

PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SINGLE AUDITS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022-2021**

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Education
Berne Union Local School District
506 North Main Street
Sugar Grove, Ohio 43155

We have reviewed the *Independent Auditor's Report* of the Berne Union Local School District, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2020 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2023

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BERNE UNION LOCAL SCHOOL DISTRICT
Document Contents

TITLE

SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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PERRY

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PASSION *Beyond the Numbers*

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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BERNE UNION LOCAL SCHOOL DISTRICT

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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

Opinion

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Berne Union Local School District, Fairfield County, Ohio, as of June 30, 2022, 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 Opinion

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 opinion.

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 to opine on the financial statements as a whole 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 to 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

We applied no procedures to management's discussion & analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

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 22, 2022, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(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, 2022. 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, 2022 is \$55,148,256. This balance was comprised of a \$48,238,024 balance in net position amounts restricted for specific purposes and a balance of \$6,910,232 in unrestricted net position.
- < In total, net cash position of governmental activities decreased by \$3,591,470, which represents a 6.12 percent decrease from 2021. Net cash position of the business-type activities increased \$28,634, which represents a 131.20 percent increase from 2021.
- < General receipts accounted for \$15,252,292 or 83.51 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 \$3,012,627 or 16.49 percent of total receipts of \$18,264,919 for the governmental activities.
- < The District had \$21,856,389 in disbursements related to governmental activities; only \$3,012,627 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 \$15,252,292 were used to provide for the remainder of these programs.
- < The District had \$14,890 in disbursements related to business-type activities; \$43,524 of these disbursements were offset by program specific charges for services and sales.
- < The District recognizes three major governmental fund: 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 \$16,288,432 in receipts and \$13,791,989 in disbursements in fiscal year 2022.

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, 2022

(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, 2022
(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, 2022

(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 2022 compared to fiscal year 2021:

Table 1
Net Cash Position

	<u>Governmental Activities</u>		<u>Business -Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Cash Assets:</u>						
Cash and Cash Equivalents	<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>Total Cash Assets</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>
<u>Net Cash Position:</u>						
Restricted	<u>48,238,024</u>	<u>51,222,262</u>	<u>0</u>	<u>0</u>	<u>48,238,024</u>	<u>51,222,262</u>
Unrestricted	<u>6,859,774</u>	<u>7,467,006</u>	<u>50,458</u>	<u>21,824</u>	<u>6,910,232</u>	<u>7,488,830</u>
<i>Total Net Cash Position</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>

Total Cash and Cash Equivalents decreased \$3,562,836 from fiscal year 2021. The primary reason for the decrease is due to the increase in building construction project disbursements in 2022.

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 \$6,910,232 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 2022 and provides a comparison to fiscal year 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)*

Table 2
Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Services and Sales	\$479,742	\$639,223	\$43,524	\$22,347	\$523,266	\$661,570
Operating Grants and Contributions	2,532,885	2,137,585	0	0	2,532,885	2,137,585
<i>General Receipts:</i>						
Property Taxes	8,414,006	8,011,978	0	0	8,414,006	8,011,978
Income Taxes	2,480,342	2,186,385	0	0	2,480,342	2,186,385
Unrestricted Grants and Entitlements	4,019,973	4,063,909	0	0	4,019,973	4,063,909
Investment Earnings	220,492	28,981	0	0	220,492	28,981
Payments in Lieu of Taxes	20,745	21,178	0	0	20,745	21,178
Miscellaneous	96,734	163,313	0	0	96,734	163,313
Certificates of Participation Issued	0	49,040,000	0	0	0	49,040,000
Premium on Debt Issued	0	3,118,753	0	0	0	3,118,753
<i>Total Receipts</i>	<u>18,264,919</u>	<u>69,411,305</u>	<u>43,524</u>	<u>22,347</u>	<u>18,308,443</u>	<u>69,433,652</u>
<u>Disbursements:</u>						
<i>Program Disbursements:</i>						
<i>Instruction:</i>						
Regular	4,802,619	4,993,249	0	0	4,802,619	4,993,249
Special	2,765,323	2,603,942	0	0	2,765,323	2,603,942
<i>Support Services:</i>						
Pupils	660,653	557,452	0	0	660,653	557,452
Instructional Staff	296,622	272,737	0	0	296,622	272,737
Board of Education	29,744	33,276	0	0	29,744	33,276
Administration	1,214,011	1,258,200	0	0	1,214,011	1,258,200
Fiscal	654,263	642,469	0	0	654,263	642,469
Business	12,475	7,503	0	0	12,475	7,503
Operation and Maintenance of Plant	1,478,321	1,572,503	0	0	1,478,321	1,572,503
Pupil Transportation	913,189	749,696	0	0	913,189	749,696
Central	6,746	6,600	0	0	6,746	6,600
<i>Operation of Non-Instructional Services:</i>						
Food Services	518,118	275,613	0	0	518,118	275,613
Extracurricular Activities	331,054	275,570	0	0	331,054	275,570
Capital Outlay	4,240,410	1,652,329	0	0	4,240,410	1,652,329
<i>Debt Service:</i>						
Principal	2,260,173	139,272	0	0	2,260,173	139,272
Interest and Fiscal Charges	1,672,668	886,788	0	0	1,672,668	886,788
Issuance Cost	0	1,049,110	0	0	0	1,049,110
Preschool	0	0	14,890	14,979	14,890	14,979
<i>Total Disbursements</i>	<u>21,856,389</u>	<u>16,976,309</u>	<u>14,890</u>	<u>14,979</u>	<u>21,871,279</u>	<u>16,991,288</u>
<i>Change in Net Cash Position</i>	(3,591,470)	52,434,996	28,634	7,368	(3,562,836)	52,442,364
Net Position at Beginning of Year	58,689,268	6,254,272	21,824	14,456	58,711,092	6,268,728
Net Position at End of Year	<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>

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)*

The most significant governmental activities program disbursements for the District are Regular Instruction, Capital Outlay, Special Instruction, Principal, Interest and Fiscal Charges, Operation and Maintenance of Plant, and Administration. These programs account for 84.32 percent of the total governmental activities. Regular Instruction, which accounts for 21.97 percent of the total, represents costs associated with providing general educational services. Capital Outlay, which represents 19.40 percent of the total, represents costs associated with buying and constructing buildings. Special Instruction, which represents 12.65 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Principal, which represents 10.34 percent of the total, represents costs of the principal portion of general obligation debt. Interest and Fiscal Charges, which represents 7.65 percent of the total, represents costs of the interest portion of general obligation debt. Operation and Maintenance of Plant, which represents 6.76 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 5.55 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 \$3,591,470 or 6.12 percent. This is a decrease from last year when net cash position increased \$52,434,996 or 838.39 percent. For the governmental activities, total receipts decreased \$51,146,386 or 73.69 percent from last year and disbursements increased \$4,880,080 or 28.75 percent from last year.

The District's governmental activities had an increase in program receipts of \$235,819, and a decrease in general receipts of \$51,382,205. 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 increased primarily from an increase of \$2,588,081 in capital outlay, \$2,120,901 in principal retirement, and \$785,880 in interest and fiscal charges disbursements.

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 68.08 percent of total receipts for governmental activities.

The net position for the business-type activities increased \$28,634. The business-type activities had \$43,524 of program receipts and \$14,890 of program disbursements. For the business-type activities, total receipts increased \$21,177 or 94.76 percent from last year and disbursements decreased \$89 or 0.59 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 46.07 percent and intergovernmental receipts (unrestricted and operating grants) made up 35.88 percent of the total receipts for the governmental activities in fiscal year 2022.

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(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 2022, the District received \$4,576,613 through the State's foundation program, which represents 25.06 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 34.62 percent of governmental activities program disbursements. Support services disbursements make up 24.09 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 \$43,524 and disbursements of \$14,890 for fiscal year 2022. 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 2022 and comparison to fiscal year 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<i>Program Disbursements:</i>				
<i>Governmental Activities:</i>				
Instruction	\$7,567,942	\$7,597,191	\$6,359,902	\$6,082,487
Support Services	5,266,024	5,100,436	4,470,532	4,421,574
Operation of Non-Instructional Services	518,118	275,613	(407,228)	(250,813)
Extracurricular Activities	331,054	275,570	247,305	218,754
Capital Outlay	4,240,410	1,652,329	4,240,410	1,652,329
Principal Retirement	2,260,173	139,272	2,260,173	139,272
Interest and Fiscal Charges	1,672,668	886,788	1,672,668	886,788
Issuance Cost	0	1,049,110	0	1,049,110
<i>Business-Type Activities:</i>				
Preschool	<u>14,890</u>	<u>14,979</u>	<u>(28,634)</u>	<u>(7,368)</u>
Total Disbursements	<u>\$21,871,279</u>	<u>\$16,991,288</u>	<u>\$18,815,128</u>	<u>\$14,192,133</u>

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(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 of \$21,520,157 and disbursements of \$25,202,467.

The total fund balance of governmental funds decreased by \$3,682,310. The decrease in fund balance for the year was most significant in the Building Fund where there was a decrease of \$2,837,370, due to an increase in capital outlay disbursements. The General Fund fund balance decreased \$758,795, due to an increase in transfers out to other funds mostly to make debt payments.

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 2022, 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 \$15,340,191 representing an \$18,210 change from the original budget estimates of \$15,321,981. In addition, the final budget basis disbursements were \$16,513,770 and reflects an \$18,210 change from the original budget estimates of \$16,495,560.

Debt Administration

At June 30, 2022, the District had \$48,262,908 in general obligation debt outstanding with \$1,024,141 due within one year. Table 4 summarizes the general obligation debt outstanding for fiscal year 2022 compared to fiscal year 2021.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2022	2021
Certificates of Participation	\$46,920,000	\$49,040,000
Energy Conservation Notes	258,084	\$285,757
Lease Purchase Agreement	1,084,824	1,197,324
Total General Obligation Debt	<u>\$48,262,908</u>	<u>\$50,523,081</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, 2022

(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 begun 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 2022, the District received \$810,935, a \$119,548 increase compared to July 2021.

