

BERKSHIRE LOCAL SCHOOL DISTRICT

GEAUGA COUNTY, OHIO

Single Audit

For the Year Ended June 30, 2025





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Board of Education
Berkshire Local School District
14259 Claridon-Troy Rd
Burton, OH 44021-0364

We have reviewed the *Independent Auditor's Report* of the Berkshire Local School District, Geauga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2024 through June 30, 2025. 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 Berkshire Local School District is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

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

March 31, 2026

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Single Audit
For the Fiscal Year Ended June 30, 2025
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INDEPENDENT AUDITOR'S REPORT

Berkshire Local School District
Geauga County
14259 Claridon Troy Road, Box 364
Burton, Ohio 44021

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Berkshire Local School District, Geauga County, Ohio (the District), as of and for the year ended June 30, 2025, 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2025, and the respective changes in financial position and its cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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

As described in Note 23 to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of 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 basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 22, 2025

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The management's discussion and analysis of Berkshire Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2025 are as follows:

- Net position decreased from fiscal year 2025, primarily due to the decrease in cash from the result of financed purchase proceeds almost fully spent by fiscal year end and changes in assumptions in pension plans.
- Total program expenses increased from fiscal year 2024 due to increases in salaries and benefits, purchased services and materials and supplies related instruction, well as changes in the pension and OPEB systems specific to the total amounts of unfunded liabilities resulting in increases to the corresponding liabilities as well.
- During fiscal year 2025, the School District's capital asset additions included construction in progress, land, modular buildings, furniture, new roofing, parking lot paving, drinking fountains, new vans and intangible right to use assets related to copiers.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Berkshire Local School District as a financial whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Berkshire Local School District, the general fund is the only major fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2025?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food services and extracurricular activities.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for dental and prescription claims self-insurance. The proprietary fund uses the accrual basis of accounting.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2025 compared to 2024:

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Table 1
Net Position
Governmental Activities

	2025	2024	Change
Assets			
Current and Other Assets	\$22,631,936	\$24,689,556	(\$2,057,620)
Net OPEB Asset	1,208,799	1,201,048	7,751
Capital Assets	61,821,581	60,509,500	1,312,081
Total Assets	<u>85,662,316</u>	<u>86,400,104</u>	<u>(737,788)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	45,999	47,475	(1,476)
Pension	4,267,004	4,451,170	(184,166)
OPEB	894,592	1,047,593	(153,001)
Total Deferred Outflows of Resources	<u>5,207,595</u>	<u>5,546,238</u>	<u>(338,643)</u>
Liabilities			
Current and Other Liabilities	3,995,446	3,184,476	(810,970)
Long-term Liabilities:			
Due Within One Year	2,914,236	1,220,625	(1,693,611)
Due in More Than One year:			
Net Pension Liability	16,304,180	17,615,021	1,310,841
Net OPEB Liability	819,722	1,323,035	503,313
Other Amounts	34,871,647	33,794,529	(1,077,118)
Total Liabilities	<u>58,905,231</u>	<u>57,137,686</u>	<u>(1,767,545)</u>
Deferred Inflows of Resources			
Property Taxes	9,383,308	10,051,442	668,134
Pension	1,809,621	1,095,252	(714,369)
OPEB	2,050,080	2,078,615	28,535
Leases	199,802	245,329	45,527
Total Deferred Inflows of Resources	<u>13,442,811</u>	<u>13,470,638</u>	<u>27,827</u>
Net Position			
Net Investment in Capital Assets	28,965,591	28,502,944	462,647
Restricted	4,503,756	4,514,288	(10,532)
Unrestricted (Deficit)	<u>(14,947,478)</u>	<u>(11,679,214)</u>	<u>(3,268,264)</u>
Total Net Position	<u>\$18,521,869</u>	<u>\$21,338,018</u>	<u>(\$2,816,149)</u>

New Accounting Pronouncement/Restatements

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The implementation of GASB 101 resulted in recognizing additional compensated absences liabilities of \$2,632,689 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional expense. (See Note 23).

Governmental Activities

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$18,521,869 in fiscal year 2025 and \$18,705,329 in fiscal year 2024.

A large portion of the School District's net position reflects “Net Investment in Capital Assets” (i.e. land, construction in progress, buildings, improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

By comparing assets and liabilities, one can see the overall position of the School District has decreased as evidenced by the decrease in net position. Management continues to diligently plan expenses, staying carefully within the School District's revenues in an effort to maintain the durations between its levy requests. Current assets decreased from changes to cash. The decrease cash is the direct result of financed purchase proceeds almost fully spent by fiscal year end. Capital assets increased as current year additions exceeded depreciation/amortization for the fiscal year. Current liabilities increased due to unearned revenue related to grant monies received before eligibility requirements were met. Other current liabilities at year-end include accrued interest owed on the OFCC debt bonds and certificates of participation, and accrued wages on employees off for the summer.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025 and 2024.

Table 2
Changes in Net Position
Governmental Activities

	2025	2024	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,315,081	\$1,483,714	(\$168,633)
Operating Grants, Contributions and Interest	1,825,372	1,676,353	149,019
Total Program Revenues	3,140,453	3,160,067	(19,614)
General Revenues			
Property Taxes	11,908,101	9,316,936	2,591,165
Income Taxes	4,047,790	3,787,048	260,742
Grants and Entitlements	7,351,581	6,830,399	521,182
Investment Earnings/Interest	440,192	469,009	(28,817)
Sale of License	0	480,000	(480,000)
Gain on Sale of Capital Assets	0	4,882	(4,882)
Unrestricted Contributions	757,290	11,407	745,883
Miscellaneous	165,580	87,625	77,955
Total General Revenues	24,670,534	20,987,306	3,683,228
Total Revenues	27,810,987	24,147,373	3,663,614
Program Expenses			
Instruction:			
Regular	11,510,798	8,948,737	(2,562,061)
Special	3,243,852	3,245,047	1,195
Vocational	278,392	136,272	(142,120)
Student Intervention	48,298	89,146	40,848
Support Services:			
Pupil	2,667,537	2,659,851	(7,686)
Instructional Staff	697,122	554,585	(142,537)
Board of Education	356,703	420,600	63,897
Administration	1,555,554	1,675,279	119,725
Fiscal	626,699	699,674	72,975
Business	8,985	2,653	(6,332)
Operation and Maintenance of Plant	1,771,900	1,691,070	(80,830)
Pupil Transportation	2,810,135	2,704,538	(105,597)
Operation of Non-Instructional Services	67,139	310,897	243,758
Operation of Food Service Operations	512,319	508,742	(3,577)
Extracurricular Activities	914,643	991,510	76,867
Interest	924,371	842,734	(81,637)
Total Expenses	27,994,447	25,481,335	(2,513,112)
Change in Net Position	(183,460)	(1,333,962)	1,150,502
<i>Net Position Beginning of Year as Previously Reported</i>	21,338,018	22,671,980	(1,333,962)
Change in Accounting Principle (See Note 3)	(2,632,689)	0	(2,632,689)
<i>Restated Net Position Beginning of Year</i>	18,705,329	22,671,980	(3,966,651)
Net Position End of Year	\$18,521,869	\$21,338,018	(\$2,816,149)

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

New Accounting Pronouncement/Restatements

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 23.)

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

In May 2007, the community approved a one percent income tax levy on all earned income within the School District effective for the 2008 collections. This replaced the .75 percent income tax levy on all income within the School District.

Overall revenues increased during fiscal year 2025 due mainly to increases in property taxes, grants and entitlements, and unrestricted contributions. Revenue from property taxes increased in fiscal year 2025 primarily due to the timing of tax advance settlements. The increase in grants and entitlements is specific to increases in State Foundation support and due to the School District continuing to seek out additional grant funding.

The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Parents continue to have the opportunity to pay for the student's lunch online. Each student uses his/her personal identification number, that accesses his/her account, when visiting the cafeteria.

