

**SCHOOL DISTRICT
OF**

**BERLIN
BOROUGH**

**Berlin Borough Board of Education
Berlin, New Jersey**

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021**

**Annual Comprehensive
Financial Report**

of the

Berlin Borough Board of Education

Berlin, New Jersey

For the Fiscal Year Ended June 30, 2021

**Prepared by
Berlin Borough Board of Education
Finance Department**

BERLIN BOROUGH SCHOOL DISTRICT

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Introductory Section

BERLIN BOROUGH SCHOOL DISTRICT

"Where Students Discover Their Potential"



Dr. Joseph Campisi
Superintendent

John Scavelli
Interim Business Admin./
Board Secretary

February 10, 2022

Honorable President and
Members of the Board of Education
Berlin Borough School District
215 S. Franklin Ave
Berlin, New Jersey 08009

The Annual Comprehensive Financial Report (ACFR) of the Berlin Borough School District for the fiscal year ended June 30, 2021 is hereby submitted. This ACFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The ACFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of federal regulations, cost principals, and audit requirements for federal awards (uniform guidance); and the State of New Jersey Circular OMB15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

Berlin Borough School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by the National Council on Governmental Accounting (NCGA) Statement # 3, which defines governmental reporting entities. All funds and account groups of the District are included in this report. The Berlin Borough Board of Education and all its school buildings constitute the District's reporting entity. The school district consists of one school, the Berlin Community School. The District provides a full range of educational services appropriate to grade level PSD/K through 8. These include regular as well as special education for disabled students.

The District completed the 2020-2021 school year with an average daily enrollment of 830 students as of June 30, 2021. The following details the changes in the student enrollment of the District over the last ten years.

AVERAGE DAILY ENROLLMENT		
Fiscal Year	Student Enrollment	Percent Change
2020-2021	830	+1.97
2019-2020	814	-1.23
2018-2019	824	+0.12
2017-2018	823	-0.60
2016-2017	828	-2.93
2015-2016	853	-1.04
2014-2015	862	-1.03
2013-2014	871	-2.24
2012-2013	891	+2.89
2011-2012	866	+1.29

2) ECONOMIC CONDITION AND OUTLOOK

According to Wikipedia, the [2010 United States Census](#) counted 7,588 people, 2,806 households, and 1,967 families in the borough. The [population density](#) was 2,114.9 inhabitants per square mile (816.6/km²). There were 2,949 housing units at an average density of 821.9 per square mile (317.3/km²). The racial makeup was 90.47% (6,865) [White](#), 4.19% (318) [Black or African American](#), 0.09% (7) [Native American](#), 2.78% (211) [Asian](#), 0.04% (3) [Pacific Islander](#), 0.88% (67) from [other races](#), and 1.54% (117) from two or more races. [Hispanic or Latino](#) of any race were 3.12% (237) of the population.^[8]

Of the 2,806 households, 30.9% had children under the age of 18; 52.9% were married couples living together; 12.4% had a female householder with no husband present and 29.9% were non-families. Of



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all households, 25.7% were made up of individuals and 12.7% had someone living alone who was 65 years of age or older. The average household size was 2.65 and the average family size was 3.22.^[8]

22.8% of the population were under the age of 18, 8.3% from 18 to 24, 24.6% from 25 to 44, 27.5% from 45 to 64, and 16.9% who were 65 years of age or older. The median age was 41.1 years. For every 100 females, the population had 90.9 males. For every 100 females ages 18 and older there were 86.3 males.

The Census Bureau's 2006-2010 [American Community Survey](#) showed that (in 2010 [inflation-adjusted](#) dollars) [median household income](#) was \$65,771 (with a margin of error of +/- \$8,475) and the median family income was \$79,347 (+/- \$13,820). Males had a median income of \$53,102 (+/- \$7,153) versus \$47,292 (+/- \$13,458) for females. The [per capita income](#) for the borough was \$33,672 (+/- \$5,917). About 4.4% of families and 6.6% of the population were below the [poverty line](#), including 9.2% of those under age 18 and 3.9% of those age 65 or over.

3) MAJOR INITIATIVES

- Curriculum
 - o ELA & Math Curriculums Aligned to NJ Student Learning Standards
 - o Purchase of additional ELA materials grades K to 8
 - o Implementation of STEAM for K-5
 - o Alignment of science curriculum to Next Generation Science Standards K-8
 - o Professional development for staff in all new curriculums

- Professional Development Initiatives
 - o Job-embedded PLCs to ensure continuous PD and student achievement
 - o Daily morning teacher collaboration time

- Embedding technology in the classroom
 - o Continue to support 1:1 iPad initiative grades 6-8
 - o Sets of 6 iPads in all classrooms K-5
 - o All classrooms equipped with Apple TV and Smart Boards
 - o 3 State of the art computer labs

- Character Education & Cultural Proficiency/Equity
 - o Continue support and initiatives
 - o Annual Theme selected by parents, staff and students
 - o Service Learning
 - o Common Language of 6 Pillars in everything



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TECHNOLOGY - Each year the district continues its' five year computer upgrade and replacement program and is committed to integrating technology throughout the curriculum as our students learn the skills needed to be successful as twenty-first century learners. The district has a 1:1 iPad initiative in the 5th through 8th grades. There are three fully equipped computer labs to support technology instruction and every classroom is equipped with state of the art SMART board technology and Apple TV.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, by not absolute, assurance that these objectives are met. The concept of reasonable assurances recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

As a result of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriate budget approved by the voters of the municipality. Annual appropriate budgets are adopted for the general fund and the special revenue fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservation of funds balance at June 30, 2021.



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6) ACCOUNTING SYSTEM AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note # 1.

7) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

9) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of Inverso & Stewart, LLC, performs the annual statutory audit of the Berlin Borough Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations, cost principles, and audit requirements for federal awards (uniform guidance): and State of New Jersey Circular OMB15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

10) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Berlin Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district



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and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

Dr. Joseph Campisi

Joseph Campisi, Ph.D
Chief School Administrator

John Scavelli

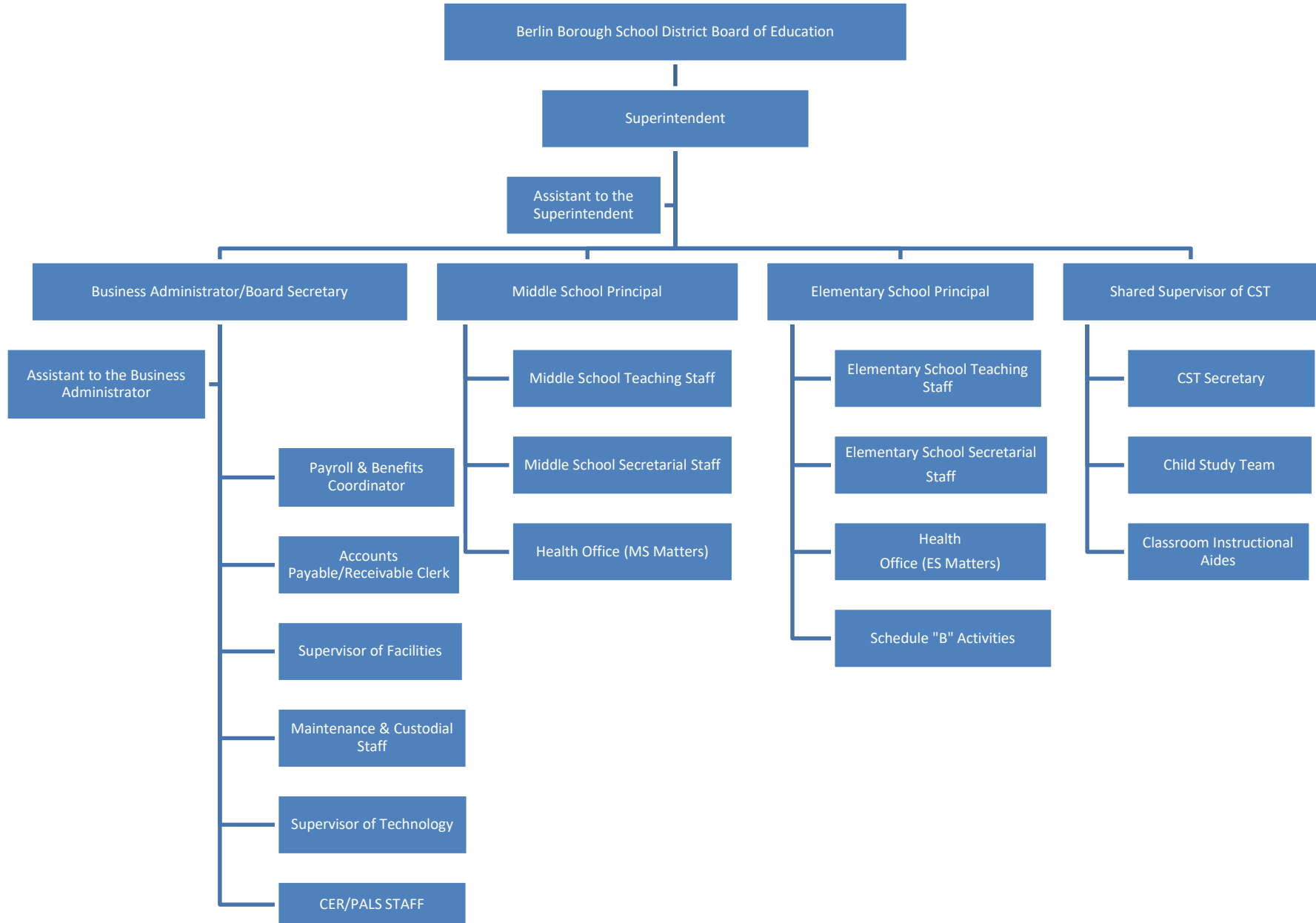
John Scavelli
Interim Business Administrator



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BERLIN BOROUGH BOARD OF EDUCATION ORGANIZATIONAL CHART



**BERLIN BOROUGH BOARD OF EDUCATION
BERLIN, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jocelyn Lewis, President	2023
Rebecca Holland, Vice-President	2022
Jenine Del Palazzo	2021
Susan Embrey	2023
Jeffrey Greenberg	2021
Lisa Kehoe	2022
Kristen Simone	2022
Brandy Titus	2021
Joshua Zagorski	2023

Other Officials

Dr. Joseph Campisi, Superintendent
John Scavelli, Interim Business Administrator/Board
Secretary - 7/1/2020-12/21/2020
Dr. Sean McCarron, Interim Business
Administrator/Board Secretary - 12/21/2020-3/1/2021
Robert O'Brien, Business Administrator/Board
Secretary - 3/1/2021-6/30/2021
Daniel H. Long, Solicitor
Wade, Long, Wood and Long, LLC

**BERLIN BOROUGH SCHOOL DISTRICT
Consultants and Advisors**

Audit Firm

Inverso & Stewart, LLC
651 Route 73 North, Suite 402
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Daniel H. Long
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Laurel Springs, NJ 08021

Architect

Garrison Architects
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Bellmawr, NJ 08031

Bond Counsel

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Mount Laurel, NJ 08054

Official Depository

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Berlin, NJ 08009

Financial Section

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Certified Public Accountants

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-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
of the Board of Education
Berlin Borough School District
County of Camden
Berlin Borough, New Jersey

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berlin Borough School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Berlin Borough School District, in the County of Camden, State of New Jersey, as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Principle

As discussed in Note 21 to the financial statements, during the fiscal year ended June 30, 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the School District's proportionate share of the net pension liability and schedule of the School District's contributions, schedule of the State's proportionate share of the net OPEB liability associated with the School District and changes in the total OPEB liability and related ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berlin Borough School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Office of School Finance, Department of Education, State of New Jersey and are not a required part of the basic financial statements. The accompanying schedules of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and State of New Jersey Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate 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 my opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2022 on my consideration of the Berlin Borough School District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Berlin Borough School District's internal control over financial reporting and compliance.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
February 10, 2022

Required Supplementary Information - Part I

Management's Discussion and Analysis

**Berlin Borough School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

As management of the Board of Education of the Berlin Borough School District in Berlin New Jersey, we offer readers of the School District's financial statements this narrative overview and analysis of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The liabilities of the School District exceeded its assets at the close of the most recent fiscal year by \$403,896 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$2,855,359. The accounting treatments in the governmental funds for compensated absences payable, and the last two state aid payments, and the state statute that prohibits school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance are primarily responsible for this deficit balance.
- The total net position of the School District increased by \$609,278 or a 60.14% increase from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds increased by \$420,089 resulting in an ending fund balance of \$2,095,228. This increase is largely due to the results of operations in the General Fund and includes a prior period adjustment.
- Business-type activities have an unrestricted net position of \$333,813, which may be used to meet the School District's ongoing obligations of the food service, latchkey and community education and recreation operations.
- The School District's long-term obligations decreased by \$686,786 which is the result of the reduction of certificates of participation, serial bond debt, capital leases, change in compensated absences and a decrease in net pension liability.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. Comparison to the prior year's activity is provided in this document. The basic financial statements are comprised of three components: 1) District-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

District-wide Financial Statements

The *district-wide financial statements* are designed to provide the reader with a broad overview of the financial activities in a manner similar to a private-sector business. The district-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information about all of the School District's assets and liabilities. The difference between the assets and liabilities is reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the School District changed during the current fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement even though the resulting cash flows may be recorded in a future period.

Both of the district-wide financial statements distinguish functions of the School District that are supported from taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or most of their costs from user fees and charges (*business-type activities*). Governmental activities consolidate governmental funds including the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund. Business-type activities include the Food Service Fund and the Community Education Fund.