Tax year 2022, collected and paid in 2023, is 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, 2022

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>Cash Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$54,612,005	\$50,458	\$54,662,463
Cash and Cash Equivalents with Fiscal Agent	485,793	0	485,793
<i>Total Assets</i>	<u>55,097,798</u>	<u>50,458</u>	<u>55,148,256</u>
<u>Net Cash Position:</u>			
<i>Restricted for:</i>			
Capital Improvements	46,095,687	0	46,095,687
Set Asides	20,862	0	20,862
Debt Service	1,249,349	0	1,249,349
Food Service Operations	830,959	0	830,959
Other Purposes	41,167	0	41,167
Unrestricted	<u>6,859,774</u>	<u>50,458</u>	<u>6,910,232</u>
<i>Total Net Cash Position</i>	<u><u>\$55,097,798</u></u>	<u><u>\$50,458</u></u>	<u><u>\$55,148,256</u></u>

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, 2022

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position		
	Cash	Charges for	Operating	Governmental	Business-Type	Total
	Disbursements	Services and Sales	Grants and Contributions	Activities	Activities	
<u>Governmental Activities:</u>						
<i>Instruction:</i>						
Regular	\$4,802,619	\$380,259	\$81,629	(\$4,340,731)	\$0	(\$4,340,731)
Special	2,765,323	0	746,152	(2,019,171)	0	(2,019,171)
<i>Support Services:</i>						
Pupils	660,653	0	16,215	(644,438)	0	(644,438)
Instructional Staff	296,622	0	16,536	(280,086)	0	(280,086)
Board of Education	29,744	0	0	(29,744)	0	(29,744)
Administration	1,214,011	0	0	(1,214,011)	0	(1,214,011)
Fiscal	654,263	0	0	(654,263)	0	(654,263)
Business	12,475	0	0	(12,475)	0	(12,475)
Operation and Maintenance of Plant	1,478,321	0	320,701	(1,157,620)	0	(1,157,620)
Pupil Transportation	913,189	0	438,440	(474,749)	0	(474,749)
Central	6,746	0	3,600	(3,146)	0	(3,146)
<i>Operation of Non-Instructional Services:</i>						
Food Service	518,118	15,734	909,612	407,228	0	407,228
Extracurricular Activities	331,054	83,749	0	(247,305)	0	(247,305)
Capital Outlay	4,240,410	0	0	(4,240,410)	0	(4,240,410)
<i>Debt Service:</i>						
Principal	2,260,173	0	0	(2,260,173)	0	(2,260,173)
Interest and Fiscal Charges	1,672,668	0	0	(1,672,668)	0	(1,672,668)
Total Governmental Activities	21,856,389	479,742	2,532,885	(18,843,762)	0	(18,843,762)
<u>Business-Type Activities:</u>						
Preschool	14,890	43,524	0	0	28,634	28,634
Total Business-Type Activities	14,890	43,524	0	0	28,634	28,634
Totals	\$21,871,279	\$523,266	\$2,532,885	(18,843,762)	28,634	(18,815,128)
<u>General Cash Receipts:</u>						
<i>Property Taxes Levied for:</i>						
General Purposes				8,414,006	0	8,414,006
Income Taxes Levied for General Purposes				2,480,342	0	2,480,342
Grants and Entitlements not Restricted to Specific Programs				4,019,973	0	4,019,973
Payments in Lieu of Taxes				20,745	0	20,745
Investment Earnings				220,492	0	220,492
Miscellaneous				96,734	0	96,734
Total General Cash Receipts				15,252,292	0	15,252,292
Changes in Net Cash Position				(3,591,470)	28,634	(3,562,836)
<i>Net Cash Position at Beginning of Year</i>				58,689,268	21,824	58,711,092
<i>Net Cash Position at End of Year</i>				\$55,097,798	\$50,458	\$55,148,256

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, 2022

	General	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Cash Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,271,916	\$46,094,399	\$0	\$2,122,763	\$54,489,078
<i>Restricted Cash Assets:</i>					
Equity in Pooled Cash and Cash Equivalents	20,862	0	0	0	20,862
<i>Total Cash Assets</i>	<u>\$6,292,778</u>	<u>\$46,094,399</u>	<u>\$0</u>	<u>\$2,122,763</u>	<u>\$54,509,940</u>
<u>Fund Cash Balances:</u>					
Nonspendable	\$4,416	\$0	\$0	\$0	\$4,416
Restricted	20,862	46,094,399	0	2,122,763	48,238,024
Assigned	6,267,500	0	0	0	6,267,500
<i>Total Fund Cash Balances</i>	<u>\$6,292,778</u>	<u>\$46,094,399</u>	<u>\$0</u>	<u>\$2,122,763</u>	<u>\$54,509,940</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, 2022*

Total Governmental Fund Cash Balances \$54,509,940

*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.

587,858

Net Cash Position of Governmental Activities

\$55,097,798

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, 2022

	General	Building	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>Cash Receipts:</u>					
Property Taxes	\$8,414,006	\$0	\$0	\$0	\$8,414,006
Income Tax	2,480,342	0	0	0	2,480,342
Intergovernmental	4,886,293	0	0	1,666,565	6,552,858
Interest	15,729	201,630	0	3,133	220,492
Tuition and Fees	380,259	0	0	0	380,259
Extracurricular Activities	0	0	0	83,749	83,749
Payment in Lieu of Taxes	20,745	0	0	0	20,745
Customer Sales and Services	0	0	0	15,734	15,734
Miscellaneous	91,058	0	0	5,676	96,734
<i>Total Cash Receipts</i>	<u>16,288,432</u>	<u>201,630</u>	<u>0</u>	<u>1,774,857</u>	<u>18,264,919</u>
<u>Cash Disbursements:</u>					
<i>Current:</i>					
<i>Instruction:</i>					
Regular	4,759,406	0	0	82,524	4,841,930
Special	2,460,385	0	0	321,700	2,782,085
<i>Support Services:</i>					
Pupils	649,901	0	0	16,215	666,116
Instructional Staff	282,832	0	0	15,900	298,732
Board of Education	29,744	0	0	0	29,744
Administration	1,219,951	0	0	3,691	1,223,642
Fiscal	657,508	0	0	0	657,508
Business	12,475	0	0	0	12,475
Operation and Maintenance of Plant	1,162,692	0	0	321,211	1,483,903
Pupil Transportation	919,375	0	0	0	919,375
Central	3,146	0	0	3,600	6,746
<i>Operation of Non-Instructional Services:</i>					
Food Service Operations	0	0	0	518,118	518,118
Extracurricular Activities	243,934	0	0	0	243,934
Capital Outlay	1,201,410	3,039,000	0	89,670	4,330,080
<i>Debt Service:</i>					
Principal Retirement	140,173	0	2,120,000	0	2,260,173
Interest and Fiscal Charges	49,057	0	385,238	1,238,373	1,672,668
<i>Total Cash Disbursements</i>	<u>13,791,989</u>	<u>3,039,000</u>	<u>2,505,238</u>	<u>2,611,002</u>	<u>21,947,229</u>
<i>Excess (deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>2,496,443</u>	<u>(2,837,370)</u>	<u>(2,505,238)</u>	<u>(836,145)</u>	<u>(3,682,310)</u>
<u>Other Financing Sources (Uses):</u>					
Transfers In	0	0	2,505,238	750,000	3,255,238
Transfers Out	(3,255,238)	0	0	0	(3,255,238)
<i>Total Other Financing Sources (Uses)</i>	<u>(3,255,238)</u>	<u>0</u>	<u>2,505,238</u>	<u>750,000</u>	<u>0</u>
<i>Net Changes in Fund Cash Balances</i>	(758,795)	(2,837,370)	0	(86,145)	(3,682,310)
<i>Fund Cash Balances at Beginning of Year</i>	<u>7,051,573</u>	<u>48,931,769</u>	<u>0</u>	<u>2,208,908</u>	<u>58,192,250</u>
<i>Fund Cash Balances at End 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>

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, 2022*

Net Change in Fund Cash Balances - Total Governmental Funds (\$3,682,310)

***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.

90,840

Change in Net Cash Position of Governmental Activities

(\$3,591,470)

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Receipts:</u>				
Property Taxes	\$7,803,898	\$7,803,898	\$8,414,006	\$610,108
Income Tax	2,178,569	2,178,569	2,480,342	301,773
Intergovernmental	4,613,514	4,613,514	4,886,293	272,779
Interest	22,000	22,000	15,729	(6,271)
Tuition and Fees	548,000	566,210	373,899	(192,311)
Payments in Lieu of Taxes	21,000	21,000	20,745	(255)
Miscellaneous	135,000	135,000	55,057	(79,943)
<i>Total Receipts</i>	<u>15,321,981</u>	<u>15,340,191</u>	<u>16,246,071</u>	<u>905,880</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	5,176,682	5,194,892	4,857,775	337,117
Special	2,396,256	2,396,256	2,517,889	(121,633)
<i>Support Services:</i>				
Pupils	304,168	304,168	711,200	(407,032)
Instructional Staff	284,844	284,844	291,823	(6,979)
Board of Education	35,106	35,106	30,540	4,566
Administration	1,335,421	1,335,421	1,239,407	96,014
Fiscal	677,097	677,097	672,248	4,849
Business	8,749	8,749	15,291	(6,542)
Operation and Maintenance of Plant	1,429,773	1,429,773	1,278,338	151,435
Pupil Transportation	875,358	875,358	973,525	(98,167)
Central	3,120	3,120	6,646	(3,526)
Extracurricular Activities	232,321	232,321	245,515	(13,194)
Capital Outlay	3,547,435	3,547,435	2,050,025	1,497,410
<i>Debt Service:</i>				
Principal Retirement	140,174	140,174	140,174	0
Interest and Fiscal Charges	49,056	49,056	49,056	0
<i>Total Disbursements</i>	<u>16,495,560</u>	<u>16,513,770</u>	<u>15,079,452</u>	<u>1,434,318</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(1,173,579)	(1,173,579)	1,166,619	2,340,198
<u>Other Financing (Uses):</u>				
Transfers Out	(5,844,549)	(5,844,549)	(3,255,238)	2,589,311
Total Other Financing (Uses)	<u>(5,844,549)</u>	<u>(5,844,549)</u>	<u>(3,255,238)</u>	<u>2,589,311</u>
<i>Net Change in Fund Balances</i>	(7,018,128)	(7,018,128)	(2,088,619)	4,929,509
<i>Fund Balance at Beginning of Year</i>	4,661,209	4,661,209	4,661,209	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,356,919</u>	<u>2,356,919</u>	<u>2,356,919</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$4,929,509</u>	<u>\$4,929,509</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, 2022