Instruction composes the most significant portion of governmental program expenses. Program expenses went up due mainly to increases in salaries and benefits, purchased services and materials and supplies related instruction.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the School District. Clearly, the six communities that comprise the School District are, by far, the greatest source of financial support for the students of the Berkshire Local School District.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2025		2024	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$11,510,798	(\$10,652,295)	\$8,948,737	(\$8,052,951)
Special	3,243,852	(2,359,980)	3,245,047	(2,526,814)
Vocational	278,392	(72,698)	136,272	(123,261)
Student Intervention	48,298	(45,017)	89,146	(80,849)
Support Services:				
Pupil	2,667,537	(2,656,147)	2,659,851	(2,652,671)
Instructional Staff	697,122	(615,367)	554,585	(469,288)
Board of Education	356,703	(356,703)	420,600	(420,600)
Administration	1,555,554	(1,549,581)	1,675,279	(1,669,286)
Fiscal	626,699	(626,699)	699,674	(699,674)
Business	8,985	(8,985)	2,653	(2,653)
Operation and Maintenance of Plant	1,771,900	(1,699,950)	1,691,070	(1,182,317)
Pupil Transportation	2,810,135	(2,608,045)	2,704,538	(2,538,023)
Operation of Non-Instructional Services	67,139	38,906	310,897	(267,378)
Operation of Food Services	512,319	(6,649)	508,742	3,448
Extracurricular Activities	914,643	(710,413)	991,510	(796,217)
Interest	924,371	(924,371)	842,734	(842,734)
Total	<u>\$27,994,447</u>	<u>(\$24,853,994)</u>	<u>\$25,481,335</u>	<u>(\$22,321,268)</u>

The School District's Funds

Information regarding the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27,536,317 and expenditures of \$29,623,235. The general fund decrease in fund balance was due to increased expenditures coupled with transfers to other funds to subsidize programs, which exceeded revenues for the fiscal year. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property and income taxes from the communities that comprise the School District are two large source revenues, accounting for 57 percent of total governmental revenue.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2025, the School District amended its general fund budget several times. The School District uses a site-based budgeting system designed to tightly control total site budgets, but provide flexibility for site management.

The School District ended the fiscal year \$604,697 higher than budgeted ending fund balance. This is due in large part to the School District's continued commitment to provide a quality education while still controlling the costs of a quality education.

Capital Assets and Debt Administration

Capital Assets

The School District finished its construction on the new pre-K modular facility during the fiscal year with some finishing touches to be completed in the next fiscal year. Additions also included items to all tangible and intangible asset classes. These additions included construction in progress, land, modular buildings, new roofing, furniture, parking lot paving, drinking fountains, and vans. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2025, this amounted to \$320,340. The School District had qualifying disbursements in excess of this amount. See Note 11 to the basic financial statements for additional information on the School District's capital assets and Note 21 for additional information regarding required set-asides.

Debt

During 2021, the School District issued General Obligation Refunding Bonds in the amount of \$26,260,000 at a premium of \$1,386,979 with varying interest rates of 2 to 4 percent. The bonds were issued for a thirty-five year period with final maturity at October 1, 2057. The outstanding bond balance as of the end of fiscal year 2025 was \$26,575,923. The School District issued Certificates of Participation in the amount of \$4,000,000 at a premium of \$117,799 with an interest rate of 4 percent. The certificates were issued for a thirty year period with final maturity at October 1, 2050. The outstanding certificates balance as of the end of fiscal year 2025 was \$3,830,816. The School District entered into a new financed purchase during the fiscal year for the construction of the new pre-K facility. The outstanding financed purchases and lease balances as of the end of fiscal year 2025 were \$2,241,083 and \$203,864, respectively. At June 30, 2025, the School District's overall legal debt margin was \$16,992,671 with an unvoted debt margin of \$505,531. See Note 17 to the basic financial statements for additional information regarding long-term obligations.

School District Outlook

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes and earned income tax to fund its operations. External challenges continue to evolve as the State's educational funding system is generating zero to minimal growth in funding operations. As the preceding information shows, the School District is heavily reliant on local property taxpayers.

Berkshire Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Management must continue to diligently plan expenses, staying carefully within the School District's financial forecast. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the life of the levies.

In December 2016, the Governor signed House Bill 148, as part of House Bill 438, which presented some unique opportunities to the School District. The bill provides classroom facilities assistance to certain school districts resulting from consolidation or merger. Because Berkshire underwent a territory transfer from Ledgemont Local Schools in 2015, we qualified for this facility assistance. The Bill provides for up to fifty-five percent funding towards the construction of school facilities. This funding can be used for renovation and new construction. The formula offers schools up to a twenty-five percent reduction due to consolidation and up to ten percent reduction if the school constructs a building on land owned by a State institution. As a result of this formula, the School District's local share of costs will be forty-five percent. In May of 2018, the School District approved a 3.65 mill bond levy to construct a new Pre-K through 12 building. Construction was completed on the building in 2022, on property owned by Kent State University Geauga in cooperation with the Ohio Facilities Construction Commission. The School District began its 2022/2023 school year in the new building.

In conclusion, the Berkshire Local School District is in a period posing both significant challenges and opportunities. Management is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide an excellent education to the students of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Beth A. McCaffrey, in the Treasurer's Office, at Berkshire Local School District, 14155 Claridon Troy, Burton, Ohio 44021. beth.mccaffrey@berkshireschools.org

Basic Financial Statements

Berkshire Local School District
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,914,003
Restricted Cash and Cash Equivalents	39,468
Accounts Receivable	80,258
Prepaid Items	250,098
Inventory Held for Resale	3,259
Materials and Supplies Inventory	899
Income Taxes Receivable	2,029,183
Property Taxes Receivable	11,863,960
Intergovernmental Receivable	251,006
Leases Receivable	199,802
Net OPEB Asset (See Note 16)	1,208,799
Nondepreciable Capital Assets	612,339
Depreciable Capital Assets, Net	61,209,242
<i>Total Assets</i>	<u>85,662,316</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	45,999
Pension	4,267,004
OPEB	894,592
<i>Total Deferred Inflows of Resources</i>	<u>5,207,595</u>
Liabilities	
Accounts Payable	160,063
Contracts Payable	246,227
Accrued Wages and Benefits	1,898,004
Intergovernmental Payable	820,770
Unearned Revenue	651,909
Accrued Interest Payable	208,862
Claims Payable	9,611
Long-Term Liabilities:	
Due Within One Year	2,914,236
Due In More Than One Year:	
Net Pension Liability (See Note 15)	16,304,180
Net OPEB Liability (See Note 16)	819,722
Other Amounts	34,871,647
<i>Total Liabilities</i>	<u>58,905,231</u>
Deferred Inflows of Resources	
Property Taxes	9,383,308
Pension	1,809,621
OPEB	2,050,080
Leases	199,802
<i>Total Deferred Inflows of Resources</i>	<u>13,442,811</u>
Net Position	
Net Investment in Capital Assets	28,965,591
Restricted for:	
Capital Projects	770,839
Debt Service	358,727
Set Asides	39,468
Food Service	523,569
Educational Foundation	327,658
Classroom Facilities Maintenance	1,118,345
OPEB Plans	1,208,799
Other Purposes	156,351
Unrestricted (Deficit)	(14,947,478)
<i>Total Net Position</i>	<u>\$18,521,869</u>

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$11,510,798	\$652,238	\$206,265	(\$10,652,295)
Special	3,243,852	171,132	712,740	(2,359,980)
Vocational	278,392	5,138	200,556	(72,698)
Student Intervention	48,298	3,281	0	(45,017)
Support Services:				
Pupil	2,667,537	0	11,390	(2,656,147)
Instructional Staff	697,122	17,214	64,541	(615,367)
Board of Education	356,703	0	0	(356,703)
Administration	1,555,554	0	5,973	(1,549,581)
Fiscal	626,699	0	0	(626,699)
Business	8,985	0	0	(8,985)
Operation and Maintenance of Plant	1,771,900	45,527	26,423	(1,699,950)
Pupil Transportation	2,810,135	0	202,090	(2,608,045)
Operation of Non-Instructional Services	67,139	0	106,045	38,906
Operation of Food Services	512,319	222,350	283,320	(6,649)
Extracurricular Activities	914,643	198,201	6,029	(710,413)
Interest	924,371	0	0	(924,371)
Totals	\$27,994,447	\$1,315,081	\$1,825,372	(24,853,994)
General Revenues				
Property Taxes Levied for:				
General Purposes				10,256,753
Debt Service				1,398,369
Capital Outlay				83,125
Classroom Facilities Maintenance				169,854
Income Taxes Levied for General Purposes				4,047,790
Grants and Entitlements not Restricted to				
Specific Programs				7,351,581
Investment Earnings/Interest				440,192
Unrestricted Contributions				757,290
Miscellaneous				165,580
Total General Revenues				24,670,534
Change in Net Position				(183,460)
<i>Net Position Beginning of Year as Previously Reported</i>				21,338,018
Change in Accounting Principle (See Note 23)				(2,632,689)
<i>Restated Net Position Beginning of Year</i>				18,705,329
<i>Net Position, End of Year</i>				\$18,521,869