Fund Financial Statements

Fund financial statements are designed to demonstrate compliance with finance-related requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. All of the funds of the School District are divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds account for essentially the same information reported in the governmental activities of the district-wide financial statements. However, unlike the district-wide financial statements, the governmental fund financial statements focus on near-term financial resources and fund balances. Such information may be useful in evaluating the financing requirements in the near term.

Since the governmental funds and the governmental activities report information using the same functions, it is useful to compare the information presented. Because the focus of each report differs, a reconciliation is provided on the fund financial statements to assist the reader in comparing the near-term requirements with the long-term needs.

The School District maintains four individual governmental funds. The major funds are the General Fund, the Special Revenue Fund, the Capital Projects Fund, and the Debt Service Fund. They are presented separately in the fund financial statements.

The School District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and the Debt Service Fund. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with budgetary requirements.

Proprietary funds are used to present the same functions as the business-type activities presented in the district-wide financial statements. The School District maintains two types of proprietary funds - the Enterprise Fund and the Internal Service Fund. The fund financial statements of the enterprise and internal service funds provide the same information as the district-wide financial statements, only in more detail.

The School District's two enterprise funds (Food Service Fund and the Community Education Fund) are listed individually and are considered to be major funds. The School District's internal service fund (Shared Services Fund) is also listed individually and is considered a major fund.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the School District's program.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains other supplementary information and schedules required by the New Jersey Audit Program, issued by the New Jersey Department of Education.

District-wide Financial Analysis

The assets of the School District are classified as current assets and capital assets. Cash, investments, receivables, inventories and prepaid expenses are current assets. These assets are available to provide resources for the near-term operations of the School District. The majority of the current assets are the results of the tax levy and state aid collection process.

Capital assets are used in the operations of the School District. These assets are land, buildings, improvements, equipment and vehicles. Capital assets are discussed in greater detail in the section titled, Capital Assets and Debt Administration, elsewhere in this analysis.

Current and long-term liabilities are classified based on anticipated liquidation either in the near-term or in the future. Current liabilities include accounts payable, accrued salaries and benefits, unearned revenues, and current debt obligations. The liquidation of current liabilities is anticipated to be either from currently available resources, current assets or new resources that become available during fiscal year 2022. Long-term liabilities such as long-term debt obligations and compensated absences payable will be liquidated from resources that will become available after fiscal year 2022.

The liabilities of the primary government activities exceeded the assets by \$748,676 with an unrestricted deficit balance of \$2,855,359. The net position of the primary government does not include internal balances.

A net investment of \$134,051 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 830 public school students. A balance of \$1,476,276 has been restricted for future capital projects, \$275,414 has been restricted for future maintenance, \$193,383 has been restricted for future budget appropriation, and \$27,559 has been restricted for student activities.

As mentioned earlier, deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable and the June state aid payments, and state statutes that prohibit school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance.

Berlin Borough School District
Comparative Summary of Net Position
As of June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current assets	\$ 2,217,351	\$ 1,721,463	\$ 421,812	\$ 553,198	\$ 2,639,163	\$ 2,274,661
Capital assets	1,303,586	1,415,271	10,967	12,763	1,314,553	1,428,034
Total assets	3,520,937	3,136,734	432,779	565,961	3,953,716	3,702,695
Deferred Outflows of Resources	291,994	390,212			291,994	390,212
LIABILITIES						
Current liabilities	874,175	713,276	87,999	61,795	962,174	775,071
Noncurrent liabilities	2,757,010	3,545,168			2,757,010	3,545,168
Total Liabilities	3,631,185	4,258,444	87,999	61,795	3,719,184	4,320,239
Deferred Inflows of Resources	930,422	813,281			930,422	813,281
Net Position	\$ (748,676)	\$ (1,544,779)	\$ 344,780	\$ 504,166	\$ (403,896)	\$ (1,040,613)
Net Position Consists of:						
Net investment in						
Capital Assets	134,051	(88,260)	10,967	12,763	145,018	(75,497)
Restricted Assets	1,972,632	1,755,175			1,972,632	1,755,175
Unrestricted Assets	(2,855,359)	(3,211,694)	333,813	491,403	(2,521,546)	(2,720,291)
Net Position	\$ (748,676)	\$ (1,544,779)	\$ 344,780	\$ 504,166	\$ (403,896)	\$ (1,040,613)

Berlin Borough School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2021 and 2021

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$ 14,761	\$ 33,289	\$ 87,281	\$ 351,761	\$ 102,042	\$ 385,050
Operating Grants and contributions	6,684,628	4,882,557	80,664	68,472	6,765,292	4,951,029
Property taxes	8,199,728	8,063,655			8,199,728	8,063,655
State aid - unrestricted	4,089,850	4,029,199			4,089,850	4,029,199
Other revenues	86,280	85,847			86,280	85,847
Total Revenues	19,075,247	17,094,547	167,945	420,233	19,243,192	17,514,780
Expenses:						
Governmental Activities:						
Instruction	6,173,079	5,853,322			6,173,079	5,853,322
Tuition	328,153	262,677			328,153	262,677
Related Services	1,393,917	1,639,730			1,393,917	1,639,730
Administrative Services	610,786	532,908			610,786	532,908
Central Services	283,478	284,852			283,478	284,852
Operations and Maintenance	1,055,595	911,162			1,055,595	911,162
Transportation	498,116	565,661			498,116	565,661
Employee benefits	7,838,695	6,217,821			7,838,695	6,217,821
Interest on debt	65,500	81,500			65,500	81,500
Other	11,264	14,116			11,264	14,116
Business-Type Activities:						
Community Education			117,913	139,194	117,913	139,194
Latchkey			127,620	133,703	127,620	133,703
Shared Services			-	-	-	-
Food Service			129,798	246,551	129,798	246,551
Total Expenses	18,258,583	16,363,749	375,331	519,448	18,633,914	16,883,197
Increase (Decrease) in Net Position before transfers	816,664	730,798	(207,386)	(99,215)	609,278	631,583
Transfers	(48,000)		48,000			
Change in Net Position	768,664	730,798	(159,386)	(99,215)	609,278	631,583
Net Position, July 1	(1,544,779)	(2,275,577)	504,166	603,381	(1,040,613)	(1,672,196)
Prior Period Adjustment	27,439				27,439	
Net Position, July 1 Restated	(1,517,340)		504,166		(1,013,174)	
Net Position, June 30	\$ (748,676)	\$ (1,544,779)	\$ 344,780	\$ 504,166	\$ (403,896)	\$ (1,040,613)

Governmental Activities

Governmental activities increased the net position of the School District by \$796,103 during the current fiscal year. Key elements of the net increase for governmental activities are as follows:

- Results of operations in the governmental funds increased \$420,089.
- Depreciation expense of \$111,685.
- Reduction of debt in the amount of \$686,786.

Business-type Activities

Business-type activities decreased the School District's net position by \$159,386. Key elements of the decrease in net position for business-type activities are as follows:

- The Community Education and Recreation Fund had a net loss of \$75,092
- Latchkey had a net loss of \$85,232
- Food Service Fund had a net gain of \$938.

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$2,095,228, an increase of \$420,089 in comparison with the prior year. Most of this increase is the results of operations in the General Fund.

The unassigned fund balance for the School District at the end of the fiscal year includes \$89,266 in the General Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, 1) \$226,713 reserved for future budget appropriation in accordance with state statute, 2) \$1,476,276 reserved for capital projects, 3) \$275,414 reserved for maintenance, 4) \$27,559 reserved for student activities.

The general fund is the chief operating fund of the School District. As discussed earlier, the balance in the unreserved fund balance is due, primarily, to the accounting treatment of the last state aid payment as discussed in Note 14 of the notes to the basic financial statements, and state statutes that prohibit New Jersey school districts from maintaining more than 4% of its adopted budget as unrestricted fund balance.

General Fund Budgetary Highlights

At the end of the current fiscal year, unassigned fund balance (budgetary basis) of the general fund was \$485,837 while total fund balance (budgetary basis) was \$2,464,240. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance (budgetary basis) and total fund balance (budgetary basis) to total general fund expenditures. Actual (budgetary basis) expenditures of the General Fund including other financing uses amounted to \$13,939,217. Unassigned fund balance (budgetary basis) represents 3.49% of expenditures while total fund balance (budgetary basis) represents 17.68% of that same amount.

Capital Asset and Debt Administration

The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totaled \$1,314,553 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total decrease in the District's investment in capital assets for the current fiscal year was \$113,481, or a 7.95% decrease. The decrease is due to depreciation expense.

**Capital Asset (net of accumulated depreciation)
June 30, 2021 and 2020**

	Governmental Activities		Business-Type Activities		District-Wide	
	2021	2020	2021	2020	2021	2020
Land	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 400,000
Site Improvements	27,905	33,164			27,905	33,164
Building and Building Improvements	781,614	851,631			781,614	851,631
Equipment	94,067	130,476	10,967	12,763	105,034	143,239
Net Assets	<u>\$ 1,303,586</u>	<u>\$ 1,415,271</u>	<u>\$ 10,967</u>	<u>\$ 12,763</u>	<u>\$ 1,314,553</u>	<u>\$ 1,428,034</u>

Additional information on the School District’s capital assets can be found in the notes to the basic financial statements (Note 5) of this report.

Long-term debt – During the fiscal year ended June 30, 2021, the School District had \$990,000 in serial bonds payable, \$179,535 in capital leases payable, \$570,342 in compensated absences, and \$1,632,036 in net pension liability.

State statutes limit the amount of general obligation debt that the District may issue. At the end of the current fiscal year, the legal debt limit was \$22,095,588. The available amount as of June 30, 2021 is \$21,105,588.

Additional information on the School District’s long-term obligations can be found in the notes to the basic financial statements (Note 7) of this report.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered and incorporated into the preparation of the School District’s budget for the 2021-22 fiscal year.

- For 2021-22 fiscal year the School District will not be receiving an increase in state aid. The local tax levy in the General Fund increased by \$152,820 or 2.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2021-22 General Fund Budget is \$1,292,355 more than the previous year or a 10.65% increase. The tax rate for 2022 is \$1.102 which is a .08 cent increase from the previous year.

For the Future

The Berlin Borough School District is in very good financial condition presently. However, a major concern is maintaining aging buildings of the district with an increased reliance on local property taxes as state aid has remained stagnant. Berlin Borough is primarily a residential community, with few large ratables; thus, the burden is focused on homeowners to share the tax burden.

In conclusion, the Berlin Borough School District has committed itself to financial excellence for many years. In addition, the School District’s system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Berlin Borough School District Business Administrator, 215 S. Franklin Ave, Berlin, New Jersey 08009.

Basic Financial Statements

District-Wide Financial Statements

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 344,488	\$ 402,386	\$ 746,874
Accounts Receivables, net	121,173	10,120	131,293
Inventory		9,306	9,306
Restricted assets:			
Cash and cash equivalents	1,751,690		1,751,690
Capital assets, net	1,303,586	10,967	1,314,553
Total Assets	3,520,937	432,779	3,953,716
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	291,994	-	291,994
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	3,812,931	432,779	4,245,710
LIABILITIES:			
Accounts payable:			
Other	110,789	14,515	125,304
Related to pensions	128,899		128,899
Intergovernmental Accounts payable:			
State	53,709		53,709
Internal Balances	(44,922)	44,922	
Accrued Liabilities:			
Interest payable	8,250		8,250
Unearned revenue	2,547	28,562	31,109
Noncurrent liabilities:			
Due within one year	614,903		614,903
Due beyond one year	2,757,010		2,757,010
Total Liabilities	3,631,185	87,999	3,719,184
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	930,422	-	930,422
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,561,607	87,999	4,649,606
NET POSITION:			
Net investment in capital assets	134,051	10,967	145,018
Restricted for:			
Capital projects	1,476,276		1,476,276
Maintenance	275,414		275,414
Excess Surplus	193,383		193,383
Student Activities	27,559		27,559
Unrestricted (Deficit)	(2,855,359)	333,813	(2,521,546)
Total Net Position	\$ (748,676)	\$ 344,780	\$ (403,896)

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,370,056	\$ 14,761	\$ 259,855	\$ -	\$ (4,095,440)	\$ -	\$ (4,095,440)
Special Education	1,693,007		207,662		(1,485,345)		(1,485,345)
Other instruction	110,016				(110,016)		(110,016)
Support Services:							
Tuition	328,153				(328,153)		(328,153)
Student & instruction related services	1,393,917		95,980		(1,297,937)		(1,297,937)
General administrative services	287,988				(287,988)		(287,988)
School administrative services	322,798				(322,798)		(322,798)
Central administrative services	283,478				(283,478)		(283,478)
Plant operations and maintenance	1,055,595		19,766		(1,035,829)		(1,035,829)
Pupil transportation	498,116				(498,116)		(498,116)
Unallocated employee benefits	7,838,695		6,101,365		(1,737,330)		(1,737,330)
Interest on long-term debt	65,500				(65,500)		(65,500)
Unallocated depreciation and amortization	11,264				(11,264)		(11,264)
Total Governmental Activities	<u>18,258,583</u>	<u>14,761</u>	<u>6,684,628</u>	<u>-</u>	<u>(11,559,194)</u>	<u>-</u>	<u>(11,559,194)</u>
Business-Type Activities:							
Food service	129,798	2,072	80,664	-	-	(47,062)	(47,062)
Latchkey	127,620	42,388		-	-	(85,232)	(85,232)
Community education program	117,913	42,821		-	-	(75,092)	(75,092)
Total Business-Type Activities	<u>375,331</u>	<u>87,281</u>	<u>80,664</u>	<u>-</u>	<u>-</u>	<u>(207,386)</u>	<u>(207,386)</u>
Total Primary Government	<u>\$ 18,633,914</u>	<u>\$ 102,042</u>	<u>\$ 6,765,292</u>	<u>\$ -</u>	<u>(11,559,194)</u>	<u>(207,386)</u>	<u>(11,766,580)</u>
Community education program							
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					7,640,978		7,640,978
Taxes levied for debt service					558,750		558,750
Federal and State aid unrestricted					4,089,850		4,089,850
Investment and Interest earnings - restricted							-
Miscellaneous					86,280		86,280
Special Items:							
Transfer					(48,000)	48,000	-
Total general revenues, special items, extraordinary items and transfers					<u>12,327,858</u>	<u>48,000</u>	<u>12,375,858</u>
Change in Net Position					768,664	(159,386)	609,278
Net Position - July 1,					(1,544,779)	504,166	(1,040,613)
Prior Period Adjustments					27,439		27,439
Net Position - July 1, Restated					<u>(1,517,340)</u>	<u>504,166</u>	<u>(1,013,174)</u>
Net Position - June 30					<u>\$ (748,676)</u>	<u>\$ 344,780</u>	<u>\$ (403,896)</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Fund Financial Statements