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Other Enterprise</u>	<u>Internal Service</u>
<u>Cash Assets:</u>		
<i>Current Cash Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$50,458	\$102,065
Cash and Cash Equivalents with Fiscal Agent	<u>0</u>	<u>485,793</u>
<i>Total Cash Assets</i>	<u>50,458</u>	<u>587,858</u>
<u>Net Cash Position:</u>		
Unrestricted	<u>50,458</u>	<u>587,858</u>
<i>Total Net Cash Position</i>	<u><u>\$50,458</u></u>	<u><u>\$587,858</u></u>

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, 2022

	Business-Type Activities	Governmental Activities
	Other Enterprise	Internal Service
<u>Operating Cash Receipts:</u>		
Tuition	\$43,524	\$0
Charges for Services	0	2,146,051
<i>Total Operating Cash Receipts</i>	43,524	2,146,051
<u>Operating Cash Disbursements:</u>		
Purchased Services	1,358	443,892
Materials and Supplies	13,532	0
Claims	0	1,611,319
<i>Total Operating Cash Disbursements</i>	14,890	2,055,211
<i>Operating Income(Loss)</i>	28,634	90,840
<i>Net Cash Position at Beginning of Year</i>	21,824	497,018
<i>Net Cash Position at End of Year</i>	<u>\$50,458</u>	<u>\$587,858</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, 2022

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

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, 2022

	<u>Private Purpose Trust</u>
<i>Additions</i>	\$0
<i>Deductions</i>	<u>0</u>
<i>Change in Net Cash Position</i>	0
<i>Net Cash Position at Beginning of Year</i>	<u>6,868</u>
<i>Net Cash Position at End of Year</i>	<u><u>\$6,868</u></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, 2022*

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 42 non-certificated employees, 64 certificated full-time teaching personnel and 4 administrative employees who provide services to 940 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, 2022*

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, 2022*

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, 2022*

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 2022 amounted to \$15,729, which includes \$13,886 assigned from other District funds.

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, 2022*

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, 2022*

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 2022.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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, 2022, the District implemented GASB Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*,” GASB Statement No.96, “*Subscription-Based Information Technology Arrangements*,” GASB Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,” and GASB Statement No. 99, “*Omnibus 2022*.” The implementation of GASB Statements Nos. 94, 96, 97, and 99 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, 2022*

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	(\$758,795)
Adjustment for encumbrances	(1,322,255)
Funds budgeted elsewhere**	<u>(7,569)</u>
Budget Basis	<u><u>(\$2,088,619)</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, 2022*

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, 2022*

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, 2022, the carrying amount of all District deposits was \$6,237,839. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2022, \$6,512,937 of the District's bank balance of \$6,762,937 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, 2022 the District's financial institution participated in the Ohio Pool Collateral System.

Investments: As of June 30, 2022, 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	\$2,053,461	\$2,053,461	\$0	\$0
<i>Cost Basis:</i>				
Commercial Paper	15,675,047	15,675,047	0	0
Federal Farm Credit Bank Discount Notes	7,348,242	0	7,348,242	0
Federal Home Loan Mortgage Corporation Notes	2,998,370	1,000,350	1,998,020	0
Federal Home Loan Bank Bonds	3,299,175	0	3,299,175	0
Municipal Bonds	5,202,379	2,549,458	2,652,921	0
U.S. Treasury Notes	8,996,250	2,263,857	5,982,398	749,995
U.S. Treasury Bills	2,354,950	2,354,950	0	0
Negotiable CD's	495,509	0	0	495,509
Money Market	8,109	8,109	0	0
Total	<u>\$48,431,492</u>	<u>\$25,905,232</u>	<u>\$21,280,756</u>	<u>\$1,245,504</u>

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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, U.S. Treasury Notes, and U.S. Treasury Bills 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, 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, U.S. Treasury Bills and Negotiable CD's and Money Market were 4%, 32%, 15%, 6%, 7%, 11%, 18%, 5%, 1% and 1%, respectively, of the District's total investments.

The District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are in federal agency securities (FFCB, FNMA, FHLMC, FHLB), negotiable certificates of deposit and commercial paper and are valued using quoted prices in the markets that are not considered to be active, dealer quotations, or alternative pricing sources for similar assets of liabilities for which all significant inputs are observable either directly or indirectly; Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2022. All of the District's investments measured at fair value are valued using quoted market prices (Level 2 inputs).

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 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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, 2022*

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2021 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, 2022 are available to finance fiscal year 2022 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 2022 taxes were collected are:

	<u>2021 Second Half Collections</u>		<u>2022 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$118,236,240	46.37%	\$119,775,520	44.26%
Public Utility Personal	<u>136,752,660</u>	<u>53.63%</u>	<u>150,855,910</u>	<u>55.74%</u>
Total Assessed Value	<u>\$254,988,900</u>	<u>100.00%</u>	<u>\$270,631,430</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$44.40		\$44.40

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 \$2,480,342 were credited to the General Fund for fiscal year 2022.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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 2022, the District contracted with Hylant Administrative Services for professional and general liability insurance, fleet insurance and property insurance. Coverage's provided are as follows:

<u>Description</u>	<u>Amount</u>
Building and Contents (\$2,500 deductible)	\$ 40,925,721
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 2022, 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, 2022*

NOTE 8 - RISK MANAGEMENT – (Continued)

Stop loss limits are established by each district participating within the program. For fiscal year 2022, 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, 2022, the District had an estimated \$131,959 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>
2021	\$202,966	\$1,588,857	\$1,661,565	\$130,258
2022	130,258	1,611,319	1,609,618	131,959

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, 2022*

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 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, 2022*

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, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was \$243,552 for fiscal year 2022.

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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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, 2022, 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 2022 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$751,460 for fiscal year 2022.

Net Pension Liability

The net pension liability was measured as of June 30, 2021, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04626190%	0.03841727%	
Prior Measurement Date	0.04499120%	0.03720747%	
Change in Proportionate Share	<u>0.00127070%</u>	<u>0.00120980%</u>	
Proportionate Share of the Net Pension Liability	\$1,706,930	\$4,911,993	\$6,618,923
Pension Expense (Gain)	(\$94,186)	(\$36,566)	(\$130,752)

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.50 percent
Investment Rate of Return	7.0 percent net of System expenses	7.5 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$2,839,912	\$1,706,930	\$751,436

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 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
Discount Rate of Return	7.00 percent	7.45 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 healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	<u>100.00%</u>	

* 10 year 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, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. 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, 2021.

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	\$9,198,324	\$4,911,993	\$1,290,052

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

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, 2022*

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 Annual Comprehensive 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 2022, 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 2022, 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 2022, the District's surcharge obligation was \$31,514.

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 \$31,514 for fiscal year 2022.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

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, 2022, 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, 2021, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.04716950%	0.03841727%	
Prior Measurement Date	<u>0.04624040%</u>	<u>0.03720747%</u>	
Change in Proportionate Share	<u>0.00092910%</u>	<u>0.00120980%</u>	
Proportionate Share of the Net OPEB Liability	\$892,721	\$0	\$892,721
Proportionate Share of the Net OPEB (Asset)	\$0	(\$809,997)	(\$809,997)
OPEB Expense (Gain)	\$2,355	(\$55,395)	(\$53,040)

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.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2022

NOTE 10 - POSTEMPLOYMENT BENEFITS– (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 OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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 2010 through 2015, 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 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 2.63 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, 2020 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 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$1,106,190	\$892,721	\$722,188

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$687,322	\$892,721	\$1,167,072

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Projected salary increases	12.50 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	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

Actuarial assumptions used in the June 30, 2021; valuation is based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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 Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* 10 year 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, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was 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, 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$683,512	\$809,997	\$915,656

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$911,374	\$809,997	\$684,634

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

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, 2022*

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the District's long-term liabilities during fiscal year 2022 were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2021	Additions	Deductions	Principal Outstanding at June 30, 2022	Amount Due In One Year
<i>Governmental Activities:</i>							
Certificate of Participation	2021	4.00%	\$49,040,000	\$0	\$2,120,000	\$46,920,000	\$875,000
HB 264 Energy Conservation Notes	2015	3.34%	285,757	0	27,673	258,084	28,605
Lease Purchase Agreement	2015	3.40%	1,197,324	0	112,500	1,084,824	120,536
Total Governmental Activities Long-Term Liabilities			<u>\$50,523,081</u>	<u>\$0</u>	<u>\$2,260,173</u>	<u>\$48,262,908</u>	<u>\$1,024,141</u>

Certificates of Participation – 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.

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.

The annual requirements to retire the general obligation debt outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	HB 264 Energy Conservation Notes			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$28,605	\$8,371	\$36,976	\$875,000	\$1,563,711	\$2,438,711
2024	29,569	7,407	36,976	450,000	1,537,211	1,987,211
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
2028-2032	105,093	6,205	111,298	8,800,000	6,845,856	15,645,856
2033-2037	0	0	0	12,765,000	4,365,557	17,130,557
2038-2042	0	0	0	10,780,000	2,380,567	13,160,567
2043-2047	0	0	0	8,015,000	1,101,055	9,116,055
2048-2052	0	0	0	4,160,000	218,310	4,378,310
Totals	<u>\$258,084</u>	<u>\$38,095</u>	<u>\$296,179</u>	<u>\$46,920,000</u>	<u>\$22,528,601</u>	<u>\$69,448,601</u>

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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

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.

Principal and interest components of the scheduled base rent payments outstanding at June 30, 2022 are shown below.

