(477,392)</u>	<u>(434,533)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,584,629	\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943	\$3,103,507
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability
Last Eight Fiscal Years (1)

	2024	2023	2022
<u>School Employees Retirement System of Ohio</u>			
District's Proportion of the Other Postemployment Benefits Liability	0.04885570%	0.05324130%	0.04716950%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$804,871	\$747,513	\$892,721
District's Covered Payroll	\$1,869,771	\$1,739,657	\$1,640,571
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	43.05%	42.97%	54.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%
<u>State Teachers Retirement System of Ohio</u>			
District's Proportion of the Other Postemployment Benefits Liability	0.03957094%	0.03875147%	0.03841727%
District's Proportionate Share of the Other Postemployment Benefits Asset	\$769,600	\$1,003,405	\$809,997
District's Proportionate Share of the Other Postemployment Benefits Liability	\$0	\$0	\$0
District's Covered Payroll	\$5,055,429	\$5,367,571	\$4,736,029
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	-15.22%	-18.69%	-17.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.73%	174.70%

(1) Information prior to 2017 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

Amounts presented as of the District's measurement date which is the prior fiscal year.

2021	2020	2019	2018	2017
0.04624040%	0.04424140%	0.05364800%	0.04341720%	0.04246330%
\$1,004,955	\$1,112,578	\$1,488,340	\$1,165,204	\$1,237,551
\$1,531,543	\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893
65.62%	85.81%	120.53%	82.67%	89.10%
18.17%	15.57%	13.57%	12.46%	11.49%
0.03720747%	0.03739518%	0.03694706%	0.03700119%	0.03454793%
\$653,921	\$619,354	\$593,702	\$0	\$0
\$0	\$0	\$0	\$1,443,650	\$1,978,833
\$4,584,629	\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943
-14.26%	-13.78%	-12.79%	36.51%	58.03%
182.13%	174.74%	176.00%	47.10%	37.30%

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Other Postemployment Benefits
Last Nine Fiscal Years (1)

	2024	2023	2022	2021
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions/Surcharge	\$31,387	\$33,647	\$31,514	\$27,592
Contributions in Relation to the Contractually Required Contributions	(31,387)	(33,647)	(31,514)	(27,592)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$2,027,143	\$1,869,771	\$1,739,657	\$1,640,571
Contributions as a Percentage of Covered Payroll	1.55%	1.80%	1.81%	1.68%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$5,818,343	\$5,055,429	\$5,367,571	\$4,736,029
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

2020	2019	2018	2017	2016
\$27,592	\$28,736	\$28,062	\$21,888	\$19,936
(27,592)	(28,736)	(28,062)	(21,888)	(19,936)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,531,543	\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893
1.80%	2.22%	2.27%	1.55%	1.44%
\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,584,629	\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943
0.00%	0.00%	0.00%	0.00%	0.00%

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018.
- Under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar year 2018, 2019 and 2020.

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023-2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Other Postemployment Benefits

Changes in benefit terms:

2017-2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 1.75%

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2024: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- The assumption for percent of pre-Medicare eligible retirees who chose the Wraparound plan increased from 10% to 20%.
- The health care trend assumption on retiree premiums was updated to not apply trend to the \$35 surcharge.
- An assumption was added to assume that 15% of pre-65 retirees who waive will elect coverage upon Medicare eligibility.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.
- Healthy and disabled mortality assumptions were updated to the following:
 - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Long term expected rate of return was reduced from 7.45% to 7.00%.

2023: Projected salary increases beginning rate changed from 12.50% to 8.50%.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Other Postemployment Benefits

Changes in benefit terms:

2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

2020: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service effective January 1, 2020.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed to January 1, 2021.

2021: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.984% to 2.055% per year of service effective January 1, 2021.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2021.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed indefinitely.

2022 - 2024: There were no changes in benefit terms for the period.

Changes in assumptions:

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2024

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Discount rate was reduced from 7.45% to 7.00%.

2023: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Projected salary increases beginning rate changed from 12.50% to 8.50%.
- Health care cost trend rates were modified for medical and prescription drug costs.

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster:</u>		
Cash Assistance		
School Breakfast Program	10.553	\$79,336
Non-Cash Assistance (Food Distribution)		
National School Lunch Program - Food Donations	10.555	27,315
Cash Assistance		
National School Lunch Program	10.555	216,002
COVID-19 - National School Lunch Program	10.555	28,407
Total National School Lunch Program		<u>271,724</u>
Total Child Nutrition Cluster		<u>351,060</u>
Total U.S. Department of Agriculture		<u>351,060</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States (IDEA, Part B)	84.027A	228,904
Special Education Preschool Grants	84.173A	<u>4,441</u>
Total Special Education Cluster		233,345
Title I Grants to Local Educational Agencies	84.010A	141,361
Supporting Effective Instruction State Grants	84.367A	28,198
Student Support and Academic Enrichment Program	84.424A	<u>12,672</u>
Total U.S. Department of Education		<u>415,576</u>
Total Expenditures of Federal Awards		<u><u>\$766,636</u></u>

The accompanying notes are an integral part of this schedule.

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Berne Union Local School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, and changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amount from FY 2024 to FY 2025 programs:

Title I Grants to Local Educational Agencies	84,010	\$	3,660
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Berne Union Local School District
Fairfield County
506 North Main Street
Sugar Grove, Ohio 43155

To the Board of Education:

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 (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berne Union Local School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2025, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 3, 2025



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

Berne Union Local School District
Fairfield County
506 North Main Street
Sugar Grove, Ohio 43155

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Berne Union Local School District's, Fairfield County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Berne Union Local School District's major federal program for the year ended June 30, 2024. Berne Union Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Berne Union Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2024-002 be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 3, 2025

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**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

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

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024
(continued)**

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

FINDING NUMBER 2024-001

Annual Financial Report – Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to **Ohio Rev. Code § 117.38** the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: See Corrective Action Plan

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024
(continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Eligibility Determination

Finding Number:	2024-002
Assistance Listing Number and Title:	AL #10.553 School Breakfast Program AL #10.555 National School Lunch Program, AL #10.555 COVID-19 National School Lunch Program
Federal Award Identification Number / Year:	2024
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Eligibility Requirement
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

Material Weakness

Non-Federal entities must establish and maintain effective internal controls over Federal awards that provide reasonable assurance that the non-Federal entity is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

During fiscal year 2024, the District participated in Child Nutrition Cluster programs, for which the Federal Government reimburses the District for eligible children. During the course of the school year, the District is required to determine a child's eligibility to receive program benefits. The District accepted paper and online applications for free and reduced meals, with which eligibility was determined based on several factors, including, but not limited to family size and income.

For online applications the household was able to complete the application in the PaySchools system directly through their account, while paper applications were completed by the household and returned to the District where it was then input into PaySchools. The District contracted with PaySchools to determine eligibility for both types of applications; however, the District had no procedures in place to ensure the system determined the proper eligibility status based on the information provided in the application.

Failure to implement controls over all eligibility applications could result in ineligible students receiving benefits.

The District should implement control procedures for paper and online applications to ensure students are properly marked as paid, free or reduced.