BERLIN BOROUGH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021

ASSETS	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 2,031,028	\$ 65,150	\$ -	\$ -	\$ 2,096,178
Interfund Accounts Receivable					
General Fund		2			2
Enterprise Fund	44,922				44,922
Intergovernmental Accounts Receivables:					
State	73,403	2,642			76,045
Federal		40,003			40,003
Other	1,148				1,148
Other Accounts Receivable	85	3,892			3,977
Total Assets	\$ 2,150,586	\$ 111,689	\$ -	\$ -	\$ 2,262,275
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable:					
Special Revenue Fund		2			2
Intergovernmental Accounts Payable:					
State		53,709			53,709
Accounts Payable:					
Payroll Deductions and Withholdings Payable	60,224				60,224
Other	22,691	27,874			50,565
Unearned Revenue		2,547			2,547
Total Liabilities	82,917	84,130			167,047
Fund Balances:					
Restricted:					
Capital Reserve	1,476,276				1,476,276
Maintenance Reserve	275,414				275,414
Excess Surplus	193,383				193,383
Student Activities		27,559			27,559
Assigned to:					
Designated for Subsequent Year's Expenditures	33,330				33,330
Unassigned	89,266				89,266
Total Fund Balances	2,067,669	27,559			2,095,228
Total Liabilities and Fund Balances	\$ 2,150,586	\$ 111,689	\$ -	\$ -	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,394,397 and the accumulated depreciation is \$14,090,811. 1,303,586

Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (8,250)

Accounts payable related to the April 1, 2022 required PERS contribution that is not to be liquidated with current financial resources. (128,899)

The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Deferred Outflows of resources from Pensions	\$ 291,994	
Net Pension Liability	(1,632,036)	
Deferred Inflows of resources from Pensions	(930,422)	(2,270,464)

The following long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds:

General Obligation Bonds	(990,000)	
Capital Leases	(179,535)	
Compensated Absences Payable	(570,342)	(1,739,877)

Net position of governmental activities \$ (748,676)

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 7,640,978	\$ -	\$ -	\$ 558,750	\$ 8,199,728
Tuition charges	14,761				14,761
Unrestricted miscellaneous revenues	86,280				86,280
Federal sources		427,497			427,497
State sources	6,411,191	166,875			6,578,066
Local Sources		8,214			8,214
Total revenues	14,153,210	602,586	-	558,750	15,314,546
EXPENDITURES:					
Current expense:					
Regular instruction	4,088,318	259,855			4,348,173
Special education instruction	1,485,345	207,662			1,693,007
Other instruction	110,016				110,016
Support services and undistributed costs:					
Tuition	328,153				328,153
Student & instruction related services	1,302,750	91,167			1,393,917
General administrative services	279,188				279,188
School administrative services	322,798				322,798
Central services	238,390				238,390
Information Technology	45,088				45,088
Plant operations and maintenance	698,952				698,952
Pupil transportation	498,116				498,116
Unallocated employee benefits	4,182,050	19,323			4,201,373
Capital outlay	360,053	19,766			379,819
Debt service:					
Principal				485,000	485,000
Interest and other charges				73,750	73,750
Total expenditures	13,939,217	597,773	-	558,750	15,095,740
Excess (deficiency) of revenues over (under) expenditures	213,993	4,813			218,806
Other Financing Sources (Uses):					
Proceeds of Capital Lease	249,283				249,283
Operating transfer out	(48,000)				(48,000)
Total other financing sources (uses)	201,283				201,283
Net change in fund balance	415,276	4,813			420,089
Fund balances, July 1	1,647,700				1,647,700
Prior Period Adjustments	4,693	22,746			27,439
Fund balances, July 1, Restated	1,652,393	22,746			1,675,139
Fund balances, June 30	<u>\$ 2,067,669</u>	<u>\$ 27,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,095,228</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BERLIN BOROUGH 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, 2021

Total net change in fund balances - governmental funds (from B-2)	\$	420,089
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
<p style="margin-left: 40px;">Capital outlays are reported in the governmental funds as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.</p>		
Depreciation expense	\$ (111,685)	
Fixed Asset Additions	<u> </u>	(111,685)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		485,000
The proceeds of a capital lease is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.		(249,283)
Repayment of the capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.		98,279
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		8,250
Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities.		123,379
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation (+).		<u>(5,365)</u>
Change in net position of governmental activities	\$	<u><u>768,664</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2021

Business-type Activities

	Enterprise Funds			Total
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 42,452	\$ 236,522	\$ 123,412	\$ 402,386
Accounts receivable	10,120			10,120
Inventories	9,306			9,306
Total current assets	61,878	236,522	123,412	421,812
Noncurrent assets:				
Equipment	80,364			80,364
Less accumulated depreciation	(69,397)			(69,397)
Total noncurrent assets	10,967			10,967
Total assets	72,845	236,522	123,412	432,779
LIABILITIES				
Current liabilities:				
Accounts payable	14,515	-	-	14,515
Interfund payable	19,922	25,000		44,922
Unearned revenue	10,145	9,217	9,200	28,562
Total liabilities	44,582	34,217	9,200	87,999
NET POSITION				
Net investment in capital assets	10,967			10,967
Unrestricted	17,296	202,305	114,212	333,813
Total net position	\$ 28,263	\$ 202,305	\$ 114,212	\$ 344,780

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
for the Fiscal Year Ended June 30, 2021

	Business-type Activities			Total
	Enterprise Funds			
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	
Operating revenues:				
Charges for services:				
Daily sales-reimbursable programs	\$ 5	\$ -	\$ -	\$ 5
Daily sales-non-reimbursable programs	2,067			2,067
Program Fees		42,388	42,821	85,209
Total operating revenue	2,072	42,388	42,821	87,281
Operating expenses:				
Salaries	51,584	81,534	48,718	181,836
Employee Benefits	9,538	42,244	4,756	56,538
Supplies and materials	2,956	1,884	2,174	7,014
Depreciation	1,796			1,796
Purchased services	22,331	1,774	6,700	30,805
Cost of sales - reimbursable programs	30,835			30,835
Cost of sales - non-reimbursable programs	949			949
Miscellaneous	1,695	184	55,565	57,444
Direct expenses	5,275			5,275
Repairs and maintenance	2,839			2,839
Total operating expenses	129,798	127,620	117,913	375,331
Operating income (loss)	(127,726)	(85,232)	(75,092)	(288,050)
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	2,856			2,856
Federal sources:				
National school lunch program	47,227			47,227
National school breakfast program	17,114			17,114
U.S.D.A. commodities	13,467			13,467
Board subsidy	48,000			48,000
Total nonoperating revenues (expenses)	128,664			128,664
Change in net position	938	(85,232)	(75,092)	(159,386)
Total net position - July 1	27,325	287,537	189,304	504,166
Total net position - June 30	\$ 28,263	\$ 202,305	\$ 114,212	\$ 344,780

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
for the Fiscal Year Ended June 30, 2021

Business-type Activities

	Enterprise Funds			Total
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	
Cash flows from operating activities:				
Receipts from customers	\$ 2,032	\$ 51,605	\$ 50,521	\$ 104,158
Payments to employees	(52,785)	(123,778)	(53,474)	(230,037)
Payments to suppliers	(55,120)	(3,842)	(64,439)	(123,401)
Net cash used for operating activities	<u>(105,873)</u>	<u>(76,015)</u>	<u>(67,392)</u>	<u>(249,280)</u>
Cash flows from noncapital financing activities:				
State sources	2,310			2,310
Federal sources	57,040			57,040
Board subsidy	48,000			48,000
Net cash provided by non-capital financing activities	<u>107,350</u>			<u>107,350</u>
Cash flows from capital activities:				
Purchases of fixed assets				-
				-
Cash flows from investing activities:				
Interest and dividends				
Net cash provided by investing activities				
Net increase in cash and cash equivalents	1,477	(76,015)	(67,392)	(141,930)
Balances - July 1	<u>40,975</u>	<u>312,537</u>	<u>190,804</u>	<u>544,316</u>
Balances - June 30	<u>\$ 42,452</u>	<u>\$ 236,522</u>	<u>\$ 123,412</u>	<u>\$ 402,386</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (127,726)	\$ (85,232)	\$ (75,092)	\$ (288,050)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	1,796			1,796
Federal commodities	13,467			13,467
(Increase) decrease in inventories	(2,697)			(2,697)
Increase (decrease) in unearned revenue	(40)	9,217	7,700	16,877
Increase (decrease) in accounts payable	9,327			9,327
Increase (decrease) in unearned revenue				
Total adjustments	<u>21,853</u>	<u>9,217</u>	<u>7,700</u>	<u>38,770</u>
Net cash provided by (used for) operating activities	<u>\$ (105,873)</u>	<u>\$ (76,015)</u>	<u>\$ (67,392)</u>	<u>\$ (249,280)</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The Berlin Borough School District (District) is a Type II school district located in Camden County, New Jersey and covers an area of approximately 3.7 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of Berlin Borough's students in grades K through 8. Student in grades 9 through 12 attend Eastern Regional High School District. The School District has an approximate enrollment at June 30, 2021 of 830 students.

The primary criteria for including activities within the School District's reporting entity, as set forth in Section 2100 of the Governmental Accounting Standards Board (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School district over which the Board exercises operating control.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Unit*, provide guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statements No. 14 and No. 39. In addition, GASB Statement No. 61, provides additional guidance for organizations that do not meet the financial accountability criteria for inclusion as component units but that nevertheless should be included because the primary government's management determines that it would be misleading to exclude them. GASB Statement No. 80, *Blending Requirements for Certain Component Units* - an Amendment of GASB Statement No. 14 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. There were no additional entities required to be included in the reporting entity under the criteria as described above. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

The School District's basic financial statements consists 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 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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The statement of net position presents the financial condition of the governmental and business-type 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 and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expenses to functions in the statement of activities. 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.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Statements (Continued) - The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements - During the fiscal 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal 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 is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment classified in the capital outlay sub-fund.

As required by the New Jersey State Department of Education, the School District includes budgeted capital outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund - The special revenue fund is used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Fund - The capital projects fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary funds are used to account for the School District's ongoing activities, which are similar to those in the private sector.

Enterprise Funds - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the School District is that all costs (expenses, including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds (Continued)

The School District's enterprise funds are:

Food Service Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Protect All Latchkey Students Fund - This fund accounts for the financial activity related to providing day care services for School District students.

Community Education and Recreation Fund - This fund accounts for the financial activity related to providing education and recreation services.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net position) is segregated into investment in capital assets, net of related debt, and unrestricted, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

Internal Service Fund – The internal service fund has been established to account for financing of shared services provided by the Berlin Borough School District for the Gibbsboro School District. Services are provided on a cost-reimbursement basis.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of 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 current liabilities 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.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Fund Financial Statements (Continued) – Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "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 after fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (Property) Taxes are susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The School District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of restricted formula aids recorded in the special revenue fund, 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 fiscal year when the resources are required to be used or the fiscal 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end; tuition, grants, fees, and rentals.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense. Unused donated commodities are reported as unearned revenue. 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.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for their approval. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:23A-16.2(f)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-13.3.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the budgetary basis. The budgetary basis differs from GAAP in that the budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1, Exhibit C-2 and Exhibit I-3, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the statement of revenues, expenditures and changes in fund balances – governmental funds. Note that the School District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the one or more June state aid payments.

Encumbrances - Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Encumbrances are a component of fund balance at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services. Open encumbrances in governmental funds, other than the special revenue fund, which have not been previously restricted, committed, or assigned, should be included within committed or assigned fund balance, as appropriate.

Open encumbrances in the special revenue fund, however, for which the School District has received advances of grant awards, and all eligibility and time requirements satisfied are reflected on the balance sheet as unearned grant revenue at fiscal year-end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Cash, Cash Equivalents and Investments - Cash and cash equivalents, for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued) - N.J.S.A. 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act (GUDPA), a multiple financial institution collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

Tuition Receivable - Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs are determined.

Tuition Payable - Tuition charges for the fiscal years ended June 30, 2021 and 2020 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

Inventories - Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out basis.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed and is not recorded since any amounts are considered immaterial to the basic financial statements.

Inventories recorded in the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

Prepaid Expenses - Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types represent payments made to vendors for services that will benefit periods beyond June 30, 2021.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created, and no expenditure allocation to future accounting periods is required (*non-allocation method*). This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Short-Term Interfund Receivables / Payables - Short-term interfund receivables / payables represent amounts that are owed, other than charges for goods or services rendered to / from a particular fund in the School District and that are due within one year. These amounts are eliminated in the governmental and business-type columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost 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. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land and Improvements	10-20 years	N/A
Buildings and Improvements	10-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5-10 years	4-6 years

Unearned Revenue - Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied and are recorded as a liability until the revenue is both measurable and the School District is eligible to realize the revenue.