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2023	\$120,536	\$35,859	\$156,395
2024	120,536	31,761	152,297
2025	128,572	27,595	156,167
2026	132,590	23,223	155,813
2027	136,608	18,647	155,255
2028-2032	445,982	26,843	472,825
Totals	<u>\$1,084,824</u>	<u>\$163,928</u>	<u>\$1,248,752</u>

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 \$23,906,079 with an unvoted debt margin of \$270,631 at June 30, 2022.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 13 – FUND CASH BALANCES

As of June 30, 2022, fund cash balances are composed of the following:

	General	Building	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>					
Unclaimed Monies	\$4,416	\$0	\$0	\$0	\$4,416
<i>Restricted:</i>					
Set Asides	20,862	0	0	0	20,862
Capital Improvements	0	46,094,399		1,288	46,095,687
Debt Service	0	0	0	1,249,349	1,249,349
State Grants	0	0	0	1,890	1,890
Food Service	0	0	0	830,959	830,959
Student Activities	0	0	0	28,123	28,123
Athletics	0	0	0	11,154	11,154
<i>Total Restricted</i>	<u>20,862</u>	<u>46,094,399</u>	<u>0</u>	<u>2,122,763</u>	<u>48,238,024</u>
<i>Assigned:</i>					
Uniform School Supplies	11,925	0	0	0	11,925
Public School Support	24,670	0	0	0	24,670
Subsequent Appropriations	6,230,905	0	0	0	6,230,905
<i>Total Assigned</i>	<u>6,267,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,267,500</u>
Total Fund Balance	<u>\$6,292,778</u>	<u>\$46,094,399</u>	<u>\$0</u>	<u>\$2,122,763</u>	<u>\$54,509,940</u>

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 2022:

	Capital Improvements
Set-Aside Balance June 30, 2021	\$81,585
Current Year Set Aside Requirement	137,449
Current Year Qualifying Disbursements	<u>(198,172)</u>
Total	<u>20,862</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$20,862</u>
Set-Aside Balance at June 30, 2022	<u>\$20,862</u>

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

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

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	\$1,322,255
Building Fund	2,935,049
Nonmajor governmental funds	<u>183,823</u>
Total	<u><u>\$4,441,127</u></u>

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 2022, the District paid META Solutions \$34,875 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, 2022

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, 2022, 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 2022, 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.

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

	2022	2021	2020	2019
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.0462619%	0.0449912%	0.0435815%	0.0543749%
District's Proportionate Share of the Net Pension Liability	\$1,706,930	\$2,975,813	\$2,607,558	\$3,114,151
District's Covered Payroll	\$1,640,571	\$1,531,543	\$1,296,514	\$1,234,800
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	104.04%	194.30%	201.12%	252.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	69.50%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.03841727%	0.03720747%	0.03739518%	0.03694706%
District's Proportionate Share of the Net Pension Liability	\$4,911,993	\$9,002,884	\$8,269,719	\$8,123,829
District's Covered Payroll	\$4,736,029	\$4,584,629	\$4,494,743	\$4,641,314
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	103.72%	196.37%	183.99%	175.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.48%	77.40%	75.30%

(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.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions	\$243,552	\$229,680	\$214,416	\$175,029
Contributions in Relation to the Contractually Required Contributions	<u>(243,552)</u>	<u>(229,680)</u>	<u>(214,416)</u>	<u>(175,029)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,739,657	\$1,640,571	\$1,531,543	\$1,296,514
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$751,460	\$663,044	\$641,848	\$629,264
Contributions in Relation to the Contractually Required Contributions	<u>(751,460)</u>	<u>(663,044)</u>	<u>(641,848)</u>	<u>(629,264)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$5,367,571	\$4,736,029	\$4,584,629	\$4,494,743
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

2018	2017	2016	2015	2014	2013
\$166,698	\$197,327	\$194,445	\$168,835	\$154,946	\$155,309
<u>(166,698)</u>	<u>(197,327)</u>	<u>(194,445)</u>	<u>(168,835)</u>	<u>(154,946)</u>	<u>(155,309)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,234,800	\$1,409,479	\$1,388,893	\$1,218,146	\$1,117,937	\$1,122,175
13.50%	14.00%	14.00%	13.86%	13.86%	13.84%
\$649,784	\$553,639	\$477,392	\$434,533	\$476,306	\$490,428
<u>(649,784)</u>	<u>(553,639)</u>	<u>(477,392)</u>	<u>(434,533)</u>	<u>(476,306)</u>	<u>(490,428)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,641,314	\$3,954,564	\$3,409,943	\$3,103,507	\$3,663,892	\$3,772,523
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

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

	2022	2021	2020	2019
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Other Postemployment Benefits Liability	0.04716950%	0.04624040%	0.04424140%	0.05364800%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$892,721	\$1,004,955	\$1,112,578	\$1,488,340
District's Covered Payroll	\$1,640,571	\$1,531,543	\$1,296,514	\$1,234,800
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	54.42%	65.62%	85.81%	120.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Other Postemployment Benefits Liability	0.03841727%	0.03720747%	0.03739518%	0.03694706%
District's Proportionate Share of the Other Postemployment Benefits Asset	\$809,997	\$653,921	\$619,354	\$593,702
District's Proportionate Share of the Other Postemployment Benefits Liability	\$0	\$0	\$0	\$0
District's Covered Payroll	\$4,736,029	\$4,584,629	\$4,494,743	\$4,641,314
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	-17.10%	-14.26%	-13.78%	-12.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.13%	174.74%	176.00%

(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.

2018	2017
0.04341720%	0.04246330%
\$1,165,204	\$1,237,551
\$1,409,479	\$1,388,893
82.67%	89.10%
12.46%	11.49%
0.03700119%	0.03454793%
\$0	\$0
\$1,443,650	\$1,978,833
\$3,954,564	\$3,409,943
36.51%	58.03%
47.10%	37.30%

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

	2022	2021	2020	2019
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions/Surcharge	\$31,514	\$27,592	\$27,592	\$28,736
Contributions in Relation to the Contractually Required Contributions	<u>(31,514)</u>	<u>(27,592)</u>	<u>(27,592)</u>	<u>(28,736)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,739,657	\$1,640,571	\$1,531,543	\$1,296,514
Contributions as a Percentage of Covered Payroll	1.81%	1.68%	1.80%	2.22%
<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	\$5,367,571	\$4,736,029	\$4,584,629	\$4,494,743
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.

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

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2022*

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.

2020-2022: 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%
- 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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2022*

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

- 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.

Other Postemployment Benefits

Changes in benefit terms:

2017-2022: 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%
- 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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2022*

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2022: 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%.

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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2022*

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

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: 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

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%.

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 183,667
National School Lunch Program - Noncash Assistance	10.555	N/A	30,630
National School Lunch Program	10.555	N/A	333,837
Total National School Lunch Program			364,467
Total Child Nutrition Cluster			548,134
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	2022	614
TOTAL U.S. DEPARTMENT OF AGRICULTURE			548,748
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies:			
Title I Grants to Local Educational Agencies	84.010	2021	144
Title I Grants to Local Educational Agencies	84.010	2022	140,120
Total Title I Grants to Local Educational Agencies			140,264
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	2021	15,906
Special Education - Grants to States (IDEA, Part B)	84.027	2022	177,346
Total Special Education - Grants to States (IDEA, Part B)			193,252
Special Education - Preschool Grants (IDEA Preschool)	84.173	2022	4,083
Total Special Education Cluster			197,335
Supporting Effective Instruction State Grants	84.367	2022	23,085
COVID-19 Education Stabilization Fund (ESF):			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	2022	320,701
Total COVID-19 Education Stabilization Fund (ESF):			320,701
TOTAL U.S. DEPARTMENT OF EDUCATION			681,385
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,230,133

The accompanying notes are an integral part of this schedule.

BERNE UNION LOCAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2022

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**, Fairfield County, Ohio (the District) under programs of the federal government for the year ended June 30, 2022. 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, changes in net position, or cash flows 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 comingles 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.

**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 auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2022, 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 purposes of expressing our opinion 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 are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 2022-001.

District's Response to Findings

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022



**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, 2022. Berne Union Local School District’s major federal program is identified in the *Summary of Auditor’s Results* section of the accompanying schedule of audit findings.

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.

Report on Internal Control Over Compliance (Continued)

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of Audit Findings
2 CFR § 200.515
For the Year Ended June 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2022-001

Noncompliance

Reporting Annual Financial Statements

Condition: The District prepares annual financial statements which follow a comprehensive accounting basis other than accounting principles generally accepted in the United States of America (GAAP).

Criteria: Ohio Administrative Code Section 117-2-3(B) requires the District to prepare its annual financial reports in accordance with GAAP.

Effect: Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial reports in accordance with GAAP.

Cause: Due to current economic issues, the District elected to prepare and submit its annual financial reports on the cash basis of accounting to realize savings in accounting and auditing fees on an annual basis. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

BERNE UNION LOCAL SCHOOL DISTRICT

Schedule of Audit Findings

2 CFR § 200.515

For the Year Ended June 30, 2022

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2022-001 (Continued)

Noncompliance (Continued)

Reporting Annual Financial Statements (Continued)

Recommendation: We recommend the District further consider reporting its annual financial report in accordance with GAAP to include all assets, liabilities and disclosures to provide a complete presentation of its financial status.

Officials' Response: See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None

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, 2022**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Reporting Annual Financial Statements	Not Corrected	Repeated as Finding 2022-001.

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, 2022**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	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.	N/A	Kirk Grandy, Treasurer



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**BERNE UNION LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

BERNE UNION LOCAL SCHOOL DISTRICT

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BERNE UNION LOCAL SCHOOL DISTRICT

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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 Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash 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, 2021, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

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 applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 taken as a whole.

Other Information

We applied no procedures to management's discussion & analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(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, 2021. 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, 2021 is \$58,711,092. This balance was comprised of a \$51,222,262 balance in net position amounts restricted for specific purposes and a balance of \$7,488,830 in unrestricted net position.
- < In total, net cash position of governmental activities increased by \$52,434,996, which represents a 838.39 percent increase from 2020. Net cash position of the business-type activities increased \$7,368, which represents a 50.97 percent increase from 2020.
- < General receipts accounted for \$66,634,497 or 96.00 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 \$2,776,808 or 4.00 percent of total receipts of \$69,411,305 for the governmental activities.
- < The District had \$16,976,309 in disbursements related to governmental activities; only \$2,776,808 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 \$66,634,497 were used to provide for the remainder of these programs.
- < The District had \$14,979 in disbursements related to business-type activities; \$22,347 of these disbursements were offset by program specific charges for services and sales.
- < The District recognizes two major governmental fund: the General and Building 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 \$15,569,616 in receipts and \$13,654,768 in disbursements in fiscal year 2021.