See accompanying notes to the basic financial statements

Berkshire Local School District

Balance Sheet Governmental Funds June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,683,432	\$4,203,341	\$7,886,773
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	51,306	0	51,306
Accounts Receivable	61,758	18,500	80,258
Interfund Receivable	253,350	0	253,350
Intergovernmental Receivable	131,656	119,350	251,006
Prepaid Items	24,292	225,806	250,098
Leases Receivable	0	199,802	199,802
Inventory Held for Resale	0	3,259	3,259
Materials and Supplies Inventory	0	899	899
Income Taxes Receivable	2,029,183	0	2,029,183
Property Taxes Receivable	10,567,872	1,296,088	11,863,960
<i>Total Assets</i>	<u>\$16,802,849</u>	<u>\$6,067,045</u>	<u>\$22,869,894</u>
Liabilities			
Accounts Payable	\$68,252	\$91,811	\$160,063
Contracts Payable	0	246,227	246,227
Accrued Wages and Benefits	1,794,114	103,890	1,898,004
Interfund Payable	0	253,350	253,350
Intergovernmental Payable	581,177	239,593	820,770
Unearned Revenue	0	651,909	651,909
<i>Total Liabilities</i>	<u>2,443,543</u>	<u>1,586,780</u>	<u>4,030,323</u>
Deferred Inflows of Resources			
Property Taxes	8,305,164	1,078,144	9,383,308
Unavailable Revenue	1,959,391	88,502	2,047,893
Leases	0	199,802	199,802
<i>Total Deferred Inflows of Resources</i>	<u>10,264,555</u>	<u>1,366,448</u>	<u>11,631,003</u>
Fund Balance			
Nonspendable	36,130	226,705	262,835
Restricted	39,468	3,087,519	3,126,987
Committed	229,259	379	229,638
Assigned	1,166,105	162,486	1,328,591
Unassigned (Deficit)	2,623,789	(363,272)	2,260,517
<i>Total Fund Balances</i>	<u>4,094,751</u>	<u>3,113,817</u>	<u>7,208,568</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$16,802,849</u>	<u>\$6,067,045</u>	<u>\$22,869,894</u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025*

Total Governmental Fund Balances	\$7,208,568
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*Amounts reported for governmental activities in the statement of
net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	61,821,581
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	1,413,176
Income Taxes	507,296
Intergovernmental	3,500
Tuition and Fees	123,921

Total	2,047,893
-------	-----------

The net OPEB asset and the net pension and net OPEB liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in the funds:

Net OPEB Asset	1,208,799
Deferred Outflows - Pension	4,267,004
Deferred Outflows - OPEB	894,592
Net Pension Liability	(16,304,180)
Net OPEB Liability	(819,722)
Deferred Inflows - Pension	(1,809,621)
Deferred Inflows - OPEB	(2,050,080)

Total	(14,613,208)
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An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

5,781

In the statement of activities, interest is accrued on outstanding obligations, whereas in governmental funds, an interest expenditure is reported when due.	(208,862)
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Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds:

Deferred Charge on Refunding	45,999
Certificates of Participation	(3,830,816)
General Obligation Refunding Bonds	(26,575,923)
Financed Purchases	(2,241,083)
Leases	(203,864)
Compensated Absences	(4,574,197)
Special Termination Benefits Payable	(360,000)

Total	(37,739,884)
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Net Position of Governmental Activities	\$18,521,869
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See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Income Taxes	\$4,026,447	\$0	\$4,026,447
Property Taxes	10,024,850	1,693,952	11,718,802
Intergovernmental	7,601,564	1,444,046	9,045,610
Investment Earnings/Interest	381,492	107,810	489,302
Tuition and Fees	769,341	17,214	786,555
Extracurricular Activities	30,744	147,785	178,529
Contributions and Donations	7,290	830,653	837,943
Charges for Services	0	222,350	222,350
Rentals	19,672	0	19,672
Lease Revenue	0	45,527	45,527
Miscellaneous	31,750	133,830	165,580
<i>Total Revenues</i>	<u>22,893,150</u>	<u>4,643,167</u>	<u>27,536,317</u>
Expenditures			
Current:			
Instruction:			
Regular	7,918,033	218,341	8,136,374
Special	2,985,684	408,010	3,393,694
Vocational	75,638	371,307	446,945
Student Intervention	58,713	0	58,713
Support Services:			
Pupil	3,051,058	11,390	3,062,448
Instructional Staff	639,252	94,018	733,270
Board of Education	303,640	53,301	356,941
Administration	2,030,709	5,973	2,036,682
Fiscal	696,291	21,868	718,159
Business	8,985	0	8,985
Operation and Maintenance of Plant	1,643,708	121,283	1,764,991
Pupil Transportation	2,534,448	82,900	2,617,348
Operation of Non-Instructional Services	0	68,029	68,029
Operation of Food Services	0	493,257	493,257
Extracurricular Activities	129,343	652,482	781,825
Capital Outlay	0	3,069,078	3,069,078
Debt Service:			
Principal Retirement	120,933	784,000	904,933
Interest	21,389	950,174	971,563
<i>Total Expenditures</i>	<u>22,217,824</u>	<u>7,405,411</u>	<u>29,623,235</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>675,326</u>	<u>(2,762,244)</u>	<u>(2,086,918)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	6,955	0	6,955
Inception of Lease	138,983	0	138,983
Transfers In	0	550,441	550,441
Transfers Out	(1,050,441)	0	(1,050,441)
<i>Total Other Financing Sources (Uses)</i>	<u>(904,503)</u>	<u>550,441</u>	<u>(354,062)</u>
<i>Net Change in Fund Balances</i>	<u>(229,177)</u>	<u>(2,211,803)</u>	<u>(2,440,980)</u>
<i>Fund Balances Beginning of Year</i>	<u>4,323,928</u>	<u>5,325,620</u>	<u>9,649,548</u>
<i>Fund Balances End of Year</i>	<u>\$4,094,751</u>	<u>\$3,113,817</u>	<u>\$7,208,568</u>

See accompanying notes to the basic financial statements

Berkshire Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	(\$2,440,980)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:

Capital Outlay	3,044,465	
Depreciation/Amortization	<u>(1,724,973)</u>	
Total		1,319,492

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(7,411)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	189,299	
Income Taxes	21,343	
Intergovernmental	1,580	
Tuition and Fees	<u>62,448</u>	
Total		274,670

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	1,949,374	
OPEB	<u>69,591</u>	
Total		2,018,965

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:

Pension	(1,537,068)	
OPEB	<u>317,007</u>	
Total		(1,220,061)

Other financing sources in the governmental funds, such as inception of lease, increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.	(138,983)
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Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	904,933
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest	5,600	
Amortization of Premium	43,068	
Amortization of Deferred Charge on Refunding	<u>(1,476)</u>	
Total		47,192

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	(587,058)	
Special Termination Benefits	<u>(360,000)</u>	
Total		(947,058)