Compensated Absences - Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the School District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds 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, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

Net Position - Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

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

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

Fund Balance – The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District’s classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash, such as inventories and prepaid amounts. The School District had no nonspendable fund balance at June 30, 2021.

Restricted – This fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision-making authority, which for the School District is the Board of Education. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action imposing the commitment.

Assigned – This fund balance classification includes amounts that are constrained by the School District’s *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the Business Administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – This fund balance classification is the residual classification for the General Fund. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, it is the School District’s policy to spend restricted fund balances first. Likewise, when an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order: committed, assigned, then unassigned.

Operating and Non-Operating Revenues and Expenses - Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for the food service program, program fees for the community education and recreation fund, and fees for the shared services fund. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts and federal and state subsidy reimbursements for the food service program.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating and Non-Operating Revenues and Expenses (Continued) - Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. There are no non-operating expenses.

Interfunds – Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America 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.

Recently Issued Accounting Pronouncements – In June 2017, the GASB issued Statement 87, *Leases*. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. This Statement should have no impact on the District’s financial statements.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. This Statement should have no impact on the District’s financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset-and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosure regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management is currently evaluating the impact of the adoption of this Statement on the District’s financial statements.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the School District’s deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District’s amount on deposit of \$2,872,225 as of June 30, 2021, \$250,000 was insured under FDIC and the remaining balance of \$2,622,225 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the School District’s approved Long-Range Facilities Plan (LRFP). Upon submission of the LRFP to the New Jersey Department of Education, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2.

Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Balance - June 30, 2020		\$ 1,075,938
Increased by:		
Interest Earned	\$ 338	
Board Resolution	<u>475,000</u>	<u>475,338</u>
		1,551,276
Decreased by:		
Budget Withdrawal		<u>75,000</u>
Balance - June 30, 2021		<u><u>\$ 1,476,276</u></u>

The June 30, 2021 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

4. RECEIVABLES

Receivables at June 30, 2021 consisted of other governmental units and governmental grants. All receivables are considered collectible in full due to the stable condition of the other governmental units, State programs and the current fiscal year guarantee of federal funds.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

4. RECEIVABLES (Continued)

Receivables as of year-end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue	Capital Projects	Proprietary Fund	Total
Federal Aid	\$ -	\$ 40,003	\$ -	\$ 9,563	\$ 49,566
State Aid	73,403	2,642		557	76,602
Other	1,233	3,892			5,125
	<u>\$ 74,636</u>	<u>\$ 46,537</u>	<u>\$ -</u>	<u>\$ 10,120</u>	<u>\$ 131,293</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Total Capital Assets not being Depreciated	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>400,000</u>
Capital Assets, being Depreciated:				
Site Improvements	297,589			297,589
Building and Improvements	14,059,401			14,059,401
Equipment	663,386		(25,979)	637,407
Total Historical Cost	<u>15,020,376</u>	<u>-</u>	<u>(25,979)</u>	<u>14,994,397</u>
Less Accumulated Depreciation:				
Site Improvements	(264,425)	(5,259)		(269,684)
Building and Improvements	(13,207,770)	(70,017)		(13,277,787)
Equipment	(532,910)	(36,409)	25,979	(543,340)
Total Accumulated Depreciation	<u>(14,005,105)</u>	<u>(111,685)</u>	<u>25,979</u>	<u>(14,090,811)</u>
Total Capital Assets, being depreciated, net	<u>1,015,271</u>	<u>(111,685)</u>		<u>903,586</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,415,271</u>	<u>\$ (111,685)</u>	<u>\$ -</u>	<u>\$ 1,303,586</u>
Business-Type Activities:				
Equipment	\$ 80,364	\$ -	\$ -	\$ 80,364
Less - Accumulated Depreciation	(67,601)	(1,796)		(69,397)
Business-Type Activities Capital Assets, Net	<u>\$ 12,763</u>	<u>\$ (1,796)</u>	<u>\$ -</u>	<u>\$ 10,967</u>

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5. CAPITAL ASSETS (Continued)

Depreciation expense in the amount of \$111,685 was charged to governmental functions as follows:

Function	Amount
Regular Instruction	\$ 16,518
Administration	8,800
Plant Operations and Maintenance	75,103
Unallocated	11,264
	\$ 111,685

6. INVENTORY

Inventory in the Proprietary Funds at June 30, 2021 consisted of the following:

	Food Service
Food	\$ 7,430
Supplies	1,876
	\$ 9,306

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2021, the following changes occurred in long-term obligations:

	Principal Outstanding June 30, 2020	Additions	Deletions	Principal Outstanding June 30, 2021	Amounts Due Within One Year
General Obligation Bonds	\$ 1,475,000	\$ -	\$ 485,000	\$ 990,000	\$ 495,000
Capital Lease Payable	28,531	249,283	98,279	179,535	89,444
Compensated Absences	564,977	5,365		570,342	30,459
Net Pension Liability	1,990,191		358,155	1,632,036	
	\$ 4,058,699	\$ 254,648	\$ 941,434	\$ 3,371,913	\$ 614,903

Bonds Payable - Bonds and loans are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Outstanding bonds issued by the District are as follows:

2011 School Refunding Bonds dated September 1, 2011 in the amount of \$990,000 due in annual installments through March 1, 2023, bearing an interest rate of 5.00%.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

7. LONG-TERM OBLIGATIONS (Continued)

Principal and interest due on bonds outstanding are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 495,000	\$ 49,500	\$ 544,500
2023	495,000	24,750	519,750
Total	<u>\$ 990,000</u>	<u>\$ 74,250</u>	<u>\$ 1,064,250</u>

As of June 30, 2021, the District had no authorized but not issued bonds.

Compensated Absences

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Capital Leases

As of June 30, 2021, the District had the following capital lease:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Computer Equipment	August 1, 2023	0.00%	\$ 117,000
Computer Equipment	August 25, 2022	1.49%	\$ 132,283

The following is a schedule of the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at June 30, 2021:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 89,444	\$ 1,304	\$ 90,748
2023	69,091	657	69,748
2024	21,000		21,000
	<u>\$ 179,535</u>	<u>\$ 1,961</u>	<u>\$ 181,496</u>

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

8. OPERATING LEASES

The District has various commitments for copiers and a postage machine under operating leases which fully expire in 2026. Total operating lease payments made during the year ended June 30, 2021 was \$24,291. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2022	20,372
2023	15,455
2024	15,255
2025	15,255
2026	8,129
Total future minimum lease payments	\$ 74,466

9. PENSION PLANS

Description of Plans – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute, and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by Prudential Financial for the Division. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. For additional information about TPAF, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Teachers' Pension and Annuity Fund (TPAF)

Plan Description - The Teachers' Pension and Annuity Fund is a cost-sharing multiple-employer defined benefit pension plan, with a special funding situation, which was established on January 1, 1955, under the provisions of N.J.S.A. 18A:66. The State of New Jersey (the "State") is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF's designated purpose is to provide retirement, death and disability, and medical benefits to qualified members. Membership in the TPAF is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, who have titles that are unclassified, professional and certified. The TPAF's Board of Trustees is primarily responsible for the administration of the TPAF.

Vesting and Benefit Provisions – The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. PENSION PLANS (Continued)

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2021. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution by the School District has been required over the several preceding fiscal years. These on-behalf contributions by the State of New Jersey are considered a special funding situation, under the definition of GASB 68, *Accounting and Financial Reporting for Pensions*.

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2021 because of the 100.00% special funding situation with the State of New Jersey.

Based on the most recent TPAF measurement date of June 30, 2020, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2021 was \$1,164,798 and was paid by April 1, 2020. School District employee contributions to the pension plan during the fiscal year ended June 30, 2020 were \$426,351.

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2021, the School District was not required to report a liability for its proportionate share of the net pension liability because of a 100% special funding situation by the State of New Jersey.

For the year ended June 30, 2021, the School District recognized pension expense of \$2,104,813 and revenue of \$2,104,813 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>06/30/20</u>	<u>06/30/19</u>
Collective deferred outflows of resources	\$ 9,458,881,999	\$ 9,932,767,606
Collective deferred inflows of resources	14,424,322,612	17,539,845,423
Collective net pension liability (Non-Employer – State of New Jersey)	65,993,498,688	61,519,112,443
State's portion of the net pension liability that was associated with the School District	33,848,002	32,936,078
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0514026130%	.0536672180%

Actuarial assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55- 4.45%
	based on years of service
Thereafter	2.75 – 5.65%
	based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality tables with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 2.21% as of June 30, 2020, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. As previously mentioned, TPAF has a special funding situation where the State pays 100% of the School District's annual required contribution. As such, the proportionate share of the net pension liability as of June 30, 2020, the pension plans measurement date, attributable to the School District is \$0.00, and the State of New Jersey's proportionate share of the net pension liability, attributable to the School District, using a discount rate of 5.40%, 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 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current rate:

	<u>1% Decrease (4.40%)</u>	<u>Current Discount Rate (5.40%)</u>	<u>1% Increase (6.40%)</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>39,758,442</u>	<u>33,848,002</u>	<u>28,940,373</u>
	<u>\$ 39,758,442</u>	<u>\$ 33,848,002</u>	<u>\$ 28,940,373</u>

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. PENSION PLANS (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Authority, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Vesting and Benefit Provisions – The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. The School District's contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Based on the most recent PERS measurement date of June 30, 2020, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2021 was \$109,482 and was paid by April 1, 2021. School District employee contributions to the pension plan during the fiscal year ended June 30, 2021 were \$59,123.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The School District is billed annually for its normal contribution plus any accrued liability. The School District's contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Fiscal Year</u>	<u>Normal Contributions</u>	<u>Accrued Liability</u>	<u>Non Contributory Life</u>	<u>Long Term Disability</u>	<u>Total Liability Paid by District</u>
2021	\$ 12,499	\$ 91,691	\$ 5,292	\$ -	\$ 109,482
2020	9,942	92,003	5,493	431	107,869
2019	13,659	90,675	4,970	376	109,680

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2021, the School District reported a liability of \$1,632,036 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2021, the School District recognized pension expense of (\$13,898). At June 30, 2021, the School District reported a liability of \$1,632,036 for its proportionate share of the PERS net pension liability and deferred outflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,717	\$ 5,772
Changes of assumptions	52,945	683,349
Net Difference between projected and actual earnings on pension plan investments	55,784	-
Changes in proportion	24,649	241,301
District contributions subsequent to the measurement date	128,899	
Total	\$ 291,994	\$ 930,422

\$128,899 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net liability in the year ended June 30, 2021.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2022	\$ (279,765)
2023	(235,520)
2024	(190,260)
2025	(50,042)
2026	(11,740)
Total	\$ (767,327)

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.16	-
June 30, 2020	5.16	
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2014	6.44	-
June 30, 2015	5.72	-
June 30, 2016	5.57	-
June 30, 2017	-	5.48
June 30, 2018	-	5.63
June 30, 2019	-	5.21
June 30, 2020	-	5.16
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2015	5.00	5.00
June 30, 2016	5.00	5.00
June 30, 2017	5.00	5.00
June 30, 2018	5.00	5.00
June 30, 2019	5.00	5.00
June 30, 2020	5.00	5.00

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2020 and 2019 are as follows:

	<u>6/30/2020</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$ 2,590,600,991	\$ 3,149,522,616
Collective deferred inflows of resources	\$ 12,009,239,423	\$ 7,645,087,574
Collective net pension liability	\$ 16,435,616,426	\$ 18,143,832,135
School District's Proportion	.0100079568%	.0110452760%

Actuarial assumptions – The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

9. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate. The following presents the School District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate of 7.00%, 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 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$ 2,054,461	\$ 1,632,036	\$ 1,273,597

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

9. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. In addition to the employee contributions, the School District’s contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

The School District’s contributions, equal to the required contribution for each fiscal year, were as follows:

<u>Year</u>	<u>Total Liability</u>	<u>Paid by School District</u>
2021	\$ 13,557	\$ 13,557
2020	15,565	15,565
2019	15,441	15,441

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan (the “OPEB Plan”) is a multiple-employer defined benefit OPEB plan, with a special funding situation, that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75 – Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The OPEB Plan is administered by the State of New Jersey Division of Pensions and Benefits (the “Division”) and is part of the New Jersey State Health Benefits Program (SHBP). The Division issues a publicly available financial report that includes financial statements and required supplementary information which can be obtained by writing to or at the following website:

State of New Jersey
Division of Pensions and Benefits
P.O. Box 295
Trenton, New Jersey 08625-0295
<https://www.nj.gov/treasury/pensions/financial-reports.shtml>

The OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the “State”) in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32F, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teacher’s Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

Plan Membership

As of June 30, 2019, the program membership consisted of the following:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
	366,108

Total Non-Employer OPEB Liability

The State of New Jersey, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB Plan for qualified retired PERS, TPAF and PFRS participants. The School District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the School District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Actuarial assumptions and other imputes - The total nonemployer OPEB liability as of the June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member enrolled in.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases Through 2026	1.55 – 4.45% based on service years	2.00 – 6.00% based on service years	3.25 – 15.25% based on service years
Thereafter	1.55 – 4.45% based on service years	3.00 - 7.00% based on service years	Applied to all future years

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy Teacher’s (TPAF), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using the Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

Discount Rate - The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the Total Nonemployer OPEB Liability

The table below summarizes the State’s proportionate share of the change in the total nonemployer OPEB liability associated with the School District:

	Total OPEB Liability
Balance as of June 30, 2019	\$ 23,419,060
Changes for the years'	
Service Cost	971,249
Interest	842,520
Changes of benefit terms	
Differences between expected and actual experience	6,500,148
Changes in assumptions	6,948,470
Gross Benefit Payments	(662,233)
Contributions from the Non-employer	N/A
Contributions from the Member	20,072
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ 14,620,226
Balance at 06/30/2020	\$ 38,039,286

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2020, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 45,858,323	\$ 38,039,286	\$ 31,925,552

Sensitivity of the total nonemployer OPEB liability to changes in the discount rate - The following presents the total nonemployer OPEB liability as of June 30, 2020, respectively, associated with the School District, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 30,706,594	\$ 38,039,286	\$ 46,770,892

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

For the fiscal year ended June 30, 2021, the School District recognized \$1,669,786 in OPEB expense and revenue, in the government-wide financial statements, for the State's proportionate share of the OPEB Plan's OPEB Expense, associated with the School District. This expense and revenue were based on the OPEB Plan's June 30, 2020 measurement date.