Officials' Response: See Corrective Action Plan

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Berne Union Local Schools

506 NORTH MAIN STREET
P.O. BOX 187
SUGAR GROVE, OHIO 43155
(740)746-8341 FAX (740)746-9824

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Finding Number:	2024-001
Planned Corrective Action:	Management believes reporting on the cash basis of accounting produces similar financial statements to those prepared using generally accepted accounting principles and is also more cost efficient. Further, while cash basis financial statements do not meet Ohio law, they do meet standards acceptable to the national accounting profession.
Anticipated Completion Date:	12-31-25
Responsible Contact Person:	Kirk Grandy, Treasurer
Finding Number:	2024-002
Planned Corrective Action:	Effective immediately, Berne Union will require PaySchools to provide its policies and procedures governing the eligibility determination process for free, reduced, and paid meal status. These documents will be reviewed to ensure compliance with federal standards for the Free and Reduced-Price Lunch Program.
Anticipated Completion Date:	Immediately
Responsible Contact Person:	Kirk Grandy, Treasurer

"An Equal Opportunity Employer"

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Berne Union Local Schools

506 NORTH MAIN STREET
P.O. BOX 187
SUGAR GROVE, OHIO 43155
(740)746-8341 FAX (740)746-9824

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Finding Number	Finding Summary	Status	Additional Information
2023-001	Reporting Annual Financial Statements (this was first issued in Fiscal Year 2011)	Not Corrected	Repeated as Finding 2024-001

"An Equal Opportunity Employer"

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Berne Union Local School District
Fairfield County
506 North Main Street
Sugar Grove, Ohio 43155

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Berne Union Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 3, 2025

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BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

The discussion and analysis of the Berne Union Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- < Total net cash position of the District at June 30, 2023 is \$35,973,533. This balance was comprised of a \$29,423,939 balance in net position amounts restricted for specific purposes and a balance of \$6,549,594 in unrestricted net position.
- < In total, net cash position of governmental activities decreased by \$19,205,992, which represents a 34.86 percent decrease from 2022. Net cash position of the business-type activities increased \$31,269, which represents a 61.97 percent increase from 2022.
- < General receipts accounted for \$26,465,676 or 89.10 percent of all receipts of governmental activities. Program specific receipts in the form of charges for services and sales, operating grants and contributions accounted for \$3,236,952 or 10.90 percent of total receipts of \$29,702,628 for the governmental activities.
- < The District had \$48,908,620 in disbursements related to governmental activities; only \$3,236,952 of these disbursements were offset by program specific charges for services and sales, operating grants or contributions. General receipts (primarily taxes, grants, and entitlements) of \$26,465,676 were used to provide for the remainder of these programs.
- < The District had \$21,741 in disbursements related to business-type activities; \$53,010 of these disbursements were offset by program specific charges for services and sales.
- < The District recognizes three major governmental funds: the General, Building and Capital Project Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$17,654,446 in receipts and \$14,519,430 in disbursements in fiscal year 2023.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, as applicable to the District's cash basis of accounting, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements – Cash Basis

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and present all cash activity of the District, excluding that of the fiduciary funds. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on all of the District's cash and net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the District's net cash position changed during the recent fiscal year. All changes in net cash position are reported as cash is received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. Primarily taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts fund these services.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District preschool operations are reported as business activities.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

Reporting the District's Most Significant Funds

Fund Financial Statements

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary 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 individually significant funds (major funds) with all others combined into one column. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using cash basis of accounting.

Proprietary Funds

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the District as a whole. These funds are reported using the cash basis of accounting.

Fiduciary Funds

The District's fiduciary fund is a private purpose trust fund. We exclude these activities from the District's other financial statements because the District cannot use these cash assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Fiduciary funds use the cash basis of accounting.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Recall that the statement of net cash position provides the perspective of the District as a whole, showing cash and net cash position. Table 1 provides a summary of the District's net cash position for 2023 compared to fiscal year 2022:

Table 1
Net Cash Position

	Governmental Activities		Business -Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Cash Assets:</u>						
Cash and Cash Equivalents	\$ 35,891,806	\$ 55,097,798	\$ 81,727	\$ 50,458	\$ 35,973,533	\$ 55,148,256
<i>Total Cash Assets</i>	<u>35,891,806</u>	<u>55,097,798</u>	<u>81,727</u>	<u>50,458</u>	<u>35,973,533</u>	<u>55,148,256</u>
<u>Net Cash Position:</u>						
Restricted	29,423,939	48,238,024	0	0	29,423,939	48,238,024
Unrestricted	<u>6,467,867</u>	<u>6,859,774</u>	<u>81,727</u>	<u>50,458</u>	<u>6,549,594</u>	<u>6,910,232</u>
<i>Total Net Cash Position</i>	<u>\$35,891,806</u>	<u>\$55,097,798</u>	<u>\$81,727</u>	<u>\$50,458</u>	<u>\$35,973,533</u>	<u>\$55,148,256</u>

Total Cash and Cash Equivalents decreased \$19,174,723 from fiscal year 2022. The primary reason for the decrease is due to payments for the building construction project disbursements in 2023.

The District's largest portion of net position is restricted. The restricted net cash position is subject to external restrictions on how they may be used.

The remaining balance of \$6,549,594 is unrestricted net cash position. Unrestricted net cash position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

Table 2 shows the changes in net cash position for fiscal year 2023 and provides a comparison to fiscal year 2022.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

Table 2
Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Services and Sales	\$288,675	\$479,742	\$53,010	\$43,524	\$341,685	\$523,266
Operating Grants and Contributions	2,948,277	2,532,885	0	0	2,948,277	2,532,885
<i>General Receipts:</i>						
Property Taxes	9,535,869	8,414,006	0	0	9,535,869	8,414,006
Income Taxes	2,778,126	2,480,342	0	0	2,778,126	2,480,342
Unrestricted Grants and Entitlements	4,140,445	4,019,973	0	0	4,140,445	4,019,973
Investment Earnings	449,985	220,492	0	0	449,985	220,492
Payments in Lieu of Taxes	17,997	20,745	0	0	17,997	20,745
Miscellaneous	86,190	96,734	0	0	86,190	96,734
Certificates of Participation Issued	9,200,000	0	0	0	9,200,000	0
Premium on Debt Issued	257,064	0	0	0	257,064	0
<i>Total Receipts</i>	<u>29,702,628</u>	<u>18,264,919</u>	<u>53,010</u>	<u>43,524</u>	<u>29,755,638</u>	<u>18,308,443</u>
<u>Disbursements:</u>						
<i>Program Disbursements:</i>						
<i>Instruction:</i>						
Regular	4,813,838	4,802,619	0	0	4,813,838	4,802,619
Special	3,127,279	2,765,323	0	0	3,127,279	2,765,323
<i>Support Services:</i>						
Pupils	796,939	660,653	0	0	796,939	660,653
Instructional Staff	322,131	296,622	0	0	322,131	296,622
Board of Education	54,902	29,744	0	0	54,902	29,744
Administration	1,342,690	1,214,011	0	0	1,342,690	1,214,011
Fiscal	724,839	654,263	0	0	724,839	654,263
Business	9,280	12,475	0	0	9,280	12,475
Operation and Maintenance of Plant	2,438,081	1,478,321	0	0	2,438,081	1,478,321
Pupil Transportation	1,000,052	913,189	0	0	1,000,052	913,189
Central	6,919	6,746	0	0	6,919	6,746
<i>Operation of Non-Instructional Services:</i>						
Food Services	372,351	518,118	0	0	372,351	518,118
Extracurricular Activities	319,406	331,054	0	0	319,406	331,054
Capital Outlay	29,740,866	4,240,410	0	0	29,740,866	4,240,410
<i>Debt Service:</i>						
Principal	1,988,429	2,260,173	0	0	1,988,429	2,260,173
Interest and Fiscal Charges	1,613,711	1,672,668	0	0	1,613,711	1,672,668
Issuance Cost	236,907	0	0	0	236,907	0
Preschool	0	0	21,741	14,890	21,741	14,890
<i>Total Disbursements</i>	<u>48,908,620</u>	<u>21,856,389</u>	<u>21,741</u>	<u>14,890</u>	<u>48,930,361</u>	<u>21,871,279</u>
<i>Change in Net Cash Position</i>	(19,205,992)	(3,591,470)	31,269	28,634	(19,174,723)	(3,562,836)
<i>Net Position at Beginning of Year</i>	<u>55,097,798</u>	<u>58,689,268</u>	<u>50,458</u>	<u>21,824</u>	<u>55,148,256</u>	<u>58,711,092</u>
<i>Net Position at End of Year</i>	<u><u>\$35,891,806</u></u>	<u><u>\$55,097,798</u></u>	<u><u>\$81,727</u></u>	<u><u>\$50,458</u></u>	<u><u>\$35,973,533</u></u>	<u><u>\$55,148,256</u></u>

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

The most significant governmental activities program disbursements for the District are Capital Outlay, Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Principal, Interest and Fiscal Charges, and Administration. These programs account for 92.14 percent of the total governmental activities. Capital Outlay, which represents 60.81 percent of the total, represents costs associated with buying and constructing buildings. Regular Instruction, which accounts for 9.84 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 6.39 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 4.98 percent of the total, represents costs associated with operating and maintaining the District's facilities. Principal, which represents 4.07 percent of the total, represents costs of the principal portion of general obligation debt. Interest and Fiscal Charges, which represents 3.30 percent of the total, represents costs of the interest portion of general obligation debt. Administration, which represents 2.75 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole.