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, 2021
(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, 2021
(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 fund is the General Fund.

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, 2021
(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 2021 compared to fiscal year 2020:

**Table 1
Net Cash Position**

	<u>Governmental Activities</u>		<u>Business -Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Cash Assets:</u>						
Cash and Cash Equivalents	<u>\$ 58,689,268</u>	<u>\$ 6,254,272</u>	<u>\$ 21,824</u>	<u>\$ 14,456</u>	<u>\$ 58,711,092</u>	<u>\$ 6,268,728</u>
<i>Total Cash Assets</i>	<u>58,689,268</u>	<u>6,254,272</u>	<u>21,824</u>	<u>14,456</u>	<u>58,711,092</u>	<u>6,268,728</u>
<u>Net Cash Position:</u>						
Restricted	51,222,262	204,916	0	0	51,222,262	204,916
Unrestricted	<u>7,467,006</u>	<u>6,049,356</u>	<u>21,824</u>	<u>14,456</u>	<u>7,488,830</u>	<u>6,063,812</u>
<i>Total Net Cash Position</i>	<u>\$58,689,268</u>	<u>\$6,254,272</u>	<u>\$21,824</u>	<u>\$14,456</u>	<u>\$58,711,092</u>	<u>\$6,268,728</u>

Total Cash and Cash Equivalents increased \$52,442,364 from fiscal year 2020. The primary reason for the increase is due to the issuances of \$49,040,000 in certificates of participation.

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 \$7,488,830 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 2021 and provides a comparison to fiscal year 2020.

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

(Unaudited)

Table 2

Changes in Net Cash Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<u>Receipts:</u>						
<i>Program Receipts:</i>						
Charges for Services and Sales	\$639,223	\$913,340	\$22,347	\$43,773	\$661,570	\$957,113
Operating Grants and Contributions	2,137,585	1,871,218	0	0	2,137,585	1,871,218
<i>General Receipts:</i>						
Property Taxes	8,011,978	5,994,445	0	0	8,011,978	5,994,445
Income Taxes	2,186,385	2,177,901	0	0	2,186,385	2,177,901
Unrestricted Grants and Entitlements	4,063,909	3,572,066	0	0	4,063,909	3,572,066
Investment Earnings	28,981	66,688	0	0	28,981	66,688
Payments in Lieu of Taxes	21,178	16,991	0	0	21,178	16,991
Miscellaneous	163,313	165,502	0	0	163,313	165,502
Certificates of Participation Issued	49,040,000	0	0	0	49,040,000	0
Premium on Debt Issued	3,118,753	0	0	0	3,118,753	0
Total Receipts	69,411,305	14,778,151	22,347	43,773	69,433,652	14,821,924
<u>Disbursements:</u>						
<i>Program Disbursements:</i>						
<i>Instruction:</i>						
Regular	4,993,249	4,612,515	0	0	4,993,249	4,612,515
Special	2,603,942	2,535,459	0	0	2,603,942	2,535,459
<i>Support Services:</i>						
Pupils	557,452	556,325	0	0	557,452	556,325
Instructional Staff	272,737	164,512	0	0	272,737	164,512
Board of Education	33,276	56,699	0	0	33,276	56,699
Administration	1,258,200	1,104,826	0	0	1,258,200	1,104,826
Fiscal	642,469	527,645	0	0	642,469	527,645
Business	7,503	8,437	0	0	7,503	8,437
Operation and Maintenance of Plant	1,572,503	1,378,737	0	0	1,572,503	1,378,737
Pupil Transportation	749,696	852,373	0	0	749,696	852,373
Central	6,600	6,206	0	0	6,600	6,206
<i>Operation of Non-Instructional Services:</i>						
Food Services	275,613	333,795	0	0	275,613	333,795
Extracurricular Activities	275,570	297,974	0	0	275,570	297,974
Capital Outlay	1,652,329	0	0	0	1,652,329	0
<i>Debt Service:</i>						
Principal	139,272	130,364	0	0	139,272	130,364
Interest and Fiscal Charges	886,788	58,275	0	0	886,788	58,275
Issuance Cost	1,049,110	0	0	0	1,049,110	0
Preschool	0	0	14,979	34,799	14,979	34,799
Total Disbursements	16,976,309	12,624,142	14,979	34,799	16,991,288	12,658,941
Change in Net Cash Position	52,434,996	2,154,009	7,368	8,974	52,442,364	2,162,983
Net Position at Beginning of Year	6,254,272	4,100,263	14,456	5,482	6,268,728	4,105,745
Net Position at End of Year	<u>\$58,689,268</u>	<u>\$6,254,272</u>	<u>\$21,824</u>	<u>\$14,456</u>	<u>\$58,711,092</u>	<u>\$6,268,728</u>

BERNE UNION LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

(Unaudited)

The most significant governmental activities program disbursements for the District are Regular Instruction, Special Instruction, Capital Outlay, Operation and Maintenance of Plant, and Administration. These programs account for 71.16 percent of the total governmental activities. Regular Instruction, which accounts for 29.41 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 15.34 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Capital Outlay, which represents 9.73 percent of the total, represents costs associated with buying and constructing buildings. Operation and Maintenance of Plant, which represents 9.26 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 7.41 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 increased \$52,434,996 or 838.39 percent. This is an increase from last year when net cash position increased \$2,154,009 or 52.53 percent. For the governmental activities, total receipts increased \$54,633,154 or 369.69 percent from last year and disbursements increased \$4,352,167 or 34.47 percent from last year.

The District's governmental activities had a decrease in program receipts of \$7,750, as well as an increase in general receipts of \$54,640,904. The increase in general receipts is primarily due to an increase in property taxes and the proceeds from the issuance of the certificates of participation.

The total disbursements for governmental activities increased primarily from an increase of \$380,734 in regular instruction, \$828,513 in interest and fiscal charges disbursements, and the issuance of costs for the debt issued.

The majority of the funding for the most significant programs indicated above is from property taxes and unrestricted grants and entitlements. Property taxes, unrestricted grants and entitlements and the debt issuance account for 88.05 percent of total receipts for governmental activities.

The net position for the business-type activities increased \$7,368. The business-type activities had \$22,347 of program receipts and \$14,979 of program disbursements. For the business-type activities, total receipts decreased \$21,426 or 48.95 percent from last year and disbursements decreased \$19,820 or 56.96 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 11.54 percent and intergovernmental receipts (unrestricted and operating grants) made up 8.93 percent of the total receipts for the governmental activities in fiscal year 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(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 2021, the District received \$4,246,332 through the State's foundation program, which represents 6.12 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 44.75 percent of governmental activities program disbursements. Support services disbursements make up 30.04 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 \$22,347 and disbursements of \$14,979 for fiscal year 2021. 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 2021 and comparison to fiscal year 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<i>Program Disbursements:</i>				
<i>Governmental Activities:</i>				
Instruction	\$7,597,191	\$7,147,974	\$6,082,487	\$5,471,131
Support Services	5,100,436	4,655,760	4,421,574	4,031,965
Operation of Non-Instructional Services	275,613	333,795	(250,813)	(54,410)
Extracurricular Activities	275,570	297,974	218,754	202,259
Capital Outlay	1,652,329	0	1,652,329	0
Principle Retirement	139,272	130,364	139,272	130,364
Interest and Fiscal Charges	886,788	58,275	886,788	58,275
Issuance Cost	1,049,110	0	1,049,110	0
<i>Business-Type Activities:</i>				
Preschool	<u>14,979</u>	<u>34,799</u>	<u>(7,368)</u>	<u>(8,974)</u>
Total Disbursements	<u>\$16,991,288</u>	<u>\$12,658,941</u>	<u>\$14,192,133</u>	<u>\$9,830,610</u>

BERNE UNION LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(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 of \$69,911,305 and disbursements of \$17,587,846.

The total fund balance of governmental funds increased by \$52,323,459. The increase in fund balance for the year was most significant in the Building Fund where there was an increase of \$48,931,769, due to issuance of certificates of participation. The General Fund fund balance increased \$1,414,848, due to an increase in property tax 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 2021, 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 \$15,404,564 representing an \$1,574,213 change from the original budget estimates of \$13,830,351. In addition, the final budget basis disbursements were \$11,929,898 and reflects an (\$12,062) change from the original budget estimates of \$11,941,960.

Debt Administration

At June 30, 2021, the District had \$50,523,081 in general obligation debt outstanding with \$2,260,173 due within one year. Table 4 summarizes the general obligation debt outstanding for fiscal year 2021 compared to fiscal year 2020.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2021	2020
Certificates of Participation	\$49,040,000	\$0
Energy Conservation Notes	285,757	\$312,529
Lease Purchase Agreement	1,197,324	1,309,824
Total General Obligation Debt	<u>\$50,523,081</u>	<u>\$1,622,353</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, 2021
(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 decided to build 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 does 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 fiscal year 2021, this generated \$2,186,385 in receipts for general operations, which is over \$500,000 more than original projections in 2014 by the Ohio Department of taxation.

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 updated the bus fleet over the past few years.

The Ohio Legislature biennial budget for Fiscal Years 2020 and 2021 School Foundation Formula is driven by enrollment. Beginning in January 2013, the District began to receive casino revenue. During Fiscal Year 2021 the District received \$33,553 in casino revenue. Due to the Coronavirus Pandemic, in May 2020, the Governor of Ohio cut state aid to all schools by 3.7%. The District received a reduction of \$158,976 for Fiscal Year 2020 in state aid. During Fiscal Year 2021, the Governor restored state aid to original estimates from the State biennial budget that was approved for Fiscal Year 2020. During Fiscal Years 2020 and 2021 the District received Student Wellness Funds in the amounts of \$178,359 and \$330,998 respectively.