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 expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	<u>5,781</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>(\$183,460)</u></u>
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See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Income Taxes	\$3,888,718	\$3,964,034	\$3,962,417	(\$1,617)
Property Taxes	9,029,292	9,320,694	9,893,141	572,447
Intergovernmental	7,364,838	7,191,075	7,607,748	416,673
Interest	262,114	377,605	381,492	3,887
Tuition and Fees	1,037,970	1,100,952	701,265	(399,687)
Extracurricular Activities	0	8,985	8,985	0
Contributions and Donations	0	2,473	2,473	0
Rentals	10,485	20,889	20,880	(9)
Miscellaneous	70,969	31,758	31,750	(8)
<i>Total Revenues</i>	<u>21,664,386</u>	<u>22,018,465</u>	<u>22,610,151</u>	<u>591,686</u>
Expenditures				
Current:				
Instruction:				
Regular	8,362,499	7,772,458	7,772,428	30
Special	3,168,138	3,019,160	3,015,059	4,101
Vocational	130,395	79,790	79,790	0
Student Intervention	83,875	61,891	61,891	0
Support Services:				
Pupil	2,631,628	2,962,569	2,958,903	3,666
Instructional Staff	383,637	648,033	645,425	2,608
Board of Education	137,902	333,206	333,206	0
Administration	1,568,390	1,973,260	1,972,060	1,200
Fiscal	2,254,897	691,764	691,620	144
Business	0	8,985	8,985	0
Operation and Maintenance of Plant	1,471,744	1,691,371	1,690,844	527
Pupil Transportation	2,542,947	2,591,590	2,590,939	651
Extracurricular Activities	73,793	109,911	109,911	0
Debt Service:				
Principal Retirement	54,035	54,035	54,035	0
Interest	9,344	9,344	9,344	0
<i>Total Expenditures</i>	<u>22,873,224</u>	<u>22,007,367</u>	<u>21,994,440</u>	<u>12,927</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,208,838)</u>	<u>11,098</u>	<u>615,711</u>	<u>604,613</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	6,955	6,955	6,955	0
Advances In	60,000	20,000	20,000	0
Advances Out	0	(58,085)	(58,001)	84
Transfers Out	0	(1,320,295)	(1,320,295)	0
<i>Total Other Financing Sources (Uses)</i>	<u>66,955</u>	<u>(1,351,425)</u>	<u>(1,351,341)</u>	<u>84</u>
<i>Net Change in Fund Balance</i>	<u>(1,141,883)</u>	<u>(1,340,327)</u>	<u>(735,630)</u>	<u>604,697</u>
<i>Fund Balance Beginning of Year</i>	<u>3,496,216</u>	<u>3,496,216</u>	<u>3,496,216</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>567,071</u>	<u>567,071</u>	<u>567,071</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,921,404</u>	<u>\$2,722,960</u>	<u>\$3,327,657</u>	<u>\$604,697</u>

See accompanying notes to the basic financial statements

Berkshire Local School District

Statement of Fund Net Position

Internal Service Fund

June 30, 2025

	Governmental Activities - Internal Service Fund
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$15,392
Current Liabilities	
Claims Payable	9,611
Net Position	
Unrestricted	\$5,781

See accompanying notes to the basic financial statements

Berkshire Local School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2025*

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	\$45,429
Operating Expenses	
Purchased Services	4,731
Claims	534,917
<i>Total Operating Expenses</i>	539,648
<i>Income (Loss) Before Transfers</i>	(494,219)
Transfers In	500,000
<i>Change in Net Position</i>	5,781
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$5,781
See accompanying notes to the basic financial statements	

Berkshire Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$85,113
Cash Payments for Goods and Services	(4,731)
Cash Payments for Claims	<u>(575,855)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	(495,473)
Cash Flows from Noncapital Financing Activities	
Transfers In	<u>500,000</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	4,527
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>10,865</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$15,392</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	<u>(\$494,219)</u>
Adjustments:	
(Increase) Decrease in Interfund Receivable	39,684
Increase (Decrease) in Claims Payable	<u>(40,938)</u>
<i>Total Adjustments</i>	<u>(1,254)</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>(\$495,473)</u></u>
See accompanying notes to the basic financial statements	

Berkshire Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	<u>Private Purpose Trust</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,040
Liabilities	<u>0</u>
Net Position	
Held in Trust for Scholarships	<u><u>\$9,040</u></u>

See accompanying notes to the basic financial statements

Berkshire Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust	Custodial
Additions		
Extracurricular Activities	\$0	\$34,709
Deductions		
Payments in Accordance with Trust Agreements	400	0
Distributions to Ohio High School Athletic Association	0	34,709
<i>Total Deductions</i>	400	34,709
<i>Change in Fiduciary Net Position</i>	(400)	0
<i>Net Position Beginning of Year</i>	9,440	0
<i>Net Position End of Year</i>	\$9,040	\$0

See accompanying notes to the basic financial statements

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Description of the School District and Reporting Entity

Berkshire Local School District (the “School District”) operates under a locally elected Board form of government and provides educational services as authorized by state and/or federal agencies. This Board controls the School District’s four instructional/support facilities staffed by 65.5 non-certified employees, 107 certified full time teaching personnel and 11 administrative employees to provide services to 1,370 students and other community members.

The School District was established in 1967 and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 120 square miles. It is located in Geauga County, including all of Burton Village, Burton, Claridon, Montville, Thompson and Troy Townships, Ohio. It currently operates three instructional buildings and one administrative building.

Reporting Entity

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

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

The School District is associated with three jointly governed organizations and one related organization. These organizations are the Auburn Career Center, the Northeast Ohio Network for Educational Technology, the Ohio Schools Council Association, and the Burton Public Library. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Fund Accounting

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

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

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

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The internal service fund accounts and reports for financing of services provided by one department to other departments of the School District, or to other governments, on a cost reimbursement basis. The School District's only internal service fund is:

Self-Insurance Fund This fund accounts for monies received from other funds as payment for providing employee benefits. The self-insurance fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, or other reinsurance or other similar purpose.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District has a private purpose trust fund which accounts for various college scholarships for students. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only custodial fund accounts for monies received for athletic tournaments held on behalf of the Ohio High School Athletic Association.

Measurement Focus

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

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds and custodial funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and statements for the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for the deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension and OPEB plans, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systemic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, income taxes, grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16)

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

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

Cash and Cash Equivalents

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

During fiscal year 2025, the School District invested in STAR Ohio, money market accounts, negotiable certificates of deposit, U.S. treasury notes and federal farm credit bank bonds. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Except for STAR Ohio, investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings/interest revenue credited to the general fund during fiscal year 2025 amounted to \$381,492 which includes \$158,321 assigned from other funds. Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or the laws of other governments. Restricted assets in the general fund include amounts for unclaimed monies legally required to be maintained until the end of a five-year holding period and amounts required by State statute to be set aside to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Materials and supplies inventory is presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption. Inventory held for resale is presented at lower of cost or market and consists of donated and purchased food held for resale.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization are computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	21 - 50 years
Furniture and Fixtures	5 - 25 years
Vehicles	8 - 15 years
Intangible Right to Use - Equipment	5 - 10 years

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The School District is reporting an intangible right to use asset related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District, this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements.

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary fund are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, special termination benefits and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and leases are recognized as a liability in the fund financial statements when due.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Leases

The School District serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

Lessee At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. Nonspendable fund balance in the general fund included unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has assigned fund balance for uniform school supplies, rotary, public school support, the school improvement model and to cover a gap between estimated revenue and appropriations in fiscal year 2026's budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represent the corresponding restricted net OPEB asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes included resources which will be used for athletics, special education, device protection and scholarships.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred charge on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the Statement of Net Position.

Estimates

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

Budgetary Data

All funds, except 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 set 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 for all funds. The Treasurer has been given authority to allocate board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. 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 fiscal year.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 3 – Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
5. Budgetary revenues and expenditures of the uniform school supplies fund, special rotary, public school support and termination benefit funds are reclassified to the general fund for GAAP reporting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$229,177)
Net Adjustment for Revenue Accruals	(286,116)
Net Adjustment for Expenditure Accruals	(5,496)
Perspective Difference:	
Uniform School Supplies	(700)
Special Rotary	(100)
Public School Support	(6,894)
Termination Benefit	(7,829)
Advances In	20,000
Advances Out	(58,001)
Encumbrances	<u>(161,317)</u>
Budget Basis	<u><u>(\$735,630)</u></u>

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

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

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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 School 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2025, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per share:				
STAR Ohio	\$4,235,390	30.4 Days	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Accounts	2,322,493	Daily	AAAm	33.25%
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	228,277	Less than three years	N/A	N/A
Federal Farm Credit Bank Bonds	99,818	Less than one year	AAAm	N/A
Negotiable Certificates of Deposit	99,800	Less than three years	AAAm	N/A
Total Investments	<u>\$6,985,778</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2025. STAR Ohio is measured at net asset value per share. The money market mutual funds are measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization and the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization. The School District has no investment policy that addresses credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 5 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School 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 property and public utility property located in the School District. Real property tax revenues received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 become a lien December 31, 2024, were levied after April 1, 2024 and are collected in 2025 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.