As noted previously, the net cash position for the governmental activities decreased \$19,205,992 or 34.86 percent. This is a decrease from last year when net cash position increased \$3,591,470 or 6.12 percent. For the governmental activities, total receipts increased \$11,437,709 or 62.62 percent from last year and disbursements increased \$27,052,231 or 123.77 percent from last year.

The District's governmental activities had an increase in program receipts of \$224,325, and an increase in general receipts of \$11,213,384. The increase in general receipts is primarily due to an increase in proceeds from the issuance of the certificates of participation.

The total disbursements for governmental activities increased primarily from an increase of \$25,500,456 in capital outlay, \$959,760 in operation and maintenance of plant, and \$361,956 in special instruction disbursements. The increase in capital outlay is due to increased expenses paid for the construction of new facilities.

The majority of the funding for the most significant programs indicated above is from property taxes and unrestricted grants and entitlements. Property taxes and unrestricted grants and entitlements account for 51.68 percent of total receipts for governmental activities.

The net position for the business-type activities increased \$31,269. The business-type activities had \$53,010 of program receipts and \$21,741 of program disbursements. For the business-type activities, total receipts increased \$9,486 or 21.79 percent from last year and disbursements increased \$6,851 or 46.01 percent from last year.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. The District was facing a potential deficit (dependent upon the State's Biennium Budget for Fiscal Year 2007) in fiscal year 2007 and would have been placed in Fiscal Caution by the Ohio Department of Education. To avoid the potential deficit, in May 2007, the Board of Education placed an income tax levy on the ballot. The voters approved the 1 percent income tax levy, which was replaced by a 2.0 percent earned income tax replacement levy in May 2014.

The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 32.10 percent and intergovernmental receipts (unrestricted and operating grants) made up 23.87 percent of the total receipts for the governmental activities in fiscal year 2023.

BERNE UNION LOCAL SCHOOL DISTRICT*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2023**(Unaudited)*

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely because of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2023, the District received \$4,663,629 through the State's foundation program, which represents 15.41 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 16.24 percent of governmental activities program disbursements. Support services disbursements make up 13.69 percent of governmental activities program disbursements. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities include the Preschool activities. This program had program receipts of \$53,010 and disbursements of \$21,741 for fiscal year 2023. All of the program receipts were from tuition and fees.

Table 3 shows, the total cost of services and the net cost of services for fiscal year 2023 and comparison to fiscal year 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
<i>Program Disbursements:</i>				
<i>Governmental Activities:</i>				
Instruction	\$7,941,117	\$7,567,942	\$6,942,350	\$6,359,902
Support Services	6,695,833	5,266,024	4,917,247	4,470,532
Operation of Non-Instructional Services	372,351	518,118	(13,628)	(407,228)
Extracurricular Activities	319,406	331,054	245,786	247,305
Capital Outlay	29,740,866	4,240,410	29,740,866	4,240,410
Principal Retirement	1,988,429	2,260,173	1,988,429	2,260,173
Interest and Fiscal Charges	1,613,711	1,672,668	1,613,711	1,672,668
Issuance Cost	236,907	0	236,907	0
<i>Business-Type Activities:</i>				
Preschool	21,741	14,890	(31,269)	(28,634)
Total Disbursements	\$48,930,361	\$21,871,279	\$45,640,399	\$18,815,128

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$32,889,914 and disbursements and other financing uses of \$51,762,522.

The total fund balance of governmental funds decreased by \$18,872,608. The decrease in fund balance for the year was most significant in the Building Fund where there was a decrease of \$19,648,494, due to an increase in capital outlay disbursements. The General Fund fund balance decreased \$52,270, due to an increase in disbursements.

Budget Highlights - General Fund

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2023, the District did amend its General Fund budget from the original budget. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$17,519,251 representing an \$1,189,791 change from the original budget estimates of \$16,329,460. In addition, the final budget basis disbursements were \$15,715,876 and reflects an \$1,317,949 change from the original budget estimates of \$14,397,927.

Debt Administration

At June 30, 2023, the District had \$55,474,479 in general obligation debt outstanding with \$814,569 due within one year. Table 4 summarizes the general obligation debt outstanding for fiscal year 2023 compared to fiscal year 2022.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2023	2022
Certificates of Participation - Series 2020	\$46,045,000	\$46,920,000
Certificates of Participation - Series 2023	9,200,000	0
Energy Conservation Notes	229,479	258,084
Lease Purchase Agreement	0	1,084,824
Total General Obligation Debt	<u>\$55,474,479</u>	<u>\$48,262,908</u>

More detailed information pertaining to the District's long-term debt activity can be found in Note 12 of the notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

Current Issues

Although considered a mid-wealth district, Berne Union Local School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the District is dependent on property taxes and a District income tax. Public Utilities Personal Property Tax (PUPP) valuation increased 148% during tax year 2019, which resulted in the District receiving an additional \$3,500,000 a year in receipts. The District began construction on a new PK/12 school building in 2022 with the increased revenue. Careful financial planning has permitted the District to provide a quality education for our students.

As noted above, the Berne Union Local School District continues to anticipate meaningful growth in revenue as a result of the increase in PUPP Valuation. Besides the new PK/12 building the District doesn't anticipate any major expenditures in the near future. Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

The District voters approved a 10 year earned income tax replacement levy of 2 percent in May 2014, for tax years 2015-2024. This issue was converted to a continuing levy by voters of the District on May 4, 2021. During fiscal year 2023, the District received \$2,778,126, a \$297,784 increase compared to fiscal year 2022.

Tax year 2022, collected and paid in 2023, was a triannual update for Fairfield County. There will be a 25% increase in Class 1 properties.

Currently, unpaid property taxes in the Berne Union School District continue to be an issue resulting in a substantial loss of revenue. The amount of money we spend per student is \$1,200 less than the state average. All funding for new school bus purchases have been eliminated by the Ohio Department of Education through House Bill 1. The District has been able to update the bus fleet over the past few years.

The Ohio Legislature biennial budget for Fiscal Years 2022 and 2023 School Foundation Formula is driven by enrollment. Beginning in January 2013, the District began to receive casino revenue. Due to the Coronavirus Pandemic, in May 2020, the Governor of Ohio cut state aid to all schools by 3.7%. During Fiscal Year 2021, the Governor restored state aid to original estimates from the State biennial budget that was approved for Fiscal Year 2020.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Kirk Grandy, Treasurer of Berne Union Local School Board of Education, 506 North Main Street, Sugar Grove, Ohio 43155.

BERNE UNION LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>Cash Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$35,744,204	\$81,727	\$35,825,931
Cash and Cash Equivalents with Fiscal Agent	147,602	0	147,602
<i>Total Assets</i>	35,891,806	81,727	35,973,533
<u>Net Cash Position:</u>			
<i>Restricted for:</i>			
Capital Improvements	26,445,905	0	26,445,905
Set Asides	27,115	0	27,115
Debt Service	2,052,821	0	2,052,821
Food Service Operations	844,587	0	844,587
Other Purposes	53,511	0	53,511
Unrestricted	6,467,867	81,727	6,549,594
<i>Total Net Cash Position</i>	\$35,891,806	\$81,727	\$35,973,533