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, 2021

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>Cash Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$58,281,217	\$21,824	\$58,303,041
Cash and Cash Equivalents with Fiscal Agent	408,051	0	408,051
<i>Total Assets</i>	<u>58,689,268</u>	<u>21,824</u>	<u>58,711,092</u>
<u>Net Cash Position:</u>			
<i>Restricted for:</i>			
Capital Improvements	48,933,396	0	48,933,396
Set Asides	81,585	0	81,585
Debt Service	1,734,330	0	1,734,330
Food Service Operations	423,731	0	423,731
Facilities Maintenance	171	0	171
Other Purposes	49,049	0	49,049
Unrestricted	<u>7,467,006</u>	<u>21,824</u>	<u>7,488,830</u>
<i>Total Net Cash Position</i>	<u><u>\$58,689,268</u></u>	<u><u>\$21,824</u></u>	<u><u>\$58,711,092</u></u>

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, 2021

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position		
	Cash	Charges for	Operating	Governmental	Business-Type	Total
	Disbursements	Services and Sales	Grants and Contributions	Activities	Activities	
<u>Governmental Activities:</u>						
<i>Instruction:</i>						
Regular	\$4,993,249	\$574,914	\$153,530	(\$4,264,805)	\$0	(\$4,264,805)
Special	2,603,942	0	780,298	(1,823,644)	0	(1,823,644)
Vocational	0	0	5,962	5,962	0	5,962
<i>Support Services:</i>						
Pupils	557,452	0	286,926	(270,526)	0	(270,526)
Instructional Staff	272,737	0	13,359	(259,378)	0	(259,378)
Board of Education	33,276	0	0	(33,276)	0	(33,276)
Administration	1,258,200	0	0	(1,258,200)	0	(1,258,200)
Fiscal	642,469	0	0	(642,469)	0	(642,469)
Business	7,503	0	0	(7,503)	0	(7,503)
Operation and Maintenance of Plant	1,572,503	0	310,491	(1,262,012)	0	(1,262,012)
Pupil Transportation	749,696	0	64,486	(685,210)	0	(685,210)
Central	6,600	0	3,600	(3,000)	0	(3,000)
<i>Operation of Non-Instructional Services:</i>						
Food Service	275,613	7,493	518,933	250,813	0	250,813
Extracurricular Activities	275,570	56,816	0	(218,754)	0	(218,754)
Capital Outlay	1,652,329	0	0	(1,652,329)	0	(1,652,329)
<i>Debt Service:</i>						
Principal	139,272	0	0	(139,272)	0	(139,272)
Issuance Costs	1,049,110	0	0	(1,049,110)	0	(1,049,110)
Interest and Fiscal Charges	886,788	0	0	(886,788)	0	(886,788)
Total Governmental Activities	16,976,309	639,223	2,137,585	(14,199,501)	0	(14,199,501)
<u>Business-Type Activities:</u>						
Preschool	14,979	22,347	0	0	7,368	7,368
Total Business-Type Activities	14,979	22,347	0	0	7,368	7,368
Totals	\$16,991,288	\$661,570	\$2,137,585	(14,199,501)	7,368	(14,192,133)
<u>General Cash Receipts:</u>						
<i>Property Taxes Levied for:</i>						
General Purposes				8,011,978	0	8,011,978
Income Taxes Levied for General Purposes				2,186,385	0	2,186,385
Grants and Entitlements not Restricted to Specific Programs				4,063,909	0	4,063,909
Payments in Lieu of Taxes				21,178	0	21,178
Investment Earnings				28,981	0	28,981
Certificates of Participation Issued				49,040,000	0	49,040,000
Premium on Debt Issued				3,118,753	0	3,118,753
Miscellaneous				163,313	0	163,313
Total General Cash Receipts				66,634,497	0	66,634,497
Changes in Net Cash Position				52,434,996	7,368	52,442,364
<i>Net Cash Position at Beginning of Year</i>				6,254,272	14,456	6,268,728
Net Cash Position at End of Year				\$58,689,268	\$21,824	\$58,711,092

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, 2021

	General	Building	Other Governmental Funds	Total Governmental Funds
<u>Cash Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,969,988	\$48,931,769	\$2,208,908	\$58,110,665
<u>Restricted Cash Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	81,585	0	0	81,585
<i>Total Cash Assets</i>	<u>\$7,051,573</u>	<u>\$48,931,769</u>	<u>\$2,208,908</u>	<u>\$58,192,250</u>
<u>Fund Cash Balances:</u>				
Nonspendable	\$4,416	\$0	\$0	\$4,416
Restricted	81,585	48,931,769	2,208,908	51,222,262
Assigned	6,965,572	0	0	6,965,572
<i>Total Fund Cash Balances</i>	<u>\$7,051,573</u>	<u>\$48,931,769</u>	<u>\$2,208,908</u>	<u>\$58,192,250</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, 2021*

Total Governmental Fund Cash Balances \$58,192,250

*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.

497,018

Net Cash Position of Governmental Activities

\$58,689,268

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, 2021

	General	Building	Other Governmental Funds	Total Governmental Funds
<u>Cash Receipts:</u>				
Property Taxes	\$8,011,978	\$0	\$0	\$8,011,978
Income Tax	2,186,385	0	0	2,186,385
Intergovernmental	4,589,941	0	1,611,553	6,201,494
Interest	23,892	29,053	0	52,945
Increase (Decrease) in Fair Value of Investments	0	(20,831)	(3,133)	(23,964)
Tuition and Fees	574,914	0	0	574,914
Extracurricular Activities	0	0	56,816	56,816
Payment in Lieu of Taxes	21,178	0	0	21,178
Customer Sales and Services	0	0	7,493	7,493
Miscellaneous	161,328	0	1,985	163,313
<i>Total Cash Receipts</i>	<u>15,569,616</u>	<u>8,222</u>	<u>1,674,714</u>	<u>17,252,552</u>
<u>Cash Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,890,064	0	153,203	5,043,267
Special	2,303,280	0	321,374	2,624,654
<i>Support Services:</i>				
Pupils	276,084	0	286,926	563,010
Instructional Staff	261,247	0	14,000	275,247
Board of Education	33,276	0	0	33,276
Administration	1,270,989	0	0	1,270,989
Fiscal	646,584	0	0	646,584
Business	7,503	0	0	7,503
Operation and Maintenance of Plant	1,255,139	0	323,229	1,578,368
Pupil Transportation	756,514	0	0	756,514
Central	3,000	0	3,600	6,600
<i>Operation of Non-Instructional Services:</i>				
Food Service Operations	0	0	275,613	275,613
Extracurricular Activities	222,158	0	56,564	278,722
Capital Outlay	1,535,876	116,453	0	1,652,329
<i>Debt Service:</i>				
Principal Retirement	139,272	0	0	139,272
Interest and Fiscal Charges	53,782	0	833,006	886,788
Issuance Costs	0	1,049,110	0	1,049,110
<i>Total Cash Disbursements</i>	<u>13,654,768</u>	<u>1,165,563</u>	<u>2,267,515</u>	<u>17,087,846</u>
<i>Excess (deficiency) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>1,914,848</u>	<u>(1,157,341)</u>	<u>(592,801)</u>	<u>164,706</u>
<u>Other Financing Sources (Uses):</u>				
Certificates of Participation Issued	0	49,040,000	0	49,040,000
Premium Debt Issued	0	1,049,110	2,069,643	3,118,753
Transfers In	0	0	500,000	500,000
Transfers Out	(500,000)	0	0	(500,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(500,000)</u>	<u>50,089,110</u>	<u>2,569,643</u>	<u>52,158,753</u>
<i>Net Changes in Fund Cash Balances</i>	1,414,848	48,931,769	1,976,842	52,323,459
<i>Fund Cash Balances at Beginning of Year</i>	<u>5,636,725</u>	<u>0</u>	<u>232,066</u>	<u>5,868,791</u>
<i>Fund Cash Balances at End of Year</i>	<u>\$7,051,573</u>	<u>\$48,931,769</u>	<u>\$2,208,908</u>	<u>\$58,192,250</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, 2021*

Net Change in Fund Cash Balances - Total Governmental Funds \$52,323,459

*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.

111,537

Change in Net Cash Position of Governmental Activities

\$52,434,996

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, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Receipts:</u>				
Property Taxes	\$6,753,000	\$8,011,978	\$8,011,978	\$0
Income Tax	2,186,385	2,186,385	2,186,385	0
Intergovernmental	4,150,557	4,465,792	4,589,941	124,149
Interest	22,216	22,216	23,892	1,676
Tuition and Fees	562,745	562,745	572,659	9,914
Payments in Lieu of Taxes	21,178	21,178	21,178	0
Miscellaneous	134,270	134,270	138,656	4,386
<i>Total Receipts</i>	<u>13,830,351</u>	<u>15,404,564</u>	<u>15,544,689</u>	<u>140,125</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,683,801	4,666,158	5,005,748	(339,590)
Special	2,214,935	2,214,935	2,304,355	(89,420)
<i>Support Services:</i>				
Pupils	406,237	406,237	293,154	113,083
Instructional Staff	153,462	153,462	274,594	(121,132)
Board of Education	56,834	56,834	33,776	23,058
Administration	1,122,582	1,125,373	1,285,765	(160,392)
Fiscal	539,710	539,710	651,236	(111,526)
Business	9,932	9,932	8,449	1,483
Operation and Maintenance of Plant	1,413,710	1,416,500	1,381,848	34,652
Pupil Transportation	937,272	937,272	845,605	91,667
Central	2,606	2,606	3,000	(394)
Extracurricular Activities	212,240	212,240	223,437	(11,197)
Capital Outlay	0	0	3,486,000	(3,486,000)
<i>Debt Service:</i>				
Principal Retirement	130,364	130,364	139,272	(8,908)
Interest and Fiscal Charges	58,275	58,275	53,782	4,493
<i>Total Disbursements</i>	<u>11,941,960</u>	<u>11,929,898</u>	<u>15,990,021</u>	<u>(4,060,123)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,888,391	3,474,666	(445,332)	(3,919,998)
<u>Other Financing (Uses):</u>				
Transfers Out	(7,494,932)	(9,081,207)	(500,000)	8,581,207
Total Other Financing (Uses)	<u>(7,494,932)</u>	<u>(9,081,207)</u>	<u>(500,000)</u>	<u>8,581,207</u>
<i>Net Change in Fund Balances</i>	(5,606,541)	(5,606,541)	(945,332)	4,661,209
<i>Fund Balance at Beginning of Year</i>	5,264,608	5,264,608	5,264,608	0
<i>Prior Year Encumbrances Appropriated</i>	341,933	341,933	341,933	0
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$4,661,209</u>	<u>\$4,661,209</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, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Other Enterprise</u>	<u>Internal Service</u>
<u>Cash Assets:</u>		
<i>Current Cash Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$21,824	\$88,967
Cash and Cash Equivalents with Fiscal Agent	<u>0</u>	<u>408,051</u>
<i>Total Cash Assets</i>	<u>21,824</u>	<u>497,018</u>
<u>Net Cash Position:</u>		
Unrestricted	<u>21,824</u>	<u>497,018</u>
<i>Total Net Cash Position</i>	<u><u>\$21,824</u></u>	<u><u>\$497,018</u></u>