In accordance with GASBS No. 75, the School District's proportionate share of the OPEB liability is zero. As such, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources by the School District.

At June 30, 2021, the State's proportionate share of the total nonemployer OPEB liability's deferred outflows of resources and deferred inflows of resources, associated with the School District, from the following sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in Proportion	\$ -	\$ (1,131,394)
Differences between expected and actual experience	5,775,355	(5,144,480)
Changes of assumptions	6,470,357	(4,340,498)
Total	\$ 12,245,712	\$ (10,616,372)

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to State's proportionate share of the total nonemployer OPEB Liability, associated with the School District, will be recognized in OPEB expense as follows:

For the year ended:		
2021	\$	14,382
2022		14,382
2023		14,382
2024		14,382
2025		14,382
Thereafter		1,557,430
Total	\$	1,629,340

Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

11. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2021, the School District has recognized as revenues and expenditures on-behalf payments made by the state for normal retirement costs, post-retirement medical costs and long-term disability insurance related to TPAF, in the fund statements. The amounts recognized as revenues and expenditures in the fund financial statements for normal costs, post-retirement medical costs and long-term disability insurance were \$1,453,792, \$455,596, and \$1,125 respectively. In addition, \$410,828 on-behalf payments were made by the state for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; employee health and accident claims; and natural disasters.

Property and Liability Insurance - The School District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Annual Comprehensive Financial Report.

Joint Insurance Pool - The School District is a member of the New Jersey School Alliance Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program. Insurance coverage as provided by the Fund can be found in the Statistical Section of this Annual Comprehensive Financial Report.

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if any. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year.

A complete schedule of insurance coverage can be found in the "Statistical Section" of this report.

Up to December 31, 2010 the School District had elected to fund its New Jersey Unemployment Compensation Insurance under the "Business Reimbursement Method". Under this plan, the District was required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District was billed quarterly for amounts due to the State.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

12. RISK MANAGEMENT (Continued)

Effective January 1, 2011 the School District elected the “Contributory Method” to fund its New Jersey Unemployment Compensation Insurance, which requires the School District to annually appropriate funds to pay the projected costs of contributions at the rate determined by the Commissioner of Labor.

13. DEFERRED COMPENSATION

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, available to all permanent School District employees, permit participants to defer a portion of their current salary to future years. Participation in the plans is optional. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and are administered by a third party therefore they are not reflected on the financial statements of the School District.

14. COMPENSATED ABSENCES

The School District accounts for compensated absences (e.g. unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

School District employees are granted varying amounts of vacation and sick leave in accordance with the School District’s personnel policy. Upon termination, employees are paid for accrued vacation. The School District’s policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the School District for the unused sick leave in accordance with the School District’s agreements with the various employee unions.

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2021, the liability for compensated absences in the governmental activities fund types was \$570,342.

15. INTERFUND BALANCES AND TRANSFERS

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2022. The following interfund balances were recorded on the various balance sheets as of June 30, 2021:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 44,922	\$ 2
Special Revenue	2	-
Proprietary	-	44,922
	<u>\$ 44,924</u>	<u>\$ 44,924</u>

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

16. CONTINGENCIES

The School District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School District may be required to reimburse the grantor government.

At June 30, 2021, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

17. FLEXIBLE BENEFITS PROGRAM

The School District offers its employees a Flexible Benefits Program. The purpose of the program is to provide a tax incentive for plan participants incurring health premium expenses, dependent care expenses and other medical expenses not covered by other insurance. The School District, who is the plan administrator, has contracted with American Family Life Assurance Company (AFLAC) to act as its agent to furnish reimbursement services. The plan participants redirect a prescribed amount of their gross pay (tax-free) into a reimbursement account and then in-turn submit claims to AFLAC for repayment.

Because of Internal Revenue Service regulations, if at the end of any plan year unexpended funds remain, these funds will be forfeited by the participants and returned to the School District.

The following is a summary of School District contributions, employee contributions, reimbursements to the plan participants for benefits paid and the ending balance for the current and prior two years.

<u>Fiscal Year</u>	<u>Board Contribution</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ -	\$ 15,435	\$ 14,168	\$ 3,294
2019-2020	-	11,310	9,283	2,027
2018-2019	1,086	4,625	7,336	-

18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements.

However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

18. TAX ABATEMENTS (Continued)

The Borough of Berlin (Municipality) provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Municipality are for affordable housing. Taxes abated include municipal, local school, and county taxes.

The municipality recognized revenue of \$32,242 from the annual service charge in lieu of payment of taxes in 2020. The assessed value on these tax exemption properties amounted to \$3,002,300 which would have resulted in 2020 taxes billed in full of \$98,776. Of this amount, \$33,326 would have been allocated to the District.

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2021, a deficit of \$2,855,359 existed in the Unrestricted Net Position of the Governmental Activities. A reconciliation of Unreserved Fund Balance reported on Exhibit B-1 to Unrestricted Net Position reported on Exhibited A-1 as follows:

Balances June 30, 2021	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ 89,266
Fund Balance - Assigned	33,330
Liabilities:	
Accrued Interest Payable	(8,250)
Net Pension Difference	(2,399,363)
Compensated Absences	<u>(570,342)</u>
Unrestricted Net Position (Deficit)	<u>\$ (2,855,359)</u>

20. FUND BALANCES

RESTRICTED

As stated in Note 1, the restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources by either of the following: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Specific restrictions of the School District’s fund balance are summarized as follows:

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$-0- presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$193,383 of excess fund balance generated during the 2019-2020 fiscal year has been restricted and designated for utilization in the 2021-2022 budget.

Capital Reserve – As of June 30, 2021, the balance in the capital reserve account is \$1,476,276. Of this amount \$866,000 has been appropriated and anticipated as revenue in the 2021-2022 budget The remaining amount is restricted for future capital projects in the School District’s approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2021, the balance in the maintenance reserve account is \$275,414. Of this amount \$52,000 has been appropriated and anticipated as revenue in the 2021-2022 budget The remaining funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

20. FUND BALANCES (Continued)

RESTRICTED

Special Revenue Fund:

Student Activities – As of June 30, 2021, the balance in student activities is \$27,559.

ASSIGNED

As stated in Note 1, the assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. Specific assignments of the School District's fund balance are summarized as follows:

General Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated \$33,330 and included as an anticipated revenue for the fiscal year ending June 30, 2022.

UNASSIGNED

As stated in Note 1, the unassigned fund balance classification represents fund balance that has not been restricted, committed, or assigned to specific purposes. The School District's unassigned fund balance is summarized as follows:

General Fund – As of June 30, 2021, the unassigned fund balance of the general fund was \$89,266.

Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

21. PRIOR PERIOD ADJUSTMENT

GASB Statement No. 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance Trust Fund which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020, were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ (1,544,779)	\$ 27,439	\$ (1,517,340)
<u>Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	1,647,700	4,693	1,652,393
Special Revenue Fund:			
Fund Balance - June 30		22,746	22,746
<u>Statement of Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	4,693	(4,693)	-
Student Activity Agency Fund:			
Net Position - End of the Year	22,746	(22,746)	-

22. SUBSEQUENT EVENTS

COVID-19 - The management of the School District has evaluated its financial statements for subsequent events through the date that the financial statements were issued. The COVID-19 pandemic in New Jersey is ongoing. While the impact that COVID-19 will have on the School District is uncertain, there has been no material impact to the financial statements at this time.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

BERLIN BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 7,640,978	\$ -	\$ 7,640,978	\$ 7,640,978	\$ -
Tuition from other LEA's within state	15,000	-	15,000	14,761	(239)
Capital Reserve interest	500	-	500	493	(7)
Maintenance Reserve interest	100	-	100	94	(6)
Other restricted miscellaneous revenue	48,000	-	48,000	48,000	-
Unrestricted miscellaneous revenue	15,000	-	15,000	37,693	22,693
Total local sources	7,719,578	-	7,719,578	7,742,019	22,441
State sources:					
Categorical Special Education aid	521,625	-	521,625	521,625	-
Equalization aid	3,276,224	(109,206)	3,167,018	3,167,018	-
Categorical Security Aid	98,331	-	98,331	98,331	-
Transportation Aid	254,835	-	254,835	254,835	-
Extraordinary Aid				47,717	47,717
Additional Nonpublic Transportation aid				6,090	6,090
On-behalf TPAF pension contributions (non-budgeted)				1,453,792	1,453,792
On-behalf TPAF pension post medical contributions (non-budgeted)				455,596	455,596
On-behalf TPAF - LTDI (non-budgeted)				1,125	1,125
Reimbursed TPAF social security contributions (non-budgeted)				410,828	410,828
Total state sources	4,151,015	(109,206)	4,041,809	6,416,957	2,375,148
TOTAL REVENUES	11,870,593	(109,206)	11,761,387	14,158,976	2,397,589
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	279,903	53,000	332,903	332,150	753
Grades 1-5	2,268,980	(192,295)	2,076,685	2,032,521	44,164
Grades 6-8	1,283,234	(49,925)	1,233,309	1,228,181	5,128
Total Instruction	3,832,117	(189,220)	3,642,897	3,592,852	50,045
Regular Programs - Home Instruction:					
Salaries of teachers	5,000	(5,000)			
Purchased prof. and educational services	1,000	11,000	12,000	11,000	1,000
Total Home Instruction	6,000	6,000	12,000	11,000	1,000
Regular Programs - Undistributed Instruction:					
Purchased prof. and educational services	59,437	186,400	245,837	223,453	22,384
Purchased technical services	2,500	(1,000)	1,500	260	1,240
Other purchased services	1,850	28,800	30,650	30,600	50
General supplies	245,229	(5,600)	239,629	209,213	30,416
Textbooks	51,001	(26,100)	24,901	20,940	3,961
Total Undistributed Instruction	360,017	182,500	542,517	484,466	58,051
Total - Regular Programs - Instruction	4,198,134	(720)	4,197,414	4,088,318	109,096
Special Educ Instruction: Learning and/or Lang. Disabilities					
Salaries of teachers	201,572	(40,800)	160,772	158,014	2,758
Other salaries for instruction	94,661	(41,500)	53,161	52,000	1,161
Purchased prof. and educational services	20,000	(14,000)	6,000	846	5,154
Other purchased services	500	-	500	210	290
General Supplies	1,500	-	1,500	380	1,120
Total Learning and/or Language Disabilities	318,233	(96,300)	221,933	211,450	10,483

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

(CONTINUED TO NEXT PAGE)

BERLIN BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	\$ 119,507	\$ (69,000)	\$ 50,507	\$ 50,163	\$ 344
Other salaries for instruction	44,671	(25,000)	19,671		19,671
Purchased prof. and educational services	8,500	21,300	29,800	24,239	5,561
General Supplies	3,500	(1,500)	2,000	1,937	63
Total Multiple Disabilities	<u>176,178</u>	<u>(74,200)</u>	<u>101,978</u>	<u>76,339</u>	<u>25,639</u>
Special Educ Instruction: Resource Room/Resource Center					
Salaries of teachers	828,897	132,000	960,897	907,427	53,470
Other salaries for instruction	98,855	13,875	112,730	102,098	10,632
Purchased prof. and educational services	18,000	67,962	85,962	85,960	2
General Supplies	8,500	(4,000)	4,500	4,470	30
Total Resource Room/Resource Center	<u>954,252</u>	<u>209,837</u>	<u>1,164,089</u>	<u>1,099,955</u>	<u>64,134</u>
Special Educ Instruction: Preschool Disabilities - PT					
Salaries of teachers	64,782	3,040	67,822	67,446	376
Other salaries for instruction	36,566	(8,000)	28,566	28,163	403
Purchased prof. and educational services	1,500	-	1,500	1,098	402
General Supplies	1,500	(606)	894	894	-
Total Preschool Disabilities - Part-Time	<u>104,348</u>	<u>(5,566)</u>	<u>98,782</u>	<u>97,601</u>	<u>1,181</u>
Total Special Education - Instruction	<u>1,553,011</u>	<u>33,771</u>	<u>1,586,782</u>	<u>1,485,345</u>	<u>101,437</u>
Basic Skills/Remedial - Instruction					
Salaries of teachers	154,398	(130,604)	23,794	21,851	1,943
Purchased prof. and educational services	34,272	-	34,272	34,272	-
General supplies	500	-	500	247	253
Total Basic Skills/Remedial - Instruction	<u>189,170</u>	<u>(130,604)</u>	<u>58,566</u>	<u>56,370</u>	<u>2,196</u>
Bilingual Education - Instruction					
Salaries of teachers	25,126	-	25,126	23,870	1,256
Total Bilingual Education - Instruction	<u>25,126</u>	<u>-</u>	<u>25,126</u>	<u>23,870</u>	<u>1,256</u>
School-Sponsored Cocurricular Act - Inst.					
Salaries	20,546	(12,843)	7,703	5,636	2,067
Other Objects		10,800	10,800	10,643	157
Total School-Sponsored Cocurr. Act. - Inst	<u>20,546</u>	<u>(2,043)</u>	<u>18,503</u>	<u>16,279</u>	<u>2,224</u>
School-Sponsored Athletics - Inst.					
Salaries	53,270	(26,388)	26,882	-	26,882
Purchased Services		4,650	4,650	4,650	-
Supplies and materials	7,000	2,000	9,000	8,847	153
Other objects	5,500	(2,000)	3,500		3,500
Total School-Sponsored Athletics - Inst	<u>65,770</u>	<u>(21,738)</u>	<u>44,032</u>	<u>13,497</u>	<u>30,535</u>
Undistributed Expenditures - Instruction					
Tuition other LEAS regular w/i state		10,481	10,481	10,479	2
Tuition other LEAS spec. ed. w/i state		5,941	5,941	5,940	1
Tuition to CSSD & reg. day schools	48,900	(1,170)	47,730	47,729	1
Tuition to priv. sch. for the disabled w/i state	81,648	49,553	131,201	131,201	-
Tuition to priv. sch. for the disabled out of state	79,848	-	79,848	79,848	-
Tuition - other	157,225	(102,789)	54,436	52,956	1,480
Total Undistributed Expenditures - Instruction	<u>367,621</u>	<u>(37,984)</u>	<u>329,637</u>	<u>328,153</u>	<u>1,484</u>
Undistributed Expenditures - Attend. and Social Work					
Salaries	40,800	(100)	40,700	40,663	37
Total Undistributed Expenditures - Attendance	<u>40,800</u>	<u>(100)</u>	<u>40,700</u>	<u>40,663</u>	<u>37</u>