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

*Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023*

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Governmental Activities:</u>						
<i>Instruction:</i>						
Regular	\$4,813,838	\$127,626	\$102,125	(\$4,584,087)	\$0	(\$4,584,087)
Special	3,127,279	0	769,016	(2,358,263)	0	(2,358,263)
<i>Support Services:</i>						
Pupils	796,939	0	0	(796,939)	0	(796,939)
Instructional Staff	322,131	0	16,000	(306,131)	0	(306,131)
Board of Education	54,902	0	0	(54,902)	0	(54,902)
Administration	1,342,690	0	0	(1,342,690)	0	(1,342,690)
Fiscal	724,839	0	0	(724,839)	0	(724,839)
Business	9,280	0	0	(9,280)	0	(9,280)
Operation and Maintenance of Plant	2,438,081	0	1,300,203	(1,137,878)	0	(1,137,878)
Pupil Transportation	1,000,052	0	458,783	(541,269)	0	(541,269)
Central	6,919	0	3,600	(3,319)	0	(3,319)
<i>Operation of Non-Instructional Services:</i>						
Food Service	372,351	87,429	298,550	13,628	0	13,628
Extracurricular Activities	319,406	73,620	0	(245,786)	0	(245,786)
Capital Outlay	29,740,866	0	0	(29,740,866)	0	(29,740,866)
<i>Debt Service:</i>						
Principal	1,988,429	0	0	(1,988,429)	0	(1,988,429)
Interest and Fiscal Charges	1,613,711	0	0	(1,613,711)	0	(1,613,711)
Issuance Costs	236,907	0	0	(236,907)	0	(236,907)
<i>Total Governmental Activities</i>	<u>48,908,620</u>	<u>288,675</u>	<u>2,948,277</u>	<u>(45,671,668)</u>	<u>0</u>	<u>(45,671,668)</u>
<u>Business-Type Activities:</u>						
Preschool	21,741	53,010	0	0	31,269	31,269
<i>Total Business-Type Activities</i>	<u>21,741</u>	<u>53,010</u>	<u>0</u>	<u>0</u>	<u>31,269</u>	<u>31,269</u>
<i>Totals</i>	<u>\$48,930,361</u>	<u>\$341,685</u>	<u>\$2,948,277</u>	<u>(45,671,668)</u>	<u>31,269</u>	<u>(45,640,399)</u>
<u>General Cash Receipts:</u>						
<i>Property Taxes Levied for:</i>						
General Purposes				9,535,869	0	9,535,869
Income Taxes Levied for General Purposes				2,778,126	0	2,778,126
Grants and Entitlements not Restricted to Specific Programs				4,140,445	0	4,140,445
Payments in Lieu of Taxes				17,997	0	17,997
Investment Earnings				449,985	0	449,985
Certificates of Participation Issued				9,200,000		9,200,000
Premium on Debt Issued				257,064		257,064
Miscellaneous				86,190	0	86,190
<i>Total General Cash Receipts</i>				<u>26,465,676</u>	<u>0</u>	<u>26,465,676</u>
Changes in Net Cash Position				(19,205,992)	31,269	(19,174,723)
<i>Net Cash Position at Beginning of Year</i>				<u>55,097,798</u>	<u>50,458</u>	<u>55,148,256</u>
<i>Net Cash Position at End of Year</i>				<u>\$35,891,806</u>	<u>\$81,727</u>	<u>\$35,973,533</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Cash Basis Assets and Fund Cash Balances
Governmental Funds
June 30, 2023

	General	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Cash Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,213,393	\$26,445,905	\$0	\$2,950,919	\$35,610,217
<u>Restricted Cash Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	27,115	0	0	0	27,115
<u>Total Cash Assets</u>	<u>\$6,240,508</u>	<u>\$26,445,905</u>	<u>\$0</u>	<u>\$2,950,919</u>	<u>\$35,637,332</u>
<u>Fund Cash Balances:</u>					
Nonspendable	\$5,562	\$0	\$0	\$0	\$5,562
Restricted	27,115	26,445,905	0	2,950,919	29,423,939
Assigned	6,207,831	0	0	0	6,207,831
<u>Total Fund Cash Balances</u>	<u>\$6,240,508</u>	<u>\$26,445,905</u>	<u>\$0</u>	<u>\$2,950,919</u>	<u>\$35,637,332</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities
June 30, 2023*

Total Governmental Fund Cash Balances	\$35,637,332
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*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.	<u>254,474</u>
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<i>Net Cash Position of Governmental Activities</i>	<u><u>\$35,891,806</u></u>
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See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Cash Receipts:</u>					
Property Taxes	\$9,535,869	\$0	\$0	\$0	\$9,535,869
Income Tax	2,778,126	0	0	0	2,778,126
Intergovernmental	5,015,522	0	0	2,073,142	7,088,664
Interest	95,629	319,615	0	34,741	449,985
Tuition and Fees	127,626	0	0	0	127,626
Extracurricular Activities	0	0	0	73,620	73,620
Payment in Lieu of Taxes	17,997	0	0	0	17,997
Gifts and Donations	0	0	0	58	58
Customer Sales and Services	0	0	0	87,429	87,429
Miscellaneous	83,677	0	0	2,513	86,190
<i>Total Cash Receipts</i>	<u>17,654,446</u>	<u>319,615</u>	<u>0</u>	<u>2,271,503</u>	<u>20,245,564</u>
<u>Cash Disbursements:</u>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	4,574,255	0	0	96,298	4,670,553
Special	2,713,609	0	0	352,722	3,066,331
<i>Support Services:</i>					
Pupils	775,089	0	0	0	775,089
Instructional Staff	298,372	0	0	16,000	314,372
Board of Education	54,902	0	0	0	54,902
Administration	1,305,145	0	0	2,263	1,307,408
Fiscal	712,818	0	0	0	712,818
Business	9,280	0	0	0	9,280
Operation and Maintenance of Plant	1,117,124	0	0	1,301,491	2,418,615
Pupil Transportation	976,187	0	0	0	976,187
Central	3,319	0	0	3,600	6,919
<i>Operation of Non-Instructional Services:</i>					
Food Service Operations	0	0	0	372,351	372,351
Extracurricular Activities	815,902	0	0	67,353	883,255
Capital Outlay	0	29,168,109	0	0	29,168,109
<i>Debt Service:</i>					
Principal Retirement	1,113,429	0	875,000	0	1,988,429
Interest and Fiscal Charges	49,999	0	1,562,286	1,426	1,613,711
Issuance Costs	0	0	0	236,907	236,907
<i>Total Cash Disbursements</i>	<u>14,519,430</u>	<u>29,168,109</u>	<u>2,437,286</u>	<u>2,450,411</u>	<u>48,575,236</u>
<i>Excess (deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>3,135,016</u>	<u>(28,848,494)</u>	<u>(2,437,286)</u>	<u>(178,908)</u>	<u>(28,329,672)</u>
<u>Other Financing Sources (Uses):</u>					
Certificates of Participation Issued	0	9,200,000	0	0	9,200,000
Premium Debt Issued	0	0	0	257,064	257,064
Transfers In	0	0	2,437,286	750,000	3,187,286
Transfers Out	(3,187,286)	0	0	0	(3,187,286)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,187,286)</u>	<u>9,200,000</u>	<u>2,437,286</u>	<u>1,007,064</u>	<u>9,457,064</u>
<i>Net Changes in Fund Cash Balances</i>	<u>(52,270)</u>	<u>(19,648,494)</u>	<u>0</u>	<u>828,156</u>	<u>(18,872,608)</u>
<i>Fund Cash Balances at Beginning of Year</i>	<u>6,292,778</u>	<u>46,094,399</u>	<u>0</u>	<u>2,122,763</u>	<u>54,509,940</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$6,240,508</u>	<u>\$26,445,905</u>	<u>\$0</u>	<u>\$2,950,919</u>	<u>\$35,637,332</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Cash Balances - Total Governmental Funds	(\$18,872,608)
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***Amounts reported for governmental activities in the
Statement of Activities are different because:***

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide Statement of Activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

(333,384)