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, 2021

	Business-Type Activities	Governmental Activities
	Other Enterprise	Internal Service
<u>Operating Cash Receipts:</u>		
Tuition	\$22,347	\$0
Charges for Services	0	2,171,799
<i>Total Operating Cash Receipts</i>	22,347	2,171,799
<u>Operating Cash Disbursements:</u>		
Purchased Services	3,668	471,405
Materials and Supplies	2,225	0
Claims	0	1,588,857
Capital Outlay	9,086	0
<i>Total Operating Cash Disbursements</i>	14,979	2,060,262
<i>Operating Income(Loss)</i>	7,368	111,537
<i>Net Cash Position at Beginning of Year</i>	14,456	385,481
<i>Net Cash Position at End of Year</i>	<u>\$21,824</u>	<u>\$497,018</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, 2021

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

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, 2021

	Private Purpose Trust
<i>Additions</i>	
Miscellaneous	\$100
<i>Deductions</i>	
	500
<i>Change in Net Cash Position</i>	(400)
<i>Net Cash Position at Beginning of Year</i>	7,268
<i>Net Cash Position at End of Year</i>	\$6,868

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, 2021

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 41 non-certificated employees, 64 certificated full-time teaching personnel and 4 administrative employees who provide services to 947 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, 2021

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, 2021

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.

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, 2021

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 2021 amounted to \$23,892, which includes \$13,556 assigned from other District funds.

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, 2021

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, 2021

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 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 fiscal year 2021, the District implemented GASB Statement No. 87, “Leases”, and GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.” The implementation of GASB Statements No. 87 and 90 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, 2021

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	\$1,414,848
Adjustment for encumbrances	(2,356,916)
Funds budgeted elsewhere**	<u>(3,264)</u>
Budget Basis	<u><u>(\$945,332)</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, 2021

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, 2021

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, 2021, the carrying amount of all District deposits was \$9,539,111. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2021, \$9,591,915 of the District's bank balance of \$9,841,915 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, 2021 the District's financial institution participated in the Ohio Pool Collateral System.

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

<u>Measurement/Investment Type</u>	<u>Measurement Value</u>	<u>Less Than One Year</u>	<u>One to Two Years</u>	<u>Three to Five Years</u>
<i>Amortized Costs:</i>				
STAROhio	\$2,047,745	\$2,047,745	\$0	\$0
<i>Fair Value:</i>				
Commercial Paper	19,295,249	19,295,249	0	0
Federal Farm Credit Bank Discount Notes	7,320,425	0	0	7,320,425
Federal Home Loan Mortgage Corporation Notes	5,989,377	0	999,806	4,989,571
Federal Home Loan Bank Bonds	3,290,023	0	0	3,290,023
Municipal Bonds	7,793,370	2,611,580	2,544,155	2,637,635
U.S. Treasury Notes	2,265,309	0	1,267,965	997,344
Negotiable CD's	490,176	0	0	490,176
Money Market	279,124	279,124	0	0
Total	<u>\$48,770,798</u>	<u>\$24,233,698</u>	<u>\$4,811,926</u>	<u>\$19,725,174</u>

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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 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, 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 and Negotiable CD's and Money Market were 4%, 39%, 15%, 12%, 7%, 16%, 5%, 1% and 1%, respectively, of the District's total investments.

The District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are in federal agency securities (FFCB, FNMA, FHLMC, FHLB), negotiable certificates of deposit and commercial paper and are valued using quoted prices in the markets that are not considered to be active, dealer quotations, or alternative pricing sources for similar assets of liabilities for which all significant inputs are observable either directly or indirectly; Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2021. All of the District's investments measured at fair value are valued using quoted market prices (Level 2 inputs).

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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, 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, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2020 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, 2021 are available to finance fiscal year 2021 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 2021 taxes were collected are:

	<u>2020 Second Half Collections</u>		<u>2021 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$117,939,440	47.23%	\$118,236,240	46.37%
Public Utility Personal	131,770,530	52.77%	136,752,660	53.63%
Total Assessed Value	<u>\$249,709,970</u>	<u>100.00%</u>	<u>\$254,988,900</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$44.40		\$44.40

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 \$2,186,385 were credited to the General Fund for fiscal year 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 2021, the District contracted with Hylant Administrative Services for professional and general liability insurance, fleet insurance and property insurance. Coverage's provided are as follows:

<u>Description</u>	<u>Amount</u>
Building and Contents (\$2,500 deductible)	\$ 40,441,507
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 2021, 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, 2021

NOTE 8 - RISK MANAGEMENT – (Continued)

Stop loss limits are established by each district participating within the program. For fiscal year 2021, 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, 2021, the District's position in the pooled cash and cash equivalents held by SCOIC was \$130,258. 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>
2020	\$91,718	\$1,267,043	\$1,155,795	\$202,966
2021	202,966	1,588,857	1,661,565	130,258

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, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB Statement No. 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 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. Beginning April 1, 2018, 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 is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the 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, 2021

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, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was \$229,680 for fiscal year 2021.

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, 2023, 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. Investment allocation decisions are determined by the member. 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, 2021

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 Statement No. 68 reporting purposes.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, 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 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$663,044 for fiscal year 2021.

District's Proportionate Share of Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04499120%	0.03720747%	
Prior Measurement Date	<u>0.04358150%</u>	<u>0.03739518%</u>	
Change in Proportionate Share	<u>0.00140970%</u>	<u>-0.00018771%</u>	
Proportionate Share of the Net Pension Liability	\$2,975,813	\$9,002,884	\$11,978,697

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, 2021

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, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

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

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 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	\$4,076,500	\$2,975,813	\$2,052,315

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0.00%
Payroll Increases	3.00%

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	<u>100.00%</u>	

*10 year 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 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 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	\$12,818,539	\$9,002,884	\$5,769,434

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, 2021

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. 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 Annual Comprehensive 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 2020, 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 2020, this amount was \$23,000. 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 2020, the District's surcharge obligation was \$27,592.

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 \$27,592 for fiscal year 2020.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.04624040%	0.03720747%	
Prior Measurement Date	<u>0.04424140%</u>	<u>0.03739518%</u>	
Change in Proportionate Share	<u>0.00199900%</u>	<u>-0.00018771%</u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$1,004,955	(\$653,921)	\$351,034

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.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS- (Continued)

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, 2020, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 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.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS- (Continued)

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 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 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge with no additional contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 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 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$1,230,040	\$1,004,955	\$826,013

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS- (Continued)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$791,326	\$1,004,955	\$1,290,632

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Payroll Increases	3 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

* 10 year 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 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was 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 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 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, 2021

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	\$568,954	\$653,921	\$726,012

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$721,537	\$653,921	\$571,554

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claims curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentage were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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.

NOTE 12 - LONG-TERM OBLIGATIONS

The changes in the District's long-term liabilities during fiscal year 2021 were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2021</u>	<u>Amount Due In One Year</u>
<i>Governmental Activities:</i>							
Certificate of Participation	2021	4.00%	\$0	\$49,040,000	\$0	\$49,040,000	\$2,120,000
HB 264 Energy Conservation Notes	2015	3.34%	312,529	0	26,772	285,757	27,673
Lease Purchase Agreement	2015	3.40%	1,309,824	0	112,500	1,197,324	112,500
Total Governmental Activities Long-Term Liabilities			<u>\$1,622,353</u>	<u>\$49,040,000</u>	<u>\$139,272</u>	<u>\$50,523,081</u>	<u>\$2,260,173</u>

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Certificates of Participation – 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.

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.

The annual requirements to retire the general obligation debt outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	HB 264 Energy Conservation Notes			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$27,673	\$9,303	\$36,976	\$2,120,000	\$1,623,611	\$3,743,611
2023	28,605	8,371	36,976	875,000	1,563,711	2,438,711
2024	29,569	7,407	36,976	450,000	1,537,211	1,987,211
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
2027-2031	137,751	10,523	148,274	6,385,000	7,149,556	13,534,556
2032-2036	0	0	0	13,060,000	4,882,057	17,942,057
2037-2041	0	0	0	11,260,000	2,694,170	13,954,170
2042-2046	0	0	0	8,605,000	1,320,723	9,925,723
2047-2051	0	0	0	5,520,000	356,250	5,876,250
Totals	<u>\$285,757</u>	<u>\$47,398</u>	<u>\$333,155</u>	<u>\$49,040,000</u>	<u>\$24,152,212</u>	<u>\$73,192,212</u>

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.

Principal and interest components of the scheduled base rent payments outstanding at June 30, 2021 are shown below.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending			
June 30,	Principal	Interest	Total
2022	\$112,500	\$39,753	\$152,253
2023	120,536	35,859	156,395
2024	120,536	31,761	152,297
2025	128,572	27,595	156,167
2026	132,590	23,223	155,813
2027-2030	582,590	45,490	628,080
Totals	<u>\$1,197,324</u>	<u>\$203,681</u>	<u>\$1,401,005</u>

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 \$27,574,080 with an unvoted debt margin of \$254,989 at June 30, 2021.