The School District receives property taxes from Geauga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2025 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2025 was \$938,034 in the general fund and \$129,442 in the bond retirement fund. The amount available as an advance at June 30, 2024 was \$636,471 in the general fund, \$91,910 in the bond retirement fund and \$25,165 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources unavailable revenue.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$497,083,980	96.74 %	\$486,846,130	96.30 %
Public Utility Personal	16,746,640	3.26	18,684,620	3.70
Total	<u>\$513,830,620</u>	<u>100.00 %</u>	<u>\$505,530,750</u>	<u>100.00 %</u>
Full tax rate per \$1,000 of assessed valuation	\$54.90		\$52.30	

The tax rate decreased due to the bond and permanent improvement levies decreasing to keep collection amounts consistent from the decrease in assessed valuation.

Note 6 – Accountability

Fund balances at June 30, 2025 included the following individual fund deficits:

Other Governmental Funds:

Athletics and Music	\$43,440
Title IV-B	43,514
Latchkey	146,609
Other Grants	129,709

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 7 – Receivables

Receivables at June 30, 2025, consisted of taxes, accounts (miscellaneous, student fees and tuition), intergovernmental grants and leases. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes and leases, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

A summary of principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Foundation Adjustments	\$65,663
Equity for Each Child	73,853
Developmental Disabilities Passthrough	65,993
Title I Grant	24,505
IDEA-B Grant	19,959
Title II-A Grant	1,033
Total	<u>\$251,006</u>

Leases Receivable

The School District is reporting leases receivable of \$199,802 in the education foundation special revenue fund at June 30, 2025. These amounts represent the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2025, the School District recognized lease revenue of \$45,527 and interest revenue of \$13,474 in the education foundation special revenue fund related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the School District's leasing arrangements is as follows:

Scoreboard Advertising Leases – The School District has entered into various lease agreements for scoreboard advertising space with multiple companies at varying years and terms as follows:

Company	Lease Commencement Date	Years	Lease Ending Date	Payment Method
Berkshire Athletic Boosters	2023	5	2028	Annual
Geauga Financial Advisors	2023	5	2028	Annual
Burton Sheet Metal	2023	7	2030	Annual
Burton Carpet Shoppe	2023	5	2028	Annual
Field of Play	2023	5	2028	Annual
Geauga Door Sales & Service, Inc.	2023	5	2028	Annual
Hess Insurance Agency	2023	5	2028	Annual
Kent State University - Geauga	2023	5	2028	Annual
Preston Superstore	2023	10	2033	Annual
Geauga Realty	2023	5	2028	Annual
Ronyak Paving	2023	10	2033	Annual
Wheelock Law Firm	2023	5	2028	Annual

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

A summary of future lease amounts receivable is as follows:

Education Foundation		
Year	Principal	Interest
2026	\$47,982	\$11,018
2027	50,569	8,431
2028	19,797	5,703
2029	20,910	4,590
2030	19,085	3,414
2031-2032	41,459	3,539
Total	<u>\$199,802</u>	<u>\$36,695</u>

Note 8 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2025.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) 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. As of the date of this report, all DEW adjustments for fiscal year 2025 have been finalized.

Litigation

The School District is not party to legal proceedings as of June 30, 2025.

Note 9 – Tax Abatements

Pursuant to Ohio Revised Code Chapter 5709, Geauga County established a community reinvestment area (CRA) during 2016 to provide property tax abatements to encourage employment growth in the County. The School District's property taxes had abatements totaling \$424,245 for fiscal year 2025.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>			
Inventory	\$0	\$899	\$899
Prepaid Items	24,292	225,806	250,098
Unclaimed Funds	11,838	0	11,838
<i>Total Nonspendable</i>	36,130	226,705	262,835
<i>Restricted for</i>			
Capital Projects	0	393,914	393,914
Debt Service	0	579,903	579,903
Set Asides - Construction and Renovation	39,468	0	39,468
Food Service Operations	0	523,186	523,186
Educational Foundation	0	327,658	327,658
Classroom Facilities Maintenance	0	1,118,345	1,118,345
Other Purposes:			
Student Activities	0	90,193	90,193
Device Protection	0	2,264	2,264
Leighton/Longo Scholarships	0	42,766	42,766
Miscellaneous	0	9,290	9,290
<i>Total Restricted</i>	39,468	3,087,519	3,126,987
<i>Committed to</i>			
Elementary Assets	0	379	379
Employee Retirements	229,259	0	229,259
<i>Total Committed</i>	229,259	379	229,638
<i>Assigned to</i>			
Capital Improvements	0	162,486	162,486
Uniform School Supplies	3,272	0	3,272
Rotary - assigned to community services	1,917	0	1,917
Public School Support	43,352	0	43,352
School Improvement Model	25	0	25
Purchases on Order:			
Instruction	39,306	0	39,306
Support Services	38,514	0	38,514
Fiscal Year 2026 Operations	1,039,719	0	1,039,719
<i>Total Assigned</i>	1,166,105	162,486	1,328,591
Unassigned (Deficit)	2,623,789	(363,272)	2,260,517
Total Fund Balances	\$4,094,751	\$3,113,817	\$7,208,568

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$110,281	\$231,000	\$0	\$341,281
Construction in Progress	418,351	638,260	(785,553)	271,058
<i>Total Nondepreciable Capital Assets</i>	<u>528,632</u>	<u>869,260</u>	<u>(785,553)</u>	<u>612,339</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Buildings and Improvements	59,375,348	2,644,672	0	62,020,020
Furniture and Fixtures	2,133,183	32,748	0	2,165,931
Vehicles	2,642,075	144,355	(53,079)	2,733,351
<i>Total Tangible Assets</i>	64,150,606	2,821,775	(53,079)	66,919,302
<i>Intangible Right to Use - Lease Assets</i>				
Intangible Right to Use - Equipment	175,239	138,983	0	314,222
<i>Total Depreciable/Amortizable Capital Assets</i>	<u>64,325,845</u>	<u>2,960,758</u>	<u>(53,079)</u>	<u>67,233,524</u>
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Buildings and Improvements	(2,280,955)	(1,204,056)	0	(3,485,011)
Furniture and Fixtures	(488,909)	(244,876)	0	(733,785)
Vehicles	(1,515,474)	(211,935)	45,668	(1,681,741)
<i>Total Depreciation</i>	(4,285,338)	(1,660,867)	45,668	(5,900,537)
<i>Amortization</i>				
<i>Intangible Right to Use - Lease Assets</i>				
Intangible Right to Use - Equipment	(59,639)	(64,106)	0	(123,745)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(4,344,977)</u>	<u>(1,724,973)</u>	<u>45,668</u>	<u>(6,024,282)</u>
<i>Total Depreciable/Amortizable Capital Assets, Net</i>	<u>59,980,868</u>	<u>1,235,785</u>	<u>(7,411)</u>	<u>61,209,242</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$60,509,500</u>	<u>\$2,105,045</u>	<u>(\$792,964)</u>	<u>\$61,821,581</u>

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

* Depreciation/amortization expense was charged to governmental functions as follows:

	<u>Depreciation</u>	<u>Lease Amortization</u>	<u>Total</u>
Instruction			
Regular	\$1,155,523	\$63,186	\$1,218,709
Special	4,615	0	4,615
Vocational	6,203	0	6,203
Support Services			
Instructional Staff	29,454	0	29,454
Administration	2,497	0	2,497
Fiscal	0	920	920
Operation and Maintenance of Plant	29,921	0	29,921
Pupil Transportation	219,237	0	219,237
Operation of Food Services	25,649	0	25,649
Extracurricular Activities	187,768	0	187,768
Total Depreciation/Amortization Expense	<u>\$1,660,867</u>	<u>\$64,106</u>	<u>\$1,724,973</u>

Note 12 – Income Tax

The School District levies a voted tax of 1 percent for general operations on the earned income of residents and of estates. The tax was effective on January 1, 2008, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 13 – Risk Management

Property and Liability

The School 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 2025, the School District participated in the Ohio Schools Council insurance program which contracted with Love Insurance Agency. Love Insurance Agency acts as the carrier and the coverage provided is as follows:

<u>Type of Coverage</u>	<u>Amount</u>
Building and Contents - replacement cost	\$76,216,995
Crime Insurance	1,100,000
Forgery or Alteration	1,100,000
Automobile Liability	6,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	6,000,000
Total per year	8,000,000
Commercial Umbrella	8,000,000

Berkshire Local School District
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Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The School District pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Other Employee Benefits

The School District has elected to provide dental, vision and prescription coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. The School District implemented an ICHRA (Individual Covered Health Reimbursement Account) for the classified employees. All new employees become eligible the first of the month following sixty days of employment.