Change in Net Cash Position of Governmental Activities

<u>(\$19,205,992)</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Receipts, Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Receipts:</u>				
Property Taxes	\$8,458,000	\$9,535,869	\$9,535,869	\$0
Income Tax	2,480,342	2,778,126	2,778,126	0
Intergovernmental	4,924,538	4,956,473	5,015,522	59,049
Interest	15,729	74,000	95,629	21,629
Tuition and Fees	375,049	117,723	120,082	2,359
Payments in Lieu of Taxes	20,745	17,997	17,997	0
Miscellaneous	55,057	39,063	40,928	1,865
<i>Total Receipts</i>	<u>16,329,460</u>	<u>17,519,251</u>	<u>17,604,153</u>	<u>84,902</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,020,573	5,117,523	4,597,120	520,403
Special	2,583,402	2,640,909	2,740,289	(99,380)
<i>Support Services:</i>				
Pupils	682,396	743,695	775,478	(31,783)
Instructional Staff	296,972	305,963	298,746	7,217
Board of Education	31,231	32,026	55,768	(23,742)
Administration	1,247,450	1,298,813	1,305,550	(6,737)
Fiscal	690,384	705,125	719,484	(14,359)
Business	13,099	15,915	16,234	(319)
Operation and Maintenance of Plant	1,152,813	1,268,459	1,241,192	27,267
Pupil Transportation	965,342	1,019,491	1,008,770	10,721
Central	3,303	6,803	3,319	3,484
Extracurricular Activities	256,130	257,707	243,145	14,562
Capital Outlay	1,261,480	2,110,095	572,757	1,537,338
<i>Debt Service:</i>				
Principal Retirement	149,142	149,142	1,136,615	(987,473)
Interest and Fiscal Charges	44,210	44,210	26,813	17,397
<i>Total Disbursements</i>	<u>14,397,927</u>	<u>15,715,876</u>	<u>14,741,280</u>	<u>974,596</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,931,533</u>	<u>1,803,375</u>	<u>2,862,873</u>	<u>1,059,498</u>
<u>Other Financing (Uses):</u>				
Transfers Out	<u>(6,859,896)</u>	<u>(8,055,141)</u>	<u>(3,187,286)</u>	<u>4,867,855</u>
<i>Total Other Financing (Uses)</i>	<u>(6,859,896)</u>	<u>(8,055,141)</u>	<u>(3,187,286)</u>	<u>4,867,855</u>
<i>Net Change in Fund Balances</i>	<u>(4,928,363)</u>	<u>(6,251,766)</u>	<u>(324,413)</u>	<u>5,927,353</u>
<i>Fund Balance at Beginning of Year</i>	<u>4,929,509</u>	<u>4,929,509</u>	<u>4,929,509</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,322,257</u>	<u>1,322,257</u>	<u>1,322,257</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,323,403</u>	<u>\$0</u>	<u>\$5,927,353</u>	<u>\$5,927,353</u>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

Statement of Fund Net Position - Cash Basis

Proprietary Funds

June 30, 2023

	Business-Type Activities	Governmental Activities
	Other Enterprise	Internal Service
<u>Cash Assets:</u>		
<i>Current Cash Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$81,727	\$106,872
Cash and Cash Equivalents with Fiscal Agent	0	147,602
<i>Total Cash Assets</i>	81,727	254,474
<u>Net Cash Position:</u>		
Unrestricted	81,727	254,474
<i>Total Net Cash Position</i>	\$81,727	\$254,474

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash
Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities	Governmental Activities
	Other Enterprise	Internal Service
<u>Operating Cash Receipts:</u>		
Tuition	\$53,010	\$0
Charges for Services	0	2,204,193
	<hr/>	<hr/>
<i>Total Operating Cash Receipts</i>	53,010	2,204,193
<u>Operating Cash Disbursements:</u>		
Purchased Services	625	500,806
Materials and Supplies	21,116	0
Claims	0	2,036,771
	<hr/>	<hr/>
<i>Total Operating Cash Disbursements</i>	21,741	2,537,577
	<hr/>	<hr/>
<i>Operating Income(Loss)</i>	31,269	(333,384)
<i>Net Cash Position at Beginning of Year</i>	50,458	587,858
	<hr/>	<hr/>
<i>Net Cash Position at End of Year</i>	\$81,727	\$254,474
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
June 30, 2023

	Private Purpose Trust
	<hr/>
<u>Cash Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<hr/> \$5,868 <hr/>
<u>Net Cash Position:</u>	
Held in Trust for Scholarships	<hr/> 5,868 <hr/>
<i>Total Net Cash Position</i>	<hr/> <hr/> \$5,868 <hr/>

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust
	<hr/>
<i>Additions</i>	\$0
<u>Deductions:</u>	
Scholarship Payments in Accordance with Trust Agreements	<hr/> 1,000
<i>Change in Net Cash Position</i>	(1,000)
<i>Net Cash Position at Beginning of Year</i>	<hr/> 6,868
<i>Net Cash Position at End of Year</i>	<hr/> <hr/> \$5,868

See accompanying notes to the basic financial statements.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Berne Union Local School District (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established through the consolidation of existing land areas and school districts. It is staffed by 43 non-certificated employees, 65 certificated full-time teaching personnel and 4 administrative employees who provide services to 925 students and other community members.

Reporting Entity

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

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

The District is associated with two jointly governed organizations: the Metropolitan Educational Technology Association (META) Solutions and the South Central Ohio Insurance Consortium (SCOIC). The District is also associated with one insurance purchasing pool: Ohio School Boards Association Worker's Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. As discussed further in Note 2.D., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. The more significant of the District's accounting policies are described below.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

A. Basis of Presentation

The District's basic financial statement consists of government-wide financial 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 District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the cash position of the governmental activities and business-type activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within three categories: governmental, proprietary and fiduciary.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund cash balance.

The following are the District's major governmental funds:

General Fund- This fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Fund- This fund is used to account for the proceeds of long-term debt issued for improvements of school facilities and the payment of these construction costs.

Capital Projects Fund- This fund is the used to account for financial resources accumulated for the payment of general long-term debt principal and interest related to the school facilities improvements.

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

Proprietary Funds

Proprietary funds may be classified as either enterprise or internal service funds. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for a preschool program which is funded through tuition fees charged. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides health and dental benefits to employees.

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary fund is a private purpose trust fund that accounts for monies donated to be used for scholarships.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared measuring receipts and disbursements when cash is received or paid.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

Fund Financial Statements

Only cash is included on the Balance Sheet. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds, proprietary and fiduciary fund financial statements are prepared using the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$95,629, which includes \$33,760 assigned from other District funds. Interest revenue was also credited to the Building Fund and the Bond Retirement Fund in the amounts of \$319,615 and \$34,741, respectively.

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

F. Inventory

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. Amounts on financial statement represent unspent state mandated set-aside amounts.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

J. Long-Term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

L. Net Cash Position

Net cash position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District first applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

M. Fund Cash Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

N. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the proprietary fund. For the District, these receipts are tuition for the preschool program and charges for services for the self-insurance program. Operating disbursements are necessary costs incurred to run the preschool and to provide the self-insurance service that are the primary activities of the funds. Receipts and disbursements not meeting these definitions are reported as nonoperating.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one 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 disbursements to the funds that initially paid for them are not presented on the financial statements.

P. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of control has been established at the fund level of expenditures, the District has elected to present the budgetary statement for the General Fund at the fund and function level of expenditures in the basic financial statements. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*”. The implementation of GASB Statement No. 100 had no effect on the prior period fund balances of the District.

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (budgetary basis) presented for the General Fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The differences between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the General Fund on the cash basis but not on the budgetary basis.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statement:

<u>Net Change in Fund Cash Balance</u>	
	<u>General</u>
Cash Basis	(\$52,270)
Adjustment for encumbrances	(278,496)
Funds budgeted elsewhere**	<u>6,353</u>
Budget Basis	<u>(\$324,413)</u>

**As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim moneys. Interim moneys are those moneys 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 accounts including passbook accounts.

Public depositories must give security for all public funds on deposit. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40 "Deposit and Investment Risk Disclosures."

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

At June 30, 2023, the carrying amount of all District deposits was \$5,441,651. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2023, \$5,263,863 of the District's bank balance of \$5,513,863 was exposed to custodial credit risk as discussed above while \$250,000 was covered by Federal Depository Insurance.

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

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At June 30, 2023 the District's financial institution participated in the Ohio Pool Collateral System.