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 13 – FUND CASH BALANCES

As of June 30, 2021, fund cash balances are composed of the following:

	<u>General</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Unclaimed Monies	\$4,416	\$0	\$0	\$4,416
<i>Restricted:</i>				
Set Asides	81,585	0	0	81,585
Capital Improvements	0	48,931,769	1,627	48,933,396
Deb Service	0	0	1,734,330	1,734,330
Facilities Maintenance	0	0	171	171
Local Grants	0	0	300	300
State Grants	0	0	2,485	2,485
Federal Grants	0	0	2,792	2,792
Food Service	0	0	423,731	423,731
Student Activities	0	0	25,165	25,165
Athletics	0	0	18,307	18,307
<i>Total Restricted</i>	<u>81,585</u>	<u>48,931,769</u>	<u>2,208,908</u>	<u>51,222,262</u>
<i>Assigned:</i>				
Uniform School Supplies	8,454	0	0	8,454
Public School Support	20,575	0	0	20,575
Subsequent Appropriations	6,936,543	0	0	6,936,543
<i>Total Assigned</i>	<u>6,965,572</u>	<u>0</u>	<u>0</u>	<u>6,965,572</u>
 Total Fund Balance	 <u>\$7,051,573</u>	 <u>\$48,931,769</u>	 <u>\$2,208,908</u>	 <u>\$58,192,250</u>

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 2021:

	<u>Capital Improvements</u>
Set-Aside Balance June 30, 2020	\$0
Current Year Set Aside Requirement	151,791
Current Year Qualifying Disbursements	<u>(70,206)</u>
Total	<u>81,585</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$81,585</u>
Set-Aside Balance at June 30, 2021	<u><u>\$81,585</u></u>

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

BERNE UNION LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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	\$2,356,916
Building Fund	3,378,144
Nonmajor governmental funds	<u>133,829</u>
Total	<u><u>\$5,868,889</u></u>

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 2021, the District paid META Solutions \$43,745 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS - (Continued)

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, 2021*

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, 2020, 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 2021, 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.

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 20 – SUBSEQUENT EVENTS

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$263,183 in revenue and expenditures/expense related to these programs.

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

	2021	2020	2019	2018
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.0449912%	0.0435815%	0.0543749%	0.0431635%
District's Proportionate Share of the Net Pension Liability	\$2,975,813	\$2,607,558	\$3,114,151	\$2,578,924
District's Covered Payroll	\$1,531,543	\$1,296,514	\$1,234,800	\$1,409,479
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	194.30%	201.12%	252.20%	182.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	69.50%	69.50%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.03720747%	0.03739518%	0.03694706%	0.03700119%
District's Proportionate Share of the Net Pension Liability	\$9,002,884	\$8,269,719	\$8,123,829	\$8,789,712
District's Covered Payroll	\$4,584,629	\$4,494,743	\$4,641,314	\$3,954,564
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	196.37%	183.99%	175.03%	222.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	77.40%	75.30%	75.30%

(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.

2017	2016	2015	2014
0.0422585%	0.0408237%	0.0380880%	0.0380880%
\$3,092,932	\$2,329,440	\$1,927,612	\$2,264,971
\$1,388,893	\$1,218,146	\$1,117,937	\$1,122,175
222.69%	191.23%	172.43%	201.04%
62.98%	69.16%	71.70%	65.52%
0.03454793%	0.03329147%	0.0329850%	0.0329850%
\$11,564,234	\$9,200,789	\$8,099,343	\$9,647,884
\$3,409,943	\$3,103,507	\$3,663,892	\$3,772,523
339.13%	296.46%	224.06%	255.14%
66.80%	72.10%	74.70%	63.90%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>School Employees Retirement System of Ohio</u>				
Contractually Required Contributions	\$229,680	\$214,416	\$175,029	\$166,698
Contributions in Relation to the Contractually Required Contributions	<u>(229,680)</u>	<u>(214,416)</u>	<u>(175,029)</u>	<u>(166,698)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,640,571	\$1,531,543	\$1,296,514	\$1,234,800
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
<u>State Teachers Retirement System of Ohio</u>				
Contractually Required Contributions	\$663,044	\$641,848	\$629,264	\$649,784
Contributions in Relation to the Contractually Required Contributions	<u>(663,044)</u>	<u>(641,848)</u>	<u>(629,264)</u>	<u>(649,784)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$4,736,029	\$4,584,629	\$4,494,743	\$4,641,314
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2013 is not available. The District will continue to present information for years available until a full ten-year trend is presented.

2017	2016	2015	2014	2013
\$197,327	\$194,445	\$168,835	\$154,946	\$155,309
<u>(197,327)</u>	<u>(194,445)</u>	<u>(168,835)</u>	<u>(154,946)</u>	<u>(155,309)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,409,479	\$1,388,893	\$1,218,146	\$1,117,937	\$1,122,175
14.00%	14.00%	13.86%	13.86%	13.84%
\$553,639	\$477,392	\$434,533	\$476,306	\$490,428
<u>(553,639)</u>	<u>(477,392)</u>	<u>(434,533)</u>	<u>(476,306)</u>	<u>(490,428)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,954,564	\$3,409,943	\$3,103,507	\$3,663,892	\$3,772,523
14.00%	14.00%	14.00%	13.00%	13.00%

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

	2021	2020	2019	2018	2017
<u>School Employees Retirement System of Ohio</u>					
District's Proportion of the Other Postemployment Benefits Liability	0.04624040%	0.04424140%	0.05364800%	0.04341720%	0.04246330%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$1,004,955	\$1,112,578	\$1,488,340	\$1,165,204	\$1,237,551
District's Covered Payroll	\$1,531,543	\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	65.62%	85.81%	120.53%	82.67%	89.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<u>State Teachers Retirement System of Ohio</u>					
District's Proportion of the Other Postemployment Benefits Liability	0.03720747%	0.03739518%	0.03694706%	0.03700119%	0.03454793%
District's Proportionate Share of the Other Postemployment Benefits Asset	\$653,921	\$619,354	\$593,702	\$0	\$0
District's Proportionate Share of the Other Postemployment Benefits Liability	\$0	\$0	\$0	\$1,443,650	\$1,978,833
District's Covered Payroll	\$4,584,629	\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered Payroll	-14.26%	-13.78%	-12.79%	36.51%	58.03%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.13%	174.74%	176.00%	47.10%	37.30%

(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.

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

	2021	2020	2019	2018	2017	2016
<u>School Employees Retirement System of Ohio</u>						
Contractually Required Contributions/Surcharge	\$27,592	\$27,592	\$28,736	\$28,062	\$21,888	\$19,936
Contributions in Relation to the Contractually Required Contributions	<u>(27,592)</u>	<u>(27,592)</u>	<u>(28,736)</u>	<u>(28,062)</u>	<u>(21,888)</u>	<u>(19,936)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$1,640,571	\$1,531,543	\$1,296,514	\$1,234,800	\$1,409,479	\$1,388,893
Contributions as a Percentage of Covered Payroll	1.68%	1.80%	2.22%	2.27%	1.55%	1.44%
<u>State Teachers Retirement System of Ohio</u>						
Contractually Required Contributions	\$0	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<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>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$4,736,029	\$4,584,629	\$4,494,743	\$4,641,314	\$3,954,564	\$3,409,943
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2021*

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.

2020-2021: 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.

Other Postemployment Benefits

Changes in benefit terms:

2017-2021: There were no changes in benefit terms for the period.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2021*

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

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.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2021: 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.

BERNE UNION LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2021*

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

2019-2021: 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.

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, 2021*

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.

BERNE UNION LOCAL SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	\$ 73,510
COVID-19 School Breakfast Program	10.553	N/A	15,316
Total School Breakfast Program			<u>88,826</u>
National School Lunch Program - Noncash Assistance	10.555	N/A	24,583
National School Lunch Program	10.555	N/A	122,058
COVID-19 National School Lunch Program	10.555	N/A	23,923
Total National School Lunch Program			<u>170,564</u>
Total Child Nutrition Cluster			<u>259,390</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>259,390</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	2021	<u>70,121</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>70,121</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2021	<u>159,635</u>
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	2020	3,302
Special Education - Grants to States (IDEA, Part B)	84.027	2021	168,347
Total Special Education - Grants to States (IDEA, Part B)			<u>171,649</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	2021	4,090
Total Special Education Cluster			<u>175,739</u>
Supporting Effective Instruction State Grants	84.367	2021	<u>23,011</u>
Student Support and Academic Enrichment Program	84.424	2021	<u>12,668</u>
COVID-19 Education Stabilization Fund (ESF):			
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	2021	253,751
Total COVID-19 Education Stabilization Fund (ESF):			<u>253,751</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>624,804</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 954,315</u>

The accompanying notes are an integral part of this schedule.

BERNE UNION LOCAL SCHOOL DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2021

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**, Fairfield County, Ohio (the District) under programs of the federal government for the year ended June 30, 2021. 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, changes in net position, or cash flows 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 comingles 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.

**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 auditing standards generally accepted in the United States and 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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2022, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2021-001.

District's Response to Findings

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

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose..



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH 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 Each Major Federal Program

We have audited **Berne Union Local School District's**, Fairfield County, (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Berne Union Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Berne Union Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

December 22, 2022

BERNE UNION LOCAL SCHOOL DISTRICT

Schedule of Audit Findings

2 CFR § 200.515

For the Year Ended June 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster; Education Stabilization Fund – AL # 84.425
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2021-001

Noncompliance

Reporting Annual Financial Statements

Condition: The District prepares annual financial statements which follow a comprehensive accounting basis other than accounting principles generally accepted in the United States of America (GAAP).

Criteria: Ohio Administrative Code Section 117-2-3(B) requires the District to prepare its annual financial reports in accordance with GAAP.

Effect: Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial reports in accordance with GAAP.

Cause: Due to current economic issues, the District elected to prepare and submit its annual financial reports on the cash basis of accounting to realize savings in accounting and auditing fees on an annual basis. The accompanying financial statements and notes omit material assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

BERNE UNION LOCAL SCHOOL DISTRICT

Schedule of Audit Findings

2 CFR § 200.515

For the Year Ended June 30, 2021

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2021-001 (Continued)

Noncompliance (Continued)

Reporting Annual Financial Statements (Continued)

Recommendation: We recommend the District further consider reporting its annual financial report in accordance with GAAP to include all assets, liabilities and disclosures to provide a complete presentation of its financial status.

Officials' Response: See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None

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, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Reporting Annual Financial Statements	Not Corrected	Repeated as Finding 2021-001.

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, 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	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.	N/A	Kirk Grandy, Treasurer

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 2/7/2023

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

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