The claims liability of \$9,611 reported in the internal service fund at June 30, 2025 is based on an estimate by the third party administrator and on the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Management's expectation is the claims liabilities will be paid within one year. Changes in the fund's claims liability amount for 2024 and 2025 were:

	Balance at Beginning of Year	Current Year Claims	Change in Estimate	Claim Payments	Balance at End of Year
2024	\$91,896	\$416,849	(\$4,096)	\$454,100	\$50,549
2025	50,549	534,917	0	575,855	9,611

Note 14 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers 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 325 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 75 days.

Berkshire Local School District
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For the Fiscal Year Ended June 30, 2025

Life/Medical Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Mutual. The School District has elected to provide employee medical/surgical benefits through Medical Mutual of Ohio.

Retirement Incentive

The School District Board of Education offers their employees participation in a Retirement Incentive program. The Board shall pay twenty-five percent of the employee's last year's salary as a Retirement Incentive Bonus at or before thirty-five years of service. Thereafter, the Board shall pay ten percent of the employee's last year's salary as a Retirement Incentive Bonus up to thirty-nine years of service. Eligible employees must serve written notice to the Board of their retirement on or before April 30 of the year of their intended retirement. Eligible employees must have been employed in the School District the past twelve years and agree to have severance placed in either a Section 457(b) or a 403(b) plan. The plan chosen depends on the age of the employee. The incentive is not paid until after retirement. The School District had 3 classified employees participate in fiscal year 2023, 2 classified employees in fiscal year 2024 and 6 classified employees in fiscal year 2025.

Note 15 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize

Berkshire Local School District
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unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School 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, 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 years 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. 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. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

Berkshire Local School District
Notes to the Basic Financial Statements
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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$569,477 for fiscal year 2025. Of this amount \$155,881 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 East Broad Street, Columbus, Ohio 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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account 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 at age fifty and after termination of employment.

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 to 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. The 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,379,897 for fiscal year 2025. Of this amount \$279,788 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07901120%	0.06372795%	
Prior Measurement Date	0.07811280%	0.06175493%	
Change in Proportionate Share	<u>0.00089840%</u>	<u>0.00197302%</u>	
Proportionate Share of the Net			
Pension Liability	\$4,041,894	\$12,262,286	\$16,304,180
Pension Expense	\$592,329	\$944,739	\$1,537,068

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$154,316	\$772,203	\$926,519
Changes of assumptions	36,158	565,113	601,271
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	162,254	627,586	789,840
School District contributions subsequent to the measurement date	<u>569,477</u>	<u>1,379,897</u>	<u>1,949,374</u>
Total Deferred Outflows of Resources	<u>\$922,205</u>	<u>\$3,344,799</u>	<u>\$4,267,004</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$6,715	\$6,715
Changes of assumptions	0	425,368	425,368
Net difference between projected and actual earnings on pension plan investments	252,819	1,054,308	1,307,127
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>70,411</u>	<u>70,411</u>
Total Deferred Inflows of Resources	<u>\$252,819</u>	<u>\$1,556,802</u>	<u>\$1,809,621</u>

\$1,949,374 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$112,141)	(\$543,510)	(\$655,651)
2027	313,145	1,281,422	1,594,567
2028	(26,752)	(155,324)	(182,076)
2029	<u>(74,343)</u>	<u>(174,488)</u>	<u>(248,831)</u>
Total	<u>\$99,909</u>	<u>\$408,100</u>	<u>\$508,009</u>

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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. Future benefits for all current plan members were projected through 2137.

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, 2024, are presented as follows:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.5 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2024:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,183,539	\$4,041,894	\$2,238,745

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented as follows:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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	26.00%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' 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, 2024. The projection of cash flows used to determine the discount rate assumes that 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. 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, 2024. 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, 2024.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$19,781,218	\$12,262,286	\$5,902,563

Note 16 – Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

Health Care Plan Description – The School 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.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 2025, no allocation 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 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$69,591.

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 School District's contractually required contribution to SERS was \$69,591 for fiscal year 2025, all of which is reported as an intergovernmental payable.

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

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. All benefit recipients 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, 2025, STRS did not allocate any employer contributions to post-employment health care.

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OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School 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 and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.08048350%	0.06372795%	
Prior Measurement Date	0.08030820%	0.06175493%	
Change in Proportionate Share	<u>0.00017530%</u>	<u>0.00197302%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$819,722	\$0	\$819,722
Net OPEB (Asset)	\$0	(\$1,208,799)	(\$1,208,799)
OPEB Expense	(\$54,265)	(\$262,742)	(\$317,007)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$52,549	\$52,549
Changes of assumptions	351,824	148,786	500,610
Net difference between projected and actual earnings on OPEB plan investments	4,002	0	4,002
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	262,805	5,035	267,840
School District contributions subsequent to the measurement date	<u>69,591</u>	<u>0</u>	<u>69,591</u>
Total Deferred Outflows of Resources	<u>\$688,222</u>	<u>\$206,370</u>	<u>\$894,592</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$883,872	\$130,267	\$1,014,139
Changes of assumptions	376,550	545,160	921,710
Net difference between projected and actual earnings on OPEB plan investments	0	51,903	51,903
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>40,644</u>	<u>21,684</u>	<u>62,328</u>
Total Deferred Inflows of Resources	<u>\$1,301,066</u>	<u>\$749,014</u>	<u>\$2,050,080</u>

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Notes to the Basic Financial Statements
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\$69,591 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$188,772)	(\$184,482)	(\$373,254)
2027	(113,143)	(83,976)	(197,119)
2028	(83,032)	(107,242)	(190,274)
2029	(71,173)	(100,124)	(171,297)
2030	(69,968)	(81,676)	(151,644)
Thereafter	(156,347)	14,856	(141,491)
Total	<u>(\$682,435)</u>	<u>(\$542,644)</u>	<u>(\$1,225,079)</u>

Actuarial Assumptions – SERS

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

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

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

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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented as follows:

	June 30, 2024
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered 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 be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, 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 was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). 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% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease 3.88%	Current Discount Rate 4.88%	1% Increase 5.88%
School District's proportionate share of the net OPEB liability	\$1,093,068	\$819,722	\$602,509

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$554,101	\$819,722	\$1,168,857

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented as follows:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2024, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset 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 asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$982,832)	(\$1,208,799)	(\$1,405,436)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$1,418,719)	(\$1,208,799)	(\$956,339)

Note 17 – Long Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 7/1/2024	Additions	Reductions	Principal Outstanding 6/30/2025	Amount Due in One Year
Governmental Activities					
2021 Certificates of Participation (COPS)					
Series 2021 4%	\$3,830,000	\$0	\$100,000	\$3,730,000	\$100,000
Premium	104,812	0	3,996	100,816	0
Total 2021 COPS	3,934,812	0	103,996	3,830,816	100,000
2021 General Obligation Refunding Bonds					
Current Interest Serial 4%	3,635,000	0	460,000	3,175,000	475,000
Current Interest Term 2.0 to 4.0%	22,180,000	0	0	22,180,000	0
Premium	1,259,995	0	39,072	1,220,923	0
Total 2021 GO Refunding Bonds	27,074,995	0	499,072	26,575,923	475,000
Other Long-term Obligations					
Net Pension Liability:					
STRS	13,298,886	0	1,036,600	12,262,286	0
SERS	4,316,135	0	274,241	4,041,894	0
Total Net Pension Liability	17,615,021	0	1,310,841	16,304,180	0
Net OPEB Liability:					
SERS	1,323,035	0	503,313	819,722	0
Financed Purchases from					
Direct Borrowing	2,519,118	0	278,035	2,241,083	257,986
Leases Payable	131,779	138,983	66,898	203,864	73,561
Special Termination Benefits	0	360,000	0	360,000	360,000
Compensated Absences	3,987,139	587,058	0	4,574,197	1,647,689
<i>Total Other Long-term Obligations</i>	<u>25,576,092</u>	<u>1,086,041</u>	<u>2,159,087</u>	<u>24,503,046</u>	<u>2,339,236</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$56,585,899</u>	<u>\$1,086,041</u>	<u>\$2,762,155</u>	<u>\$54,909,785</u>	<u>\$2,914,236</u>

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The certificates of participation and the general obligation refunding bonds will be paid with property taxes in the permanent improvement capital projects fund and bond retirement debt service fund, respectively. Increase and decreases to compensated absences are presented net on the above table. The special termination benefits were paid from the food service fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, latchkey, athletics and music, miscellaneous state grants and title I special revenue funds. For additional information related to the net pension liability and net OPEB liability see Notes 15 and 16.