Investments: As of June 30, 2023, the District had the following investments and maturities:

Measurement/Investment Type	Measurement Value	Less Than One Year	One to Two Years	Three to Five Years
<i>Amortized Costs:</i>				
STAROhio	\$2,135,284	\$2,135,284	\$0	\$0
<i>Cost Basis:</i>				
Commercial Paper	3,185,131	3,185,131	0	0
Federal Farm Credit Bank Discount Notes	8,101,138	7,348,272	0	752,866
Federal Home Loan Mortgage Corporation Notes	1,998,020	1,998,020	0	0
Federal Home Loan Bank Bonds	3,299,175	3,299,175	0	0
Municipal Bonds	2,652,921	2,652,921	0	0
U.S. Treasury Notes	5,735,440	4,985,445	0	749,995
Negotiable CD's	495,509	0	0	495,509
Money Market	2,935,132	2,935,132	0	0
Total	<u>\$30,537,750</u>	<u>\$28,539,380</u>	<u>\$0</u>	<u>\$1,998,370</u>

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk is the risk, that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less. Commercial paper must mature within 270 days.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its investments to those authorized by state statute in its investment policy. Moody's Investor Services rated commercial paper at P-1, Standard and Poor's has assigned STAROhio a rating of "AAAm" and for the Federal Farm Credit Bank Discount Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds and U.S. Treasury Notes a rating of "AAA". Credit ratings for negotiable CD's are not readily available.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investments be held in the name of the District. All of the District's investments are held in the name of the District.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy minimizes concentration of credit risk by diversifying assets by issuer as necessary although Ohio Law sets limits on investments in commercial paper. The District's investments in STAROhio, Commercial Paper, Federal Farm Credit Bank Discount Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Municipal Bonds, U.S. Treasury Notes, Negotiable CD's and Money Market were 7%, 10%, 26%, 6%, 11%, 9%, 19%, 2% and 10%, respectively, of the District's total investments.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2022 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 6 - PROPERTY TAXES - (Continued)

Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Fairfield and Hocking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2023 are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$119,775,520	44.26%	\$151,994,080	47.14%
Public Utility Personal	150,855,910	55.74%	170,437,290	52.86%
Total Assessed Value	<u>\$270,631,430</u>	<u>100.00%</u>	<u>\$322,431,370</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$44.40		\$43.90	

NOTE 7- INCOME TAX

The District levies a voted income tax of 2.00 percent for general operations on the earned income of residents. The income tax became effective on January 1, 2015. The income tax was increased from 1.00 percent to 2.00 percent by voters in 2014 and continues for 10 years (expires December 31, 2024) as well as changes from a traditional tax base to an earned income tax base. Employers of residents are required to withhold income tax on earned income and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts of \$2,778,126 were credited to the General Fund for fiscal year 2023.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the District contracted with Hylant Administrative Services for professional and general liability insurance, fleet insurance and property insurance. Coverage's provided are as follows:

Description	Amount
Building and Contents (\$2,500 deductible)	\$ 42,972,007
Fleet Liability (Buses \$1,000 collision and comprehensive all other \$500 deductible for collision and \$250 for comprehensive)	3,000,000
General Liability:	
Per Occurrence	4,000,000
Aggregate Limit	6,000,000
Public Officials Bonds:	
Treasurer	50,000
Superintendent	25,000
Board President	25,000

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

For fiscal year 2023, the District participated in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP) (the Plan), an insurance purchasing pool (Note 17). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Sheakley Unicom provides administrative, cost control and actuarial services to the Plan.

The District joined four other school districts January 1, 1996, to form a regional council of governments in accordance with Ohio Revised Code Chapter, the South Central Ohio Insurance Consortium (SCOIC) for the purpose of carrying out a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code, in an effort to minimize risk exposure and control claims and premium costs. The Board's share and the employees' share of premium contributions are determined by the negotiated agreement for employee groups and by the Board action for administrative employees.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 8 - RISK MANAGEMENT – (Continued)

Stop loss limits are established by each district participating within the program. For fiscal year 2023, the District had an individual stop loss limit of \$75,000 per person with a \$3 million maximum lifetime limit per person. With this coverage, the District contributions to the program cover the first \$75,000 in claims per individual and anything in excess of this amount is covered by commercial stop loss coverage obtained through commercial carriers. Effective July 1, 2016 claims in excess of the individual predetermined limit established by each district up to \$200,000 will be covered by SCOIC internal pool with anything in excess of that amount covered by commercial carriers.

EV Benefits services all claims submitted by employees. The charges for services receipts reported in the internal service fund within these financial statements reflect the premiums paid by the same fund as those that are responsible for the employees' salaries. Disbursements reported within the internal service fund represent cash disbursements reported by SCOIC to operate the District's self-insurance program including claims, claims reserves and administrative costs.

At June 30, 2023, the District had an estimated \$132,503 of claims liability, based on an estimate provided by SCOIC, related to incurred but not reported (IBNR) claims at year end. The change in claims activity for the past two years is presented below.

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2022	\$130,258	\$1,611,319	\$1,609,618	\$131,959
2023	131,959	2,036,771	2,036,227	132,503

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

The net pension liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was \$261,768 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$707,760 for fiscal year 2023.

Net Pension Liability

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05269180%	0.03875147%	
Prior Measurement Date	0.04626190%	0.03841727%	
Change in Proportionate Share	<u>0.00642990%</u>	<u>0.00033420%</u>	
 Proportionate Share of the Net Pension Liability	 \$2,849,982	 \$8,614,501	 \$11,464,483
Pension Expense (Gain)	\$301,379	\$1,125,836	\$1,427,215

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - 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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses	7.00 percent net of system expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2022 and 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***NOTE 9 - DEFINED BENEFIT PENSION PLANS** – (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$4,195,038	\$2,849,982	\$1,716,791

Changes Between the Measurement Date and the Reporting Date Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50 percent	2.50 percent
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent

Post-Retirement mortality rates for 2022 are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Post-retirement mortality rates for healthy retirees for 2021 were based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Real Rate of Return**</u>
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	<u>100.00%</u>	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$13,013,374	\$8,614,501	\$4,894,415

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Changes Between the Measurement Date and the Reporting Date – Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$33,647.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$33,647 for fiscal year 2023.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability(asset) was measured as of June 30, 2022, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.05324130%	0.03875147%	
Prior Measurement Date	0.04716950%	0.03841727%	
Change in Proportionate Share	0.00607180%	0.00033420%	
Proportionate Share of the Net OPEB Liability	\$747,513	\$0	\$747,513
Proportionate Share of the Net OPEB (Asset)	\$0	(\$1,003,405)	(\$1,003,405)
OPEB Expense (Gain)	(\$27,185)	(\$179,326)	(\$206,511)

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS— (Continued)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	3.69 percent	1.92 percent
Prior Measurement Date	1.92 percent	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.08 percent	2.27 percent
Prior Measurement Date	2.27 percent	2.63 percent
Medical Trend Assumption		
Medicare	7.00 to 4.40 percent	5.125 to 4.40 percent
Pre-Medicare	7.00 to 4.40 percent	6.75 to 4.40 percent

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

For 2022 and 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by STRS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$928,423	\$747,513	\$601,470

	Current		
	1% Decrease	Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$576,467	\$747,513	\$970,928

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***NOTE 10 - POSTEMPLOYMENT BENEFITS** – (Continued)**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial, 3.94 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate	-16.08 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	-5.47 initial, 3.94 percent ultimate	29.98 initial, 4 percent ultimate

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

For healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***NOTE 10 - POSTEMPLOYMENT BENEFITS** – (Continued)

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Asset	\$927,621	\$1,003,405	\$1,068,320
	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Asset	\$1,040,775	\$1,003,405	\$956,234

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Assumption Changes Since the Prior Measurement Date – The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date – Salary increase rates were undated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days for aides and all other classified employees and for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 55 days for all employees.

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***NOTE 12 - LONG-TERM OBLIGATIONS**

The changes in the District's long-term liabilities during fiscal year 2023 were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2022	Additions	Deductions	Principal Outstanding at June 30, 2023	Amount Due In One Year
<i><u>Governmental Activities:</u></i>							
Certificate of Participation - Series 2020	2021	4.00%	\$46,920,000	\$0	\$875,000	\$46,045,000	\$450,000
Certificate of Participation - Series 2023	2023	5.00%	0	9,200,000	0	9,200,000	335,000
HB 264 Energy Conservation Notes	2015	3.34%	258,084	0	28,605	229,479	29,569
Lease Purchase Agreement	2015	3.40%	1,084,824	0	1,084,824	0	0
Total Governmental Activities Long-Term Liabilities			<u>\$48,262,908</u>	<u>\$9,200,000</u>	<u>\$1,988,429</u>	<u>\$55,474,479</u>	<u>\$814,569</u>

Certificates of Participation – Series 2020 In December 2020, Berne Union Local School District entered into an agreement with the OFCC (Ohio Facilities Construction Commission) to participate in the ELPP (Expedited Local Partnership Program) to construct a new Pre-K/12 school building. The District issued debt through HB #153 also known as a COPS Project in the amount of \$49,040,000. The District will repay the debt using revenue which is generated with the Leach Xpress Pipeline. The new facility has an estimated completion date of fall 2023.