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BERLIN BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services					
Salaries	\$ 110,180	\$ (3,835)	\$ 106,345	\$ 106,195	\$ 150
Purchased professional & tech. services	12,000	(666)	11,334	11,314	20
Supplies and materials	1,500	201	1,701	1,667	34
Other objects	450	-	450	119	331
Total Undistributed Expenditures - Health Svcs.	124,130	(4,300)	119,830	119,295	535
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	200,405	(4,000)	196,405	194,841	1,564
Purchased prof. and educational services	3,000	49,900	52,900	25,122	27,778
Supplies and Materials	1,200	-	1,200	392	808
Total Undst. Expend. - Speech, OT, PT & Related Services	204,605	45,900	250,505	220,355	30,150
Undist. Expend. - Other Supp. Serv. Stud. - Extra. Serv.					
Salaries	111,172	18,000	129,172	126,855	2,317
Purchased professional & educ. services	54,000	26,580	80,580	72,461	8,119
Supplies and Materials	1,000	(1,000)	-	-	-
Total Undst. Expend. - Other Supp. Serv. Stud. - Extra. Serv.	166,172	43,580	209,752	199,316	10,436
Undist. Expend. - Other Supp. Serv. Stud. - Guidance					
Salaries of other professional staff	125,369	-	125,369	125,369	-
Purchased professional & educ. services	2,000	(2,000)	-	-	-
Supplies and Materials	750	-	750	325	425
Total Undst. Expend. - Other Supp. Serv. Stud. - Guidance	128,119	(2,000)	126,119	125,694	425
Undist. Expend. - Other Supp. Serv. Stud. - Child Study Teams					
Salaries of other professional staff	215,689	(2,000)	213,689	166,722	46,967
Salaries of secretarial and clerical assistants	42,316	-	42,316	42,316	-
Purchased professional & educ. services	119,730	34,524	154,254	144,339	9,915
Other purchased prof. and tech. services	2,500	3,000	5,500	5,305	195
Residential Costs	1,000	(1,000)	-	-	-
Miscellaneous purchased services	-	-	-	-	-
Supplies and materials	7,370	(2,000)	5,370	5,021	349
Other Objects	1,000	(1,000)	-	-	-
Total Undst. Exp. - Other Supp. Serv. Stud. - Child Study Teams	389,605	31,524	421,129	363,703	57,426
Undist. Expend. - Improvement of Instr. Services					
Salaries of other professional staff	7,500	6,649	14,149	14,149	-
Salaries of secretarial and clerical assistants	-	5,100	5,100	5,100	-
Purchased prof. and educational services	41,178	(11,749)	29,429	26,884	2,545
Other purchased services	1,000	(1,000)	-	-	-
Supplies and materials	1,000	-	1,000	-	1,000
Other objects	1,000	-	1,000	840	160
Total Undst. Expend. - Improvement of Instr. Services	51,678	(1,000)	50,678	46,973	3,705
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	64,925	-	64,925	64,925	-
Purchased professional & tech. services	54,000	-	54,000	53,408	592
Other purchased services	55,878	1,600	57,478	56,292	1,186
Supplies and materials	8,500	(1,600)	6,900	2,451	4,449
Total Undst. Expend. - Educ. Media Serv./Sch. Library	183,303	-	183,303	177,076	6,227

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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BERLIN BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Services					
Salaries of other professional staff	\$ 20,000	\$ (700)	\$ 19,300	\$ 376	\$ 18,924
Purchased prof. and educational services	15,000	690	15,690	7,042	8,648
Other purchased services	2,250	10	2,260	2,257	3
Total Undst. Expend. - Instructional Staff Training Services	37,250	-	37,250	9,675	27,575
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	150,400	(10,770)	139,630	139,304	326
Legal services	25,000	52,933	77,933	77,933	-
Audit fees	19,600	700	20,300	20,300	-
Architectural/Engineering Fees	3,500	(2,000)	1,500	1,500	-
Other purchased professional services	12,300	(5,269)	7,031	7,030	1
Purchased technical services	-	-	-	-	-
Communications / telephone	17,000	(7,334)	9,666	9,666	-
BOE Other purchased services	1,150	465	1,615	1,611	4
Miscellaneous purchased services	10,380	(1,197)	9,183	9,183	-
General supplies	3,500	965	4,465	4,465	-
BOE In-House Training/Meeting Supplies	200	-	200	200	-
Miscellaneous expenditures	2,500	(1,324)	1,176	1,175	1
BOE Membership Dues and Fees	8,579	(1,758)	6,821	6,821	-
Total Undst. Expend. - Supp. Serv. General Admin.	254,109	25,411	279,520	279,188	332
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	195,237	-	195,237	195,237	-
Salaries of secretarial and clerical assistants	90,711	11,769	102,480	102,367	113
Salaries of admin secretarial subs	-	2,500	2,500	-	2,500
Purchased professional & tech. services	21,450	8,985	30,435	17,950	12,485
Other purchased services	2,000	(1,600)	400	26	374
Supplies and materials	2,000	4,100	6,100	5,528	572
Other objects	3,750	(2,000)	1,750	1,690	60
Total Undst. Expend. - Supp. Serv. School Admin.	315,148	23,754	338,902	322,798	16,104
Undist. Expend. - Central Services					
Salaries	226,084	11,983	238,067	214,197	23,870
Purchased professional services	14,409	14,500	28,909	23,693	5,216
Supplies and materials	1,000	(105)	895	400	495
Miscellaneous expenditures	1,000	-	1,000	100	900
Total Undst. Expend. - Central Services	242,493	26,378	268,871	238,390	30,481
Undist. Expend. - Information Technology					
Salaries	43,283	1	43,284	43,283	1
Purchased technical services	1,200	605	1,805	1,805	-
Supplies and materials	1,000	-	1,000	-	1,000
Total Undst. Expend. - Information Technology	45,483	606	46,089	45,088	1,001
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	134,691	(5,400)	129,291	119,391	9,900
Cleaning, repair, and maintenance services	60,000	10,150	70,150	70,104	46
General supplies	22,000	250	22,250	22,181	69
Total Undst. Expend. - Required Maint. Sch. Facilities	216,691	5,000	221,691	211,676	10,015

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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BERLIN BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 144,705	\$ -	\$ 144,705	\$ 131,964	\$ 12,741
Salaries of Non-Instructional Aides	38,304	(500)	37,804	24,182	13,622
Unused Vacation Payment to Terminated/Retired Staff		-			
Purchased professional & tech. services	17,000	-	17,000	8,265	8,735
Cleaning, repair, and maintenance services	52,000	(9,100)	42,900	20,158	22,742
Other purchased property services	25,000	-	25,000	21,992	3,008
Insurance	74,200	10,500	84,700	84,369	331
Miscellaneous Purchased Services	1,000	(500)	500	319	181
General supplies	28,000	6,090	34,090	33,407	683
Energy (Natural Gas)	65,000	7,900	72,900	65,298	7,602
Energy (heat & electricity)	70,000	(16,000)	54,000	52,084	1,916
Other objects	1,000	(490)	510	510	-
Total Undst. Expend. - Other oper. & Maint. of Plant	516,209	(2,100)	514,109	442,548	71,561
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, repair, and maintenance services	4,000	4,100	8,100	3,450	4,650
General supplies	2,500	-	2,500	2,280	220
Total Undst. Expend. - Care & Upkeep of Grounds	6,500	4,100	10,600	5,730	4,870
Undist. Expend. - Security					
Purchased professional & tech. services	43,900	-	43,900	38,683	5,217
Cleaning, repair, and maintenance services	7,000	(7,000)			-
General supplies	2,500	-	2,500	315	2,185
Total Undst. Expend. - Security	53,400	(7,000)	46,400	38,998	7,402
Total Undst. Expend. - Oper. & Maint. of Plant Services	792,800	-	792,800	698,952	93,848
Undist. Expend. - Student Trans. Services					
Contr. serv. - aid in lieu of payments - nonpublic	18,750	1,769	20,519	15,124	5,395
Contr. serv. (bet. home & sch.) - vendors	337,746	7,500	345,246	345,006	240
Contr. serv. (other than bet. home & sch.) - vendors	92,500	(64,485)	28,015	27,770	245
Contr. serv. (bet. home & sch.) - joint agreements		3,400	3,400	2,785	615
Contr. serv. (sp ed stds) - vendors	95,000	5,500	100,500	100,346	154
Misc. Purchased Services - Transportation	14,250	(6,900)	7,350	7,085	265
Total Undst. Expend. - Student Trans. Services	558,246	(53,216)	505,030	498,116	6,914
Unallocated Benefits - Employee Benefits					
Social security contributions	127,404	-	127,404	106,560	20,844
Other retirement contributions - PERS	120,468	(5,000)	115,468	113,375	2,093
Other retirement contributions - regular	19,745	(5,481)	14,264	11,865	2,399
Other retirement contributions - DCRP		-			-
Unemployment compensation	32,508	(5,941)	26,567	23,581	2,986
Workmen's compensation	102,000	-	102,000	101,261	739
Health benefits	1,634,283	(168,003)	1,466,280	1,403,603	62,677
Tuition reimbursement	20,000	-	20,000	20,000	-
Other employee benefits	50,000	100,000	150,000	80,464	69,536
Unused Sick Payment to Terminated/Retired Staff	20,000	-	20,000	-	20,000
Total Unallocated Benefits - Employee Benefits	2,126,408	(84,425)	2,041,983	1,860,709	181,274
On-behalf TPAF pension contributions (non-budgeted)				1,453,792	(1,453,792)
On-behalf TPAF pension Post Medical contributions (non-budgeted)				455,596	(455,596)
On-behalf TPAF - LTDI (non-budgeted)				1,125	(1,125)
Reimbursed TPAF social security contributions (non-budgeted)				410,828	(410,828)
Total Undistributed Expenditures - TPAF	-	-	-	2,321,341	(2,321,341)
Total Undistributed Expenditures	6,027,970	14,128	6,042,098	7,895,485	(1,853,387)
Total General Current Expense	12,079,727	(107,206)	11,972,521	13,579,164	(1,606,643)

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

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BERLIN BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2021

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undistributed - Other Purchased Property Services	\$ -	\$ -	\$ -	\$ -	\$ -
Total Equipment	-	-	-	-	-
Facilities Acquisition and Construction Services:					
Architect Fees		75,000	75,000	75,000	-
Assessment for debt service on SDA funding	35,770	-	35,770	35,770	-
Total Facilities Acquisition and Construction Services	35,770	75,000	110,770	110,770	-
Assets acquired under capital leases (non-budgeted):					
Equipment					
Instructional				132,283	(132,283)
Non-Instructional	-	-	-	117,000	(117,000)
Total Facilities Acquisition and Construction Services				249,283	(249,283)
Total Capital Outlay	35,770	75,000	110,770	360,053	(249,283)
Total Expenditures	12,115,497	(32,206)	12,083,291	13,939,217	(1,855,926)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(244,904)	(77,000)	(321,904)	219,759	541,663
Other Financing Sources (Uses):					
Proceeds of Capital Leases				249,283	249,283
Operating transfer out - Enterprise Fund		(48,000)	(48,000)	(48,000)	
Total Other Financing Sources (Uses):		(48,000)	(48,000)	201,283	249,283
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(244,904)	(125,000)	(369,904)	421,042	790,946
Fund Balance, July 1	2,038,505		2,038,505	2,038,505	
Prior Period Adjustment				4,693	4,693
Fund Balance, July 1, Restated	2,038,505		2,038,505	2,043,198	4,693
Fund Balance, June 30	<u>\$ 1,793,601</u>	<u>\$ (125,000)</u>	<u>\$ 1,668,601</u>	<u>\$ 2,464,240</u>	<u>\$ 795,639</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 866,000	
Capital Reserve				610,276	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures				52,000	
Maintenance Reserve				223,414	
Excess Surplus:					
Designated for Subsequent Year's Expenditures					
Years Expenditures				193,383	
Assigned:					
Designated for Subsequent Year's Expenditures				33,330	
Unassigned				485,837	
				<u>2,464,240</u>	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(396,571)	
Fund Balance per Government Fund (GAAP)				<u>\$ 2,067,669</u>	

See Management's Discussion and Analysis section of this report for explanation of significant budget variances, original and final.

BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources	\$ 2,100	\$ -	\$ 2,100	\$ 8,214	\$ 6,114
State sources	227,830	(7,246)	220,584	166,875	(53,709)
Federal sources	260,175	219,053	479,228	427,497	(51,731)
Total revenues	<u>490,105</u>	<u>211,807</u>	<u>701,912</u>	<u>602,586</u>	<u>(99,326)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	68,298	(5,998)	62,300	62,300	-
Other salaries for instruction	-	8,616	8,616	8,616	-
Purchased professional - tech. services	92,598	13,876	106,474	69,603	36,871
Other purchased services	169,431	(49,221)	120,210	120,210	-
General supplies	7,824	125,690	133,514	119,644	13,870
Textbooks	8,381	(73)	8,308	8,308	-
Total instruction	<u>346,532</u>	<u>92,890</u>	<u>439,422</u>	<u>388,681</u>	<u>50,741</u>
Support services:					
Other salaries for instruction	-	-	-	-	-
Personal services-employee benefits	-	19,323	19,323	19,323	-
Purchased prof. and educational services	22,446	4,602	27,048	13,118	13,930
Purchased professional and technical services	97,277	88,238	185,515	148,034	37,481
Other purchased services (400-500)	-	3,198	3,198	1,844	1,354
Supplies and materials	-	3,606	3,606	3,606	-
Student activities	-	-	-	3,401	(3,401)
Total support services	<u>119,723</u>	<u>118,967</u>	<u>238,690</u>	<u>189,326</u>	<u>49,364</u>
Facilities acquisition and construction services:					
Instructional equipment	-	-	-	-	-
Noninstructional equipment	23,850	(50)	23,800	19,766	4,034
Total facilities acq. and const. services	<u>23,850</u>	<u>(50)</u>	<u>23,800</u>	<u>19,766</u>	<u>4,034</u>
Total expenditures	<u>490,105</u>	<u>211,807</u>	<u>701,912</u>	<u>597,773</u>	<u>104,139</u>
Total outflows	<u>490,105</u>	<u>211,807</u>	<u>701,912</u>	<u>597,773</u>	<u>104,139</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	4,813	4,813
Fund Balance, July 1				-	
Prior Period Adjustment				<u>22,746</u>	
Fund Balance, July 1 (Restated)				<u>22,746</u>	
Fund Balance, June 30				<u>\$ 27,559</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 27,559</u>	
Total Fund Balance				<u>\$ 27,559</u>	

Berlin Borough School District
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2021

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP
Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 14,158,976	\$ 602,586
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	390,805	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(396,571)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 14,153,210	\$ 602,586
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 13,939,217	\$ 597,773
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	-	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 13,939,217	\$ 597,773

Required Supplementary Information - Part III
Schedules Related to Accounting and Reporting
For Pensions and
Other Post Employment Benefits

BERLIN BOROUGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Public Employees Retirement System
Last Eight Fiscal Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0100079568%	0.0110452760%	0.0109888948%	0.0114920964%	0.0112403878%	0.0111440567%	0.0109075174%	0.0116049596%
District's proportionate share of the net pension liability (asset)	\$ 1,632,036	\$ 1,990,191	\$ 2,163,659	\$ 2,675,178	\$ 3,329,080	\$ 2,501,617	\$ 2,042,186	\$ 2,217,938
District's covered-employee payroll	769,553	791,012	704,593	716,393	760,334	800,775	773,750	769,212
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	212.08%	251.60%	307.08%	373.42%	437.84%	312.40%	263.93%	288.34%
Plan fiduciary net position as a percentage of the total pension liability	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

BERLIN BOROUGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Contributions
Public Employees Retirement System
Last Eight Fiscal Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	\$ 128,899	\$ 109,482	\$ 107,869	\$ 109,304	\$ 106,462	\$ 99,858	\$ 95,809	\$ 89,920
Contributions in relation to the contractually required contributions	<u>(128,899)</u>	<u>(109,482)</u>	<u>(107,869)</u>	<u>(109,304)</u>	<u>(106,462)</u>	<u>(99,858)</u>	<u>(95,809)</u>	<u>(89,920)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 769,553	\$ 791,012	\$ 704,593	\$ 716,393	\$ 760,334	\$ 800,775	\$ 773,750	\$ 769,212
Contributions as a percentage of covered-employee payroll	16.75%	13.84%	15.31%	15.26%	14.00%	12.47%	12.38%	11.69%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

BERLIN BOROUGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Teachers' Pension and Annuity Fund
Last Eight Fiscal Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability (asset)	0.0514026130%	0.0536672180%	0.0518436548%	0.0506570773%	0.0534603348%	0.0540468402%	0.0513431786%	0.0470913516%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 33,848,002</u>	<u>\$ 32,936,078</u>	<u>\$ 32,981,820</u>	<u>\$ 34,154,828</u>	<u>\$ 42,055,303</u>	<u>\$ 34,159,911</u>	<u>\$ 27,441,258</u>	<u>\$ 23,799,599</u>
Total	<u><u>\$ 33,848,002</u></u>	<u><u>\$ 32,936,078</u></u>	<u><u>\$ 32,981,820</u></u>	<u><u>\$ 34,154,828</u></u>	<u><u>\$ 42,055,303</u></u>	<u><u>\$ 34,159,911</u></u>	<u><u>\$ 27,441,258</u></u>	<u><u>\$ 23,799,599</u></u>
District's covered-employee payroll	\$ 5,568,806	\$ 5,301,480	\$ 5,282,522	\$ 5,528,132	\$ 5,474,389	\$ 5,187,746	\$ 5,308,697	\$ 5,277,559
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

This schedule does not contain ten years of information as GASB 68 was implemented during the fiscal year ended June 30, 2015.

BERLIN BOROUGH SCHOOL DISTRICT
Required Supplementary Information
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District
and Changes in the Total OPEB Liability and Related Ratios
Public Employee's Retirement System and Teachers' Pension and Annuity Fund
Last Four Fiscal Years

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.06%	0.06%	0.06%	0.06%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 38,039,286	\$ 23,419,060	\$ 26,328,134	\$ 31,309,205
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 38,039,286</u>	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service Cost	\$ 971,249	\$ 922,380	\$ 1,026,490	\$ 1,241,705
Interest	842,520	1,041,225	1,145,559	994,737
Difference between expected and actual experiences	6,500,148	(4,524,274)	(3,452,162)	
Changes of assumptions	6,948,470	349,180	(3,021,285)	(4,236,891)
Member Contributions	20,072	21,310	24,332	26,703
Benefit payments	<u>(662,233)</u>	<u>(718,895)</u>	<u>(704,005)</u>	<u>(725,188)</u>
Net Change in total OPEB Liability	\$ 14,620,226	\$ (2,909,074)	\$ (4,981,071)	\$ (2,698,934)
Total OPEB Liability - beginning	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>	<u>\$ 34,008,139</u>
Total OPEB Liability - ending	<u>\$ 38,039,286</u>	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>
District's covered-employee payroll	6,338,359	6,092,492	5,987,115	6,244,525
Total OPEB Liability as a percentage of covered-employee payroll	600.14%	384.39%	439.75%	501.39%

This schedule does not contain ten years of information as GASB 75 was implemented during the fiscal year ended June 30, 2018.

Berlin Borough School District
Notes to Required Supplementary Information – Part III
For the Fiscal Year Ended June 30, 2021

Teacher’s Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 5.40% as of June 30, 2020 from 5.60% as of June 30, 2019 and the long-term rate of return remained at 7.00%.

Public Employees’ Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 7.00% as of June 30, 2020 from 6.28% as of June 30, 2019 and the long-term rate of return remained at 7.00%.

Other Post-Retirement Plan – Public Employees’ Retirement System and Teachers’ Pension and Annuity Fund

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed to 2.21% as of June 30, 2020 from 3.50% as of June 30, 2019.

Other Supplementary Information

Special Revenue Fund

BERLIN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Total
REVENUES:				
Local sources	\$ -	\$ -	\$ 8,214	\$ 8,214
State sources	124,777	-	42,098	166,875
Federal sources	-	427,497	-	427,497
Total Revenues	124,777	427,497	50,312	602,586
EXPENDITURES:				
Instruction:				
Salaries of teachers	-	62,300	-	62,300
Other salaries for instruction	-	8,616	-	8,616
Purchased professional and technical services	69,451	-	152	69,603
Other purchased services	-	120,210	-	120,210
General supplies	-	119,644	-	119,644
Textbooks	-	-	8,308	8,308
Total instruction	69,451	310,770	8,460	388,681
Support services:				
Personal services-employee benefits	-	19,323	-	19,323
Purchased prof. and educational services	-	13,118	-	13,118
Purchased professional and technical services	55,326	78,836	13,872	148,034
Other purchased services (400-500)	-	1,844	-	1,844
Supplies and materials	-	3,606	-	3,606
Student activities	-	-	3,401	3,401
Total support services	55,326	116,727	17,273	189,326
Facilities acquisition and const. serv.:				
Non-instructional equipment	-	-	19,766	19,766
Total facilities acquisition and const. serv.:	-	-	19,766	19,766
Total Expenditures	124,777	427,497	45,499	597,773
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	4,813	4,813
Fund Balance, July 1	-	-	-	-
Prior Period Adjustment	-	-	22,746	22,746
Fund Balance, July 1 (Restated)	-	-	22,746	22,746
Fund Balance, June 30	\$ -	\$ -	\$ 27,559	\$ 27,559

BERLIN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

	Chapter 192 - Auxillary Services		Chapter 193 - Handicapped Services			Municipal Alliance	Carried Forward (Exh. E-1A)
	Comp. Education	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification		
REVENUES:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	60,353	8,358	10,663	17,728	26,935	740	124,777
Total Revenues	60,353	8,358	10,663	17,728	26,935	740	124,777
EXPENDITURES:							
Instruction:							
Purchased professional and technical services	60,353	8,358				740	69,451
Other purchased services							-
General supplies							-
Total instruction	60,353	8,358	-	-	-	740	69,451
Support services:							
Purchased professional and technical services			10,663	17,728	26,935		55,326
Total support services	-	-	10,663	17,728	26,935	-	55,326
Facilities acquisition and const. serv.:							
Instructional equipment							-
Non-instructional equipment							-
Total facilities acquisition and const. serv.:	-	-	-	-	-	-	-
Total Expenditures	60,353	8,358	10,663	17,728	26,935	740	124,777
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BERLIN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

	<u>Every Student Succeeds Act (E.S.A.)</u>			<u>IDEA</u>		CARES Act	Digital Divide	Corona Virus Relief	Carried Forward (Exh. E-1A)
	<u>Title I Current Yr.</u>	<u>Title II - Part A Current Yr.</u>	<u>Title IV Current Yr.</u>	<u>Basic Current Yr.</u>	<u>Preschool Current Yr.</u>				
REVENUES:									
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	68,713	8,581	6,381	199,046	8,616	64,559	38,829	32,772	427,497
Total Revenues	68,713	8,581	6,381	199,046	8,616	64,559	38,829	32,772	427,497
EXPENDITURES:									
Instruction:									
Salaries of teachers	45,000					17,300			62,300
Other salaries for instruction					8,616				8,616
Other purchased services				120,210					120,210
General supplies	5,713					45,936	38,829	29,166	119,644
Textbooks									-
Total instruction	50,713	-	-	120,210	8,616	63,236	38,829	29,166	310,770
Support services:									
Personal services-employee benefits	18,000					1,323			19,323
Purchased prof. and educational services		6,737	6,381						13,118
Purchased professional and technical services				78,836					78,836
Other purchased services (400-500)		1,844							1,844
Supplies and materials								3,606	3,606
Total support services	18,000	8,581	6,381	78,836		1,323		3,606	116,727
Facilities acquisition and const. serv.:									
Instructional equipment									-
Non-instructional equipment									-
Total facilities acquisition and const. serv.:									-
Total Expenditures	68,713	8,581	6,381	199,046	8,616	64,559	38,829	32,772	427,497
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	-	-	-	-	-
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BERLIN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2021

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Security	Home Instruction	Student Activity Fund	Carried Forward (Exh. E-1A)
REVENUES:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 8,214	\$ 8,214
State sources	8,308	13,872	19,766	152		42,098
Federal sources						-
Total Revenues	<u>8,308</u>	<u>13,872</u>	<u>19,766</u>	<u>152</u>	<u>8,214</u>	<u>50,312</u>
EXPENDITURES:						
Instruction:						
Salaries of teachers						-
Other salaries for instruction						-
Purchased professional and technical services				152		152
Other purchased services						-
General supplies						-
Textbooks	8,308					8,308
Total instruction	<u>8,308</u>		-	<u>152</u>	-	<u>8,460</u>
Support services:						
Personal services-employee benefits						-
Purchased prof. and educational services						-
Purchased professional and technical services		13,872				13,872
Other purchased services (400-500)						-
Supplies and materials						-
Student activities					3,401	3,401
Total support services	<u>-</u>	<u>13,872</u>	<u>-</u>	<u>-</u>	<u>3,401</u>	<u>17,273</u>
Facilities acquisition and const. serv.:						
Instructional equipment						-
Non-instructional equipment			19,766			19,766
Total facilities acquisition and const. serv.:			<u>19,766</u>	<u>-</u>	<u>-</u>	<u>19,766</u>
Total Expenditures	<u>8,308</u>	<u>13,872</u>	<u>19,766</u>	<u>152</u>	<u>3,401</u>	<u>45,499</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	4,813	4,813
Fund Balance, July 1	-	-	-	-	-	-
Prior Period Adjustment	-	-	-	-	22,746	22,746
Fund Balance, July 1 (Restated)	-	-	-	-	22,746	22,746
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,559</u>	<u>\$ 27,559</u>