Financed Purchases from Direct Borrowing— During fiscal years 2020 and 2023, the School District entered into financed purchases agreements from direct borrowing for buses in the amounts of \$179,931 and \$284,415, respectively, to be paid from the general fund. During fiscal year 2024, the School District entered into a financed purchase agreement from direct borrowing for a preschool instructional building in the amount of \$2,348,000 to be paid from the building capital project fund. The financed purchase has \$95,108 of unspent proceeds.

On June 2, 2021, the School District issued \$4,000,000 certificates of participation (COPs), for use in upgrading existing facilities through the Ohio Schools Facilities Project. The COPs issuance included a premium of \$117,799, which will be amortized over the life of the COPs. The certificates were issued at an interest rate of 4.0 percent and for a 30 year period with final maturity on October 1, 2050. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Buckeye Leasing Services, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of twenty-eight days which includes the right to renew for thirty successive one-year terms through fiscal year 2050 subject to annual appropriations. To satisfy the trustee requirements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.0 percent. The Lessee has the option to purchase the Project Facilities and cancel the Agreement, at which time the Project Facilities shall become the property of the Lessee.

The right, title and interest of the Trustee and the Lessor under the Indenture will terminate and become void when the whole amount of principal and any premium and interest payable on all the Series 2021 Certificates and any other sums due and payable under the Indenture are paid or provision has been made as provided in the Indenture for that payment.

On April 21, 2021, the School District issued \$26,260,000 in general obligation serial and term unlimited tax bonds to refund the 2018 general obligation bonds. The bonds were issued at a premium of \$1,386,979 and at varying interest rates of 2.00 to 4.00 percent. The bonds were issued for a 35 year period with final maturity on October 1, 2056. The bonds will be retired through the bond retirement debt service fund.

Net proceeds of \$27,308,272 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$27,256,000 of these 2018 bonds is considered defeased and the liability for the refunded bonds has been removed from the School District’s financial statements. As of June 30, 2025, \$25,609,000 of the defeased bonds are still outstanding.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The term bonds maturing on October 1, 2056 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Fiscal Year	2021 General Obligation Refunding Bonds			
	\$1,235,000	\$1,320,000	\$1,375,000	\$1,425,000
2032	\$605,000	\$0	\$0	\$0
2034	0	655,000	0	0
2036	0	0	680,000	0
2038	0	0	0	705,000
Total Mandatory Sinking Fund Payments	605,000	655,000	680,000	705,000
Amount Due at Stated Maturity	630,000	665,000	695,000	720,000
Total	<u>\$1,235,000</u>	<u>\$1,320,000</u>	<u>\$1,375,000</u>	<u>\$1,425,000</u>
<i>Stated Maturity</i>	<i>10/1/2032</i>	<i>10/1/2034</i>	<i>10/1/2036</i>	<i>10/1/2038</i>

Fiscal Year	2021 General Obligation Refunding Bonds (continued)			
	\$1,490,000	\$4,985,000	\$4,830,000	\$5,520,000
2040	\$735,000	\$0	\$0	\$0
2042	0	770,000	0	0
2043	0	790,000	0	0
2044	0	815,000	0	0
2045	0	845,000	0	0
2046	0	870,000	0	0
2048	0	0	920,000	0
2049	0	0	940,000	0
2050	0	0	970,000	0
2051	0	0	985,000	0
2053	0	0	0	1,040,000
2054	0	0	0	1,075,000
2055	0	0	0	1,105,000
2056	0	0	0	1,135,000
Total Mandatory Sinking Fund Payments	735,000	4,090,000	3,815,000	4,355,000
Amount Due at Stated Maturity	755,000	895,000	1,015,000	1,165,000
Total	<u>\$1,490,000</u>	<u>\$4,985,000</u>	<u>\$4,830,000</u>	<u>\$5,520,000</u>
<i>Stated Maturity</i>	<i>10/1/2040</i>	<i>10/1/2046</i>	<i>10/1/2051</i>	<i>10/1/2056</i>

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The School District's overall legal debt margin was \$16,992,671 with an unvoted legal debt margin of \$505,531 at June 30, 2025. Principal and interest requirements to outstanding long-term obligations at June 30, 2025 are as follows:

Fiscal Year Ending June 30	General Obligation Refunding Bonds				Certificates of Participation		From Direct Borrowings Financed Purchases	
	Serial Bonds		Term Bonds		Principal	Interest	Principal	Interest
2026	\$475,000	\$117,500	\$0	\$603,006	\$100,000	\$103,440	\$257,986	\$90,716
2027	495,000	98,100	0	603,006	100,000	99,440	269,097	79,625
2028	520,000	77,800	0	603,006	100,000	95,440	217,000	68,046
2029	540,000	56,600	0	603,006	105,000	91,340	226,000	59,431
2030	560,000	34,600	0	603,006	110,000	87,040	235,000	50,459
2031-2035	585,000	11,700	2,555,000	2,841,030	610,000	374,325	1,036,000	104,808
2036-2040	0	0	3,535,000	2,457,509	710,000	278,926	0	0
2041-2045	0	0	3,975,000	1,998,544	800,000	187,664	0	0
2046-2050	0	0	4,595,000	1,380,200	900,000	81,875	0	0
2051-2055	0	0	5,220,000	735,426	195,000	2,437	0	0
2056-2057	0	0	2,300,000	69,450	0	0	0	0
Total	<u>\$3,175,000</u>	<u>\$396,300</u>	<u>\$22,180,000</u>	<u>\$12,497,189</u>	<u>\$3,730,000</u>	<u>\$1,401,927</u>	<u>\$2,241,083</u>	<u>\$453,085</u>

Lease Payable - The School District entered into lease agreements for copiers and a postage meter. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The leases will be paid from the general fund. A summary of the principal and interest amounts for the remaining leases is as follows:

Fiscal Year Ending June 30	Principal	Interest
2026	\$73,561	\$8,936
2027	77,007	5,005
2028	53,296	1,055
Total	<u>\$203,864</u>	<u>\$14,996</u>

Note 18 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year or soon thereafter were as follows:

General	\$161,317
Other Governmental Funds	634,959
Total	<u>\$796,276</u>

The amount of \$246,227 in contracts payable for governmental activities has been capitalized.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 19 – Jointly Governed Organizations

Auburn Career Center

The Auburn Career Center is a joint vocational school district which is a jointly governed organization among eleven School Districts. Each participating school district appoints one member to the Auburn Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Auburn Career Center is limited to its representation on the Board. Continued existence of the Auburn Career Center is not dependent on the School District's continued participation. Financial information can be obtained from the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077.

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among numerous school districts, three career centers, two cities, and two educational service centers. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. In fiscal year 2025, the School District paid \$227,389 to NEOnet. Financial information can be obtained by writing to the Northeast Ohio Network for Educational Technology, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 302 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2025, the School District paid \$57,810 to the Council. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6373 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation has been selected as the supplier and program manager. There are currently 185 participants in the program including the Berkshire School District. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 20 – Related Organization

Burton Public Library The Burton Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Berkshire Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Burton Public Library, Clerk/Treasurer, PO Box 427, Burton, Ohio 44021.

Note 21 – Set Asides

The School 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. The School District plans to use these monies for construction and renovation.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization Reserve	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2024	\$39,468	\$0
Current Year Set-aside Requirement	0	320,340
Qualifying Disbursements	0	(1,468,044)
Totals	\$39,468	(\$1,147,704)
Set-aside Balance Carried Forward to Future Fiscal Years	\$39,468	\$0
Set-aside Reserve Balance as of June 30, 2025	\$39,468	\$0

The School District has qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-asides. The extra amount in the capital acquisition set-aside may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the two set-asides at the end of the fiscal year was \$39,468.

Berkshire Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 22 – Interfund Transactions

Interfund Transfers

Transfers made during the year ended June 30, 2025 were as follows:

	<u>Transfers From</u>
<u>Transfers To</u>	<u>General</u>
Other Governmental Funds	\$550,441
Internal Service Fund - Self Insurance	500,000
<i>Total Transfers</i>	<u>\$1,050,441</u>

The transfer from the general fund to the other governmental funds (athletics and music special revenue fund) was used to pay for operation of the program. The transfer from the general fund to the self-insurance fund was used to pay prescription and dental insurance claims.