Certificates of Participation – Series 2023 Berne Union Local School District entered into an agreement with the OFCC (Ohio Facilities Construction Commission) to participate in the ELPP (Expedited Local Partnership Program) to construct a new Pre-K/12 school building. In May 2023, the District issued debt through HB #153 also known as a COPS Project in the amount of \$9,200,000. The District will repay the debt using revenue which is generated with the Leach Xpress Pipeline. The new facility has an estimated completion date of fall 2023

HB264 Energy Conservation Notes - In July 2015, Berne Union Local School District issued general obligation notes for H.B. 264 energy improvements. The notes were issued for \$435,000 at 3.34% interest and mature June, 2030. The notes will be retired through the General Fund using amounts from energy savings.

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***NOTE 12 - LONG-TERM OBLIGATIONS** - (Continued)

The annual requirements to retire the general obligation debt outstanding at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	HB 264 Energy Conservation Notes			Series 2020 Certificates of Participation			Series 2023 Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2024	\$29,569	\$7,407	\$36,976	\$450,000	\$1,537,211	\$1,987,211	\$335,000	\$440,630	\$775,630
2025	30,565	6,412	36,977	405,000	1,520,112	1,925,112	145,000	403,881	548,881
2026	31,594	5,382	36,976	360,000	1,504,811	1,864,811	150,000	396,506	546,506
2027	32,658	4,318	36,976	310,000	1,491,411	1,801,411	160,000	388,756	548,756
2028	33,758	3,218	36,976	260,000	1,480,011	1,740,011	165,000	380,631	545,631
2029-2033	71,335	2,987	74,322	11,210,000	6,445,657	17,655,657	975,000	1,765,655	2,740,655
2034-2038	0	0	0	12,460,000	3,879,976	16,339,976	1,240,000	1,490,030	2,730,030
2039-2043	0	0	0	10,255,000	2,094,200	12,349,200	1,580,000	1,139,282	2,719,282
2044-2048	0	0	0	7,410,000	894,152	8,304,152	2,000,000	720,174	2,720,174
2049-2053	0	0	0	2,925,000	117,349	3,042,349	2,450,000	260,907	2,710,907
Totals	\$229,479	\$29,724	\$259,203	\$46,045,000	\$20,964,890	\$67,009,890	\$9,200,000	\$7,386,452	\$16,586,452

Lease Purchase Agreement - In August 2015, Berne Union Local School District entered into a ground lease with a financial institution for roof repairs and HVAC system. Simultaneously, the two parties entered into a contract to lease the property to the District, including existing and new improvements made upon the property.

To facilitate the new improvements to the property called for within the agreement, the District received \$1,800,000 from the financial institution to provide financing for the above noted improvements of the school facilities. The District had the responsibility to authorize disbursements to complete the improvements and upon final payment of all scheduled rent payments, ownership of property reverts back to the District. This lease purchase agreement was paid off on April 12, 2023.

On November 8, 1994, the voters of the District passed a .5 mill levy to qualify for State Building Assistance Funds. The District received a \$6,120,000 loan from the State of Ohio for the construction and reconstruction of classroom facilities.

BERNE UNION LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***NOTE 12 - LONG-TERM OBLIGATIONS** - (Continued)

Pursuant to changes that became effective on September 14, 2000, Section 3318.05 of the Ohio Revised Code was amended eliminating the requirement that certain school districts receiving state classroom facilities assistance repay one-half of the required twenty-three year one-half mill levy. From that date forward any school district that had previously been required to make repayment has been directed to cease making the payments to the Ohio School Facilities Commission and to instead deposit one hundred percent of the proceeds in the Classroom Facilities Maintenance Nonmajor Special Revenue Fund designated by the Auditor of State.

The District's overall legal debt margin was \$26,455,656 with an unvoted debt margin of \$322,431 at June 30, 2023.

NOTE 13 – FUND CASH BALANCES

As of June 30, 2023, fund cash balances are composed of the following:

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>					
Unclaimed Monies	\$5,562	\$0	\$0	\$0	\$5,562
<i>Restricted:</i>					
Set Asides	27,115	0	0	0	27,115
Capital Improvements	0	26,445,905	0	0	26,445,905
Debt Service	0	0	0	2,052,821	2,052,821
State Grants	0	0	0	7,817	7,817
Food Service	0	0	0	844,587	844,587
Student Activities	0	0	0	26,891	26,891
Athletics	0	0	0	18,803	18,803
<i>Total Restricted</i>	<u>27,115</u>	<u>26,445,905</u>	<u>0</u>	<u>2,950,919</u>	<u>29,423,939</u>
<i>Assigned:</i>					
Uniform School Supplies	5,897	0	0	0	5,897
Public School Support	23,201	0	0	0	23,201
Subsequent Appropriations	6,178,733	0	0	0	6,178,733
<i>Total Assigned</i>	<u>6,207,831</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,207,831</u>
Total Fund Balance	<u><u>\$6,240,508</u></u>	<u><u>\$26,445,905</u></u>	<u><u>\$0</u></u>	<u><u>\$2,950,919</u></u>	<u><u>\$35,637,332</u></u>

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 14 - STATUTORY SET-ASIDES

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

The following changes occurred in the District set-aside reserve accounts during fiscal year 2023:

	Capital Improvements
Set-Aside Balance June 30, 2022	\$20,862
Current Year Set Aside Requirement	176,570
Current Year Qualifying Disbursements	(170,317)
Total	27,115
Set-Aside Balance Carried Forward to Future Fiscal Years	\$27,115
Set-Aside Balance at June 30, 2023	\$27,115

Excess of qualified expenditures for capital improvements do not carry forward.

NOTE 15 – ENCUMBRANCE COMMITMENTS

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

	Year-End Encumbrances
General	\$278,496
Building Fund	14,879,199
Nonmajor governmental funds	143,070
Total	\$15,300,765

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2023, the District paid META Solutions \$43,667 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

South Central Ohio Insurance Consortium (SCOIC)

South Central Ohio Insurance Consortium is a regional council of governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees.

NOTE 17 - INSURANCE PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Program

The District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool with Sheakley Uniservice, Inc. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 18 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2023, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

C. School Foundation

In fiscal year 2023, District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The final adjustment was not material and is not reflected in the accompanying financial statements.

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BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Ten Fiscal Years (1)

	2023	2022	2021	2020
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.0526918%	0.0462619%	0.0449912%	0.0435815%
District's Proportionate Share of the Net Pension Liability	\$2,849,982	\$1,706,930	\$2,975,813	\$2,607,558
District's Covered Payroll	\$1,739,657	\$1,640,571	\$1,531,543	\$1,296,514
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	163.82%	104.04%	194.30%	201.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.03875147%	0.03841727%	0.03720747%	0.03739518%
District's Proportionate Share of the Net Pension Liability	\$8,614,501	\$4,911,993	\$9,002,884	\$8,269,719
District's Covered Payroll	\$5,367,571	\$4,736,029	\$4,584,629	\$4,494,743
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	160.49%	103.72%	196.37%	183.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.88%	87.80%	75.48%	77.40%

(1) Information prior to 2014 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

Amounts presented as of the District's measurement date which is the prior fiscal year.