Interfund Balances

Interfund balances at June 30, 2025, consisted of an interfund receivable/payable between the general fund and other governmental funds of \$253,350. These interfund loans were made to support the programs of the special revenue funds pending the receipt of grant money and donations. The interfund balances should be repaid within one year.

Note 23 – Change in Accounting Principles

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

Required Supplementary Information

Berkshire Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.07901120%	0.07811280%	0.07303630%	0.06479070%
School District's Proportionate Share of the Net Pension Liability	\$4,041,894	\$4,316,135	\$3,950,372	\$2,390,589
School District's Covered Payroll	\$3,318,321	\$3,018,979	\$2,796,879	\$2,246,429
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	121.81%	142.97%	141.24%	106.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.06085790%	0.05904360%	0.06498580%	0.05576930%	0.05933930%	0.07041020%
\$4,025,270	\$3,532,682	\$3,721,856	\$3,332,093	\$4,343,089	\$4,017,674
\$2,076,786	\$2,091,000	\$2,028,326	\$1,855,793	\$1,863,114	\$2,100,581
193.82%	168.95%	183.49%	179.55%	233.11%	191.26%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

Berkshire Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.08048350%	0.08030820%	0.07527840%	0.06682860%
School District's Proportionate Share of the Net OPEB Liability	\$819,722	\$1,323,035	\$1,056,917	\$1,264,787
School District's Covered Payroll	\$3,318,321	\$3,018,979	\$2,796,879	\$2,246,429
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.70%	43.82%	37.79%	56.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.06315130%	0.06070260%	0.06547230%	0.05671620%	0.06013700%
\$1,372,484	\$1,526,544	\$1,816,380	\$1,522,114	\$1,714,127
\$2,076,786	\$2,091,000	\$2,028,326	\$1,855,793	\$1,863,114
66.09%	73.01%	89.55%	82.02%	92.00%
18.17%	15.57%	13.57%	12.46%	11.49%

Berkshire Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.06372795%	0.06175493%	0.05928542%	0.06054458%
School District's Proportionate Share of the Net Pension Liability	\$12,262,286	\$13,298,886	\$13,179,223	\$7,741,169
School District's Covered Payroll	\$8,897,200	\$8,413,714	\$7,964,914	\$7,377,257
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.82%	158.06%	165.47%	104.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.05868729%	0.05648536%	0.05353034%	0.05346284%	0.05344026%	0.05868257%
\$14,200,236	\$12,491,396	\$11,770,120	\$12,700,211	\$17,888,066	\$16,218,145
\$7,244,121	\$6,720,971	\$6,099,300	\$5,876,614	\$6,346,229	\$5,833,423
196.02%	185.86%	192.97%	216.11%	281.87%	278.02%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

Berkshire Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Asset/Liability	0.06372795%	0.06175493%	0.05928542%	0.06054458%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,208,799)	(\$1,201,048)	(\$1,535,097)	(\$1,276,533)
School District's Covered Payroll	\$8,897,200	\$8,413,714	\$7,964,914	\$7,377,257
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.59%	-14.27%	-19.27%	-17.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.05868729%	0.05648536%	0.05353034%	0.05344026%	0.05346284%
(\$1,031,428)	(\$935,532)	(\$860,178)	\$2,085,923	\$2,857,999
\$7,244,121	\$6,720,971	\$6,099,300	\$5,876,614	\$6,346,229
-14.24%	-13.92%	-14.10%	35.50%	45.03%
182.10%	174.70%	176.00%	47.10%	37.30%

Berkshire Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$569,477	\$464,565	\$422,657	\$391,563
Contributions in Relation to the Contractually Required Contribution	(569,477)	(464,565)	(422,657)	(391,563)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,067,693	\$3,318,321	\$3,018,979	\$2,796,879
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$69,591	\$57,696	\$58,328	\$52,220
Contributions in Relation to the Contractually Required Contribution	(69,591)	(57,696)	(58,328)	(52,220)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.71%</u>	<u>1.74%</u>	<u>1.93%</u>	<u>1.87%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.71%</u>	<u>15.74%</u>	<u>15.93%</u>	<u>15.87%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
\$314,500	\$290,750	\$282,285	\$273,824	\$259,811	\$260,836
(314,500)	(290,750)	(282,285)	(273,824)	(259,811)	(260,836)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,246,429	\$2,076,786	\$2,091,000	\$2,028,326	\$1,855,793	\$1,863,114
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
\$42,279	\$35,467	\$45,598	\$43,440	\$31,482	\$30,443
(42,279)	(35,467)	(45,598)	(43,440)	(31,482)	(30,443)
\$0	\$0	\$0	\$0	\$0	\$0
1.88%	1.71%	2.18%	2.14%	1.70%	1.63%
15.88%	15.71%	15.68%	15.64%	15.70%	15.63%

Berkshire Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Pension Liability				
Contractually Required Contribution	\$1,379,897	\$1,245,608	\$1,177,920	\$1,115,088
Contributions in Relation to the Contractually Required Contribution	<u>(1,379,897)</u>	<u>(1,245,608)</u>	<u>(1,177,920)</u>	<u>(1,115,088)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$9,856,407	\$8,897,200	\$8,413,714	\$7,964,914
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Net OPEB Liability (1)

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2016-2025, STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$1,032,816	\$1,014,177	\$940,936	\$853,902	\$822,726	\$888,472
<u>(1,032,816)</u>	<u>(1,014,177)</u>	<u>(940,936)</u>	<u>(853,902)</u>	<u>(822,726)</u>	<u>(888,472)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,377,257	\$7,244,121	\$6,720,971	\$6,099,300	\$5,876,614	\$6,346,229
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Berkshire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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.

Amounts reported for 2017 through 2021 use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

Berkshire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were 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. Post-retirement disabled 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Terms – STRS

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

Berkshire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
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

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. 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 based on current data and 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.

Berkshire Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim 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 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. 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.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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Berkshire Local School District
Geauga County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025
(Prepared by Management)

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Cash Assistance:		
School Breakfast Program	10.553	\$ 56,750
National School Lunch Program	10.555	163,386
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	27,655
Total Child Nutrition Cluster		<u>247,791</u>
Total U.S. Department of Agriculture		247,791
Title I Grant to Local Educational Agencies		
Title I Grant to Local Educational Agencies - FY24	84.010	15,080
Title I Grant to Local Educational Agencies - FY25	84.010	168,056
Total Title I Grant to Local Educational Agencies		<u>183,136</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	294,233
Each Child on Track	84.027	4,012
Equity For Each	84.027	199,777
IDES Preschool	84.027	7,942
Total Special Education Cluster		<u>505,964</u>
Improving Teacher Quality State Grants		
Improving Teacher Quality State Grants FY24	84.367	5,000
Improving Teacher Quality State Grants FY25	84.367	49,352
Total Improving Teacher Quality State Grants		<u>54,352</u>
Student Support and Academic Enrichment Program - FY25	84.424	15,189
Sources of Strength	84.424	775
Total Student Support and Academic Enrichment Program		<u>15,964</u>
Total U.S. Department of Education		<u>759,416</u>
Total Expenditures of Federal Awards		<u>\$ 1,007,207</u>

The accompanying notes are an integral part of this schedule.

Berkshire Local School District
Geauga County
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended June 30, 2025
(Prepared by Management)

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Berkshire Local School District (the District) under programs of the federal government for the year ended June 30, 2025. 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 or changes in net position or the 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 10-15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Berkshire Local School District
Geauga County
14259 Claridon Troy Road, Box 364
Burton, Ohio 44021

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 financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Berkshire Local School District, Geauga County, Ohio, (the District) as of and for the year ended June 30, 2025, 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, 2025, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No.101, *Compensated Absences*.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Charles E. Harris & Associates, Inc.
December 22, 2025

**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**

Berkshire Local School District
Geauga County
14259 Claridon Troy Road, Box 364
Burton, Ohio 44021

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Berkshire Local School District, Geauga County, Ohio's, (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 the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

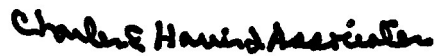
Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Charles E. Harris & Associates, Inc.

December 22, 2025

Berkshire Local School District
Geauga County
Schedule of Findings
2 CFR § 200.515
June 30, 2025

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)?	No
<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):	Special Education Cluster, AL# 84.027
<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?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



BERKSHIRE LOCAL SCHOOL DISTRICT

GEAUGA 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 4/14/2026

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

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