2019	2018	2017	2016	2015	2014
0.0543749%	0.0431635%	0.0422585%	0.0408237%	0.0380880%	0.0380880%
\$3,114,151	\$2,578,924	\$3,092,932	\$2,329,440	\$1,927,612	\$2,264,971
\$1,234,800	\$1,409,479	\$1,388,893	\$1,218,146	\$1,117,937	\$1,122,175
252.20%	182.97%	222.69%	191.23%	172.43%	201.04%
69.50%	69.50%	62.98%	69.16%	71.70%	65.52%
0.03694706%	0.03700119%	0.03454793%	0.03329147%	0.0329850%	0.0329850%
\$8,123,829	\$8,789,712	\$11,564,234	\$9,200,789	\$8,099,343	\$9,647,884
\$4,641,314	\$3,954,564	\$3,409,943	\$3,103,507	\$3,663,892	\$3,772,523
175.03%	222.27%	339.13%	296.46%	224.06%	255.14%
75.30%	75.30%	66.80%	72.10%	74.70%	63.90%

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Pension
Last Ten Fiscal Years

	2023	2022	2021	2020
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions	\$261,768	\$243,552	\$229,680	\$214,416
Contributions in Relation to the Contractually Required Contributions	<u>(261,768)</u>	<u>(243,552)</u>	<u>(229,680)</u>	<u>(214,416)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,869,771	\$1,739,657	\$1,640,571	\$1,531,543
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$707,760	\$751,460	\$663,044	\$641,848
Contributions in Relation to the Contractually Required Contributions	<u>(707,760)</u>	<u>(751,460)</u>	<u>(663,044)</u>	<u>(641,848)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$5,055,429	\$5,367,571	\$4,736,029	\$4,584,629
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

2019	2018	2017	2016	2015	2014
\$175,029	\$166,698	\$197,327	\$194,445	\$168,835	\$154,946
(175,029)	(166,698)	(197,327)	(194,445)	(168,835)	(154,946)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893	\$1,218,146	\$1,117,937
13.50%	13.50%	14.00%	14.00%	13.86%	13.86%
\$629,264	\$649,784	\$553,639	\$477,392	\$434,533	\$476,306
(629,264)	(649,784)	(553,639)	(477,392)	(434,533)	(476,306)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943	\$3,103,507	\$3,663,892
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability
Last Seven Fiscal Years (1)

	2023	2022	2021
<u>School Employees Retirement System of Ohio</u>			
District's Proportion of the Other Postemployment Benefits Liability	0.05324130%	0.04716950%	0.04624040%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$747,513	\$892,721	\$1,004,955
District's Covered Payroll	\$1,739,657	\$1,640,571	\$1,531,543
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	42.97%	54.42%	65.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%
<u>State Teachers Retirement System of Ohio</u>			
District's Proportion of the Other Postemployment Benefits Liability	0.03875147%	0.03841727%	0.03720747%
District's Proportionate Share of the Other Postemployment Benefits Asset	\$1,003,405	\$809,997	\$653,921
District's Proportionate Share of the Other Postemployment Benefits Liability	\$0	\$0	\$0
District's Covered Payroll	\$5,367,571	\$4,736,029	\$4,584,629
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	-18.69%	-17.10%	-14.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.70%	182.13%

(1) Information prior to 2017 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

Amounts presented as of the District's measurement date which is the prior fiscal year.

2020	2019	2018	2017
0.04424140%	0.05364800%	0.04341720%	0.04246330%
\$1,112,578	\$1,488,340	\$1,165,204	\$1,237,551
\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893
85.81%	120.53%	82.67%	89.10%
15.57%	13.57%	12.46%	11.49%
0.03739518%	0.03694706%	0.03700119%	0.03454793%
\$619,354	\$593,702	\$0	\$0
\$0	\$0	\$1,443,650	\$1,978,833
\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943
-13.78%	-12.79%	36.51%	58.03%
174.74%	176.00%	47.10%	37.30%

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Other Postemployment Benefits
Last Eight Fiscal Years (1)

	2023	2022	2021	2020
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions/Surcharge	\$33,647	\$31,514	\$27,592	\$27,592
Contributions in Relation to the Contractually Required Contributions	(33,647)	(31,514)	(27,592)	(27,592)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,869,771	\$1,739,657	\$1,640,571	\$1,531,543
Contributions as a Percentage of Covered Payroll	1.80%	1.81%	1.68%	1.80%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$5,055,429	\$5,367,571	\$4,736,029	\$4,584,629
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

2019	2018	2017	2016
\$28,736	\$28,062	\$21,888	\$19,936
(28,736)	(28,062)	(21,888)	(19,936)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893
2.22%	2.27%	1.55%	1.44%
\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943
0.00%	0.00%	0.00%	0.00%

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2023*

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018.
- Under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar year 2018, 2019 and 2020.

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2023: There were no changes in benefit terms for the period.

Changes in assumptions:

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

Other Postemployment Benefits

Changes in benefit terms:

2017-2023: There were no changes in benefit terms for the period.

Changes in assumptions:

2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
 - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2023*

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

- Mortality among active members was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2023: There were no changes in benefit terms for the period.

Changes in assumptions:

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.
- Healthy and disabled mortality assumptions were updated to the following:
 - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Long term expected rate of return was reduced from 7.45% to 7.00%.

2023: Projected salary increases beginning rate changed from 12.50% to 8.50%.

Other Postemployment Benefits

Changes in benefit terms:

2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

2020: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service effective January 1, 2020.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed to January 1, 2021.

2021: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.984% to 2.055% per year of service effective January 1, 2021.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2021.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed indefinitely.

2022 - 2023: There were no changes in benefit terms for the period.

Changes in assumptions:

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2023

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Discount rate was reduced from 7.45% to 7.00%.

2023: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Projected salary increases beginning rate changed from 12.50% to 8.50%.
- Health care cost trend rates were modified for medical and prescription drug costs.

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster:</u>		
Cash Assistance		
School Breakfast Program	10.553	\$58,910
Non-Cash Assistance (Food Distribution)		
National School Lunch Program - Food Donations	10.555	29,432
Cash Assistance		
National School Lunch Program	10.555	213,835
COVID-19 - National School Lunch Program	10.555	25,748
Total National School Lunch Program		<u>269,015</u>
Total Child Nutrition Cluster		<u>327,925</u>
Total U.S. Department of Agriculture		<u>327,925</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Special Education Cluster:</u>		
Special Education Grants to States (IDEA, Part B)	84.027A	179,964
COVID-19 - Special Education Grants to States (IDEA, Part B): ARP	84.027X	39,420
Total Special Education Grants to States		<u>219,384</u>
Special Education Preschool Grants	84.173A	4,330
COVID-19 - Special Education Preschool Grants: ARP	84.173X	2,918
Total Special Education Preschool Grants		<u>7,248</u>
Total Special Education Cluster		226,632
Title I Grants to Local Educational Agencies	84.010A	142,090
Supporting Effective Instruction State Grants	84.367A	22,798
Student Support and Academic Enrichment Program	84.424A	22,972
Education Stabilization Fund		
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	92,377
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	1,184,853
Total Education Stabilization Fund		<u>1,277,230</u>
Total U.S. Department of Education		<u>1,691,722</u>
Total Expenditures of Federal Awards		<u>\$2,019,647</u>

The accompanying notes are an integral part of this schedule.

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Berne Union Local School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, and changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

Berne Union Local School District
Fairfield County
506 North Main Street
Sugar Grove, Ohio 43155

To the Board of Education:

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 (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berne Union Local School District, Fairfield County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2025, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 3, 2025



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

Berne Union Local School District
Fairfield County
506 North Main Street
Sugar Grove, Ohio 43155

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Berne Union Local School District's, Fairfield County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Berne Union Local School District's major federal program for the year ended June 30, 2023. Berne Union Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Berne Union Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

December 3, 2025

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**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023
(continued)**

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

FINDING NUMBER 2023-001

Annual Financial Report – Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to **Ohio Rev. Code § 117.38** the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

Jon Parker, Superintendent

Kirk Grandy, Treasurer

Berne Union Local Schools

506 NORTH MAIN STREET
P.O. BOX 187
SUGAR GROVE, OHIO 43155
(740)746-8341 FAX (740)746-9824

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Finding Number:	2023-001
Planned Corrective Action:	Management believes reporting on the cash basis of accounting produces similar financial statements to those prepared using generally accepted accounting principles and is also more cost efficient. Further, while cash basis financial statements do not meet Ohio law, they do meet standards acceptable to the national accounting profession.
Anticipated Completion Date:	Immediately
Responsible Contact Person:	Kirk Grandy, Treasurer

"An Equal Opportunity Employer"

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Berne Union Local Schools

506 NORTH MAIN STREET
P.O. BOX 187
SUGAR GROVE, OHIO 43155
(740)746-8341 FAX (740)746-9824

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Reporting Annual Financial Statements (this was first issued in Fiscal Year 2011)	Not Corrected	Repeated as Finding 2023-001

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OHIO AUDITOR OF STATE KEITH FABER



BERNE UNION LOCAL SCHOOL DISTRICT

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/30/2025

65 East State 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