Proprietary Funds

BERLIN BOROUGH SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2021

	Food Service	Protect all Latchkey Students (PALS)	Community Education and Recreation	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 42,452	\$ 236,522	\$ 123,412	\$ 402,386
Accounts receivable:				
State	557			557
Federal	9,563			9,563
Inventories	9,306			9,306
Total current assets	61,878	236,522	123,412	421,812
Fixed assets:				
Equipment	80,364			80,364
Less Accumulated depreciation	(69,397)			(69,397)
Total fixed assets	10,967			10,967
Total assets	72,845	236,522	123,412	432,779
LIABILITIES:				
Current liabilities:				
Accounts payable	14,515	-	-	14,515
Interfund payable	19,922	25,000		44,922
Unearned revenue	10,145	9,217	9,200	28,562
Total current liabilities	44,582	34,217	9,200	87,999
NET POSITION:				
Net investment in capital assets	10,967			10,967
Unrestricted	17,296	202,305	114,212	333,813
Total net position	\$ 28,263	\$ 202,305	\$ 114,212	\$ 344,780

BERLIN BOROUGH SCHOOL DISTRICT
Enterprise Funds

Comparative Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year ended June 30, 2021

	<u>Food Service</u>	<u>Protect all Latchkey Students (PALS)</u>	<u>Community Education and Recreation</u>	<u>Total</u>
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs:				
School lunch program	\$ 5	\$ -	\$ -	\$ 5
Total-daily sales-reimbursable programs	5			5
Daily sales non-reimbursable programs	2,067			2,067
Program Fees		42,388	42,821	85,209
Total operating revenue	<u>2,072</u>	<u>42,388</u>	<u>42,821</u>	<u>87,281</u>
OPERATING EXPENSES:				
Salaries	51,584	81,534	48,718	181,836
Employee Benefits	9,538	42,244	4,756	56,538
Supplies and materials	2,956	1,884	2,174	7,014
Depreciation	1,796			1,796
Purchased services	22,331	1,774	6,700	30,805
Cost of Sales - reimbursable programs	30,835			30,835
Cost of Sales - non-reimbursable programs	949			949
Miscellaneous	1,695	184	55,565	57,444
Direct Expenses	5,275			5,275
Repairs and maintenance	2,839			2,839
Total operating expenses	<u>129,798</u>	<u>127,620</u>	<u>117,913</u>	<u>375,331</u>
Operating income (loss)	<u>(127,726)</u>	<u>(85,232)</u>	<u>(75,092)</u>	<u>(288,050)</u>
Non-operating revenues:				
State sources:				
State school lunch program	2,856			2,856
Federal sources:				
National school lunch program	47,227			47,227
National school breakfast program	17,114			17,114
U.S.D.A. commodities	13,467			13,467
Board subsidy	48,000			48,000
Total non-operating revenues	<u>128,664</u>			<u>128,664</u>
Net income (loss)	938	(85,232)	(75,092)	(159,386)
Net position - July 1	<u>27,325</u>	<u>287,537</u>	<u>189,304</u>	<u>504,166</u>
Net position - June 30	<u>\$ 28,263</u>	<u>\$ 202,305</u>	<u>\$ 114,212</u>	<u>\$ 344,780</u>

BERLIN BOROUGH SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2021

	Food Service	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 2,032	\$ 51,605	\$ 50,521	\$ 104,158
Cash payments to employees for services	(52,785)	(123,778)	(53,474)	(230,037)
Cash payments to suppliers for goods and services	(55,120)	(3,842)	(64,439)	(123,401)
Net cash used by operating activities	(105,873)	(76,015)	(67,392)	(249,280)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	59,350			59,350
Board subsidy	48,000			48,000
Net cash provided by noncapital financing activities	107,350			107,350
Cash flows from capital financing activities:				
Purchases of fixed assets				
Net cash used by capital financing activities				
Cash flows from investing activities:				
Interest on investments				
Net cash provided by investing activities				
Net increase (decrease) in cash and cash equivalents	1,477	(76,015)	(67,392)	(141,930)
Cash and cash equivalents, July 1	40,975	312,537	190,804	544,316
Cash and cash equivalents, June 30	\$ 42,452	\$ 236,522	\$ 123,412	\$ 402,386
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (127,726)	\$ (85,232)	\$ (75,092)	\$ (288,050)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	1,796			1,796
Federal commodities	13,467			13,467
Change in assets and liabilities:				
(Increase)/decrease in inventory	(2,697)			(2,697)
Increase/(decrease) in unearned revenue	(40)	9,217	7,700	16,877
Increase/(decrease) in interfunds payable				
Increase/(decrease) in accounts payable	9,327			9,327
Net cash used by operating activities	\$ (105,873)	\$ (76,015)	\$ (67,392)	\$ (249,280)

Long-Term Debt Schedules

BERLIN BOROUGH SCHOOL DISTRICT
General Long-Term Debt Account Group
 Statement of Serial Bonds
 June 30, 2021

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2020	Issued	Retired	Balance June 30, 2021
			Date	Amount					
School Refunding Bonds	9/1/11	\$ 3,660,000	03/01/22	\$ 495,000	5.000%	\$ 1,475,000	\$ -	\$ 485,000	\$ 990,000
			03/01/23	495,000	5.000%				
Total						<u>\$ 1,475,000</u>	<u>\$ -</u>	<u>\$ 485,000</u>	<u>\$ 990,000</u>

BERLIN BOROUGH SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
June 30, 2021

Purpose	Interest Rate Payable	Amount of Original Issue	Amount Outstanding July 1, 2020	Issued Current Year	Retired Current Year	Amount Outstanding June 30, 2021
Computer Equipment	5.28%	\$ 85,670	\$ 28,531	-	\$ 28,531	-
Networking	0.00%	117,000		117,000	25,000	92,000
Computer Equipment	1.49%	132,283		132,283	44,748	87,535
			<u>\$ 28,531</u>	<u>\$ 249,283</u>	<u>\$ 98,279</u>	<u>\$ 179,535</u>

BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 558,750	\$ -	\$ 558,750	\$ 558,750	\$ -
Total revenues - local sources	558,750		558,750	558,750	-
Total Revenues	558,750		558,750	558,750	
EXPENDITURES:					
Regular debt service:					
Redemption of principal	485,000		485,000	485,000	-
Interest on bonds	73,750		73,750	73,750	-
Total Expenditures	558,750		558,750	558,750	
Excess (Deficiency) of revenues over (under) expenditures					
Other Financing Sources:					
Operating Transfer In - Capital Projects					-
Total Other Financing Sources					
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
Fund Balances, July 1					
Fund Balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

Statistical Section

Berlin Borough School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ (793,335)	\$ (832,748)	\$ (1,177,849)	\$ (868,697)	\$ (789,369)	\$ (676,120)	\$ (497,008)	\$ (530,608)	\$ (88,260)	\$ 134,051
Restricted for:										
Capital projects	596,637	526,637	264,637	278,637	537,626	745,626	802,057	903,060	1,075,938	1,476,276
Special revenue	-	-	-	-	-	-	-	-	-	27,559
Debt service	466,671	469,995	446,561	444,534	439,958	440,288	1,904	-	-	-
Other purposes	508,977	571,684	501,607	391,323	348,991	473,237	546,376	600,157	679,237	468,797
Unrestricted	<u>(635,002)</u>	<u>(622,403)</u>	<u>(632,534)</u>	<u>(2,786,706)</u>	<u>(2,814,398)</u>	<u>(3,130,141)</u>	<u>(3,106,556)</u>	<u>(3,248,186)</u>	<u>(3,211,694)</u>	<u>(2,855,359)</u>
Total governmental activities net position	<u>\$ 143,948</u>	<u>\$ 113,165</u>	<u>\$ (597,578)</u>	<u>\$ (2,540,909)</u>	<u>\$ (2,277,192)</u>	<u>\$ (2,147,110)</u>	<u>\$ (2,253,227)</u>	<u>\$ (2,275,577)</u>	<u>\$ (1,544,779)</u>	<u>\$ (748,676)</u>
Business-type activities:										
Net investment in capital assets	\$ 29,773	\$ 23,992	\$ 18,983	\$ 21,350	\$ 16,758	\$ 11,151	\$ 7,429	\$ 14,559	\$ 12,763	\$ 10,967
Unrestricted	167,205	198,943	205,273	284,006	360,014	425,947	515,313	588,822	491,403	333,813
Total business-type activities net position	<u>\$ 196,978</u>	<u>\$ 222,935</u>	<u>\$ 224,256</u>	<u>\$ 305,356</u>	<u>\$ 376,772</u>	<u>\$ 437,098</u>	<u>\$ 522,742</u>	<u>\$ 603,381</u>	<u>\$ 504,166</u>	<u>\$ 344,780</u>
District-wide:										
Net investment in capital assets	\$ (763,562)	\$ (808,756)	\$ (1,158,866)	\$ (847,347)	\$ (772,611)	\$ (664,969)	\$ (489,579)	\$ (516,049)	\$ (75,497)	\$ 145,018
Restricted:										
Capital projects	596,637	526,637	264,637	278,637	537,626	745,626	802,057	903,060	1,075,938	1,476,276
Special revenue	-	-	-	-	-	-	-	-	-	27,559
Debt service	466,671	469,995	446,561	444,534	439,958	440,288	1,904	-	-	-
Other purposes	508,977	571,684	501,607	391,323	348,991	473,237	546,376	600,157	679,237	468,797
Unrestricted	<u>(467,797)</u>	<u>(423,460)</u>	<u>(427,261)</u>	<u>(2,502,700)</u>	<u>(2,454,384)</u>	<u>(2,704,194)</u>	<u>(2,591,243)</u>	<u>(2,659,364)</u>	<u>(2,720,291)</u>	<u>(2,521,546)</u>
Total district net position	<u>\$ 340,926</u>	<u>\$ 336,100</u>	<u>\$ (373,322)</u>	<u>\$ (2,235,553)</u>	<u>\$ (1,900,420)</u>	<u>\$ (1,710,012)</u>	<u>\$ (1,730,485)</u>	<u>\$ (1,672,196)</u>	<u>\$ (1,040,613)</u>	<u>\$ (403,896)</u>

Berlin Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 3,487,154	\$ 3,500,106	\$ 3,549,507	\$ 3,875,837	\$ 3,862,378	\$ 3,899,824	\$ 3,926,329	\$ 4,126,216	\$ 3,959,299	\$ 4,370,056
Special education	1,496,000	1,568,940	1,543,466	1,341,585	1,319,458	1,440,240	1,471,887	1,382,431	1,575,854	1,693,007
Other instruction	148,704	174,973	185,917	158,996	144,225	158,676	168,315	225,487	318,169	110,016
Support Services:										
Tuition	137,383	104,984	114,569	103,224	-	5,404	214,414	294,139	262,677	328,153
Student & instruction related services	828,595	923,850	1,180,791	1,165,228	1,293,235	1,339,796	1,418,627	1,538,073	1,639,730	1,393,917
School administrative services	370,855	382,264	394,340	398,476	347,100	325,210	351,533	347,415	215,852	322,798
General and business administrative services	535,947	631,708	565,355	658,730	577,735	645,357	625,831	665,156	601,908	571,466
Plant operations and maintenance	1,359,315	1,400,417	2,145,263	1,062,805	1,244,194	1,209,023	1,058,540	1,287,112	911,162	1,055,595
Pupil transportation	261,511	281,930	308,691	328,177	357,586	324,335	350,106	479,394	565,661	498,116
Unallocated employee benefits	2,435,053	2,771,379	2,801,185	3,174,865	3,467,551	3,799,889	8,221,117	7,056,137	6,217,821	7,838,695
Charter School		7,678	-	-	-	-	-	-	-	-
Interest on long-term debt	355,765	234,381	212,732	192,129	169,488	154,323	116,162	105,583	81,500	65,500
Unallocated depreciation	105,208	70,455	75,494	59,628	49,009	46,234	19,743	18,473	14,116	11,264
Total governmental activities expenses	11,521,490	12,053,065	13,077,310	12,519,680	12,831,959	13,348,311	17,942,604	17,525,616	16,363,749	18,258,583
Business-type activities:										
Community Education	251,330	266,191	255,403	239,573	291,062	147,875	109,831	146,638	139,194	117,913
Latchkey						114,234	126,034	111,372	133,703	127,620
Food service	278,940	284,424	285,609	258,512	245,606	308,482	281,097	240,202	246,551	129,798
Shared Services	145,725	124,204	126,991	109,833	93,431	59,246	15,000			
Total business-type activities expense	675,995	674,819	668,003	607,918	630,099	629,837	531,962	498,212	519,448	375,331
Total district expenses	\$ 12,197,485	\$ 12,727,884	\$ 13,745,313	\$ 13,127,598	\$ 13,462,058	\$ 13,978,148	\$ 18,474,566	\$ 18,023,828	\$ 16,883,197	\$ 18,633,914
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 1,629,606	\$ 1,614,390	\$ 1,598,477	\$ 1,783,508	\$ 1,953,661	\$ 2,079,522	\$ 6,677,339	\$ 5,474,950	\$ 4,882,557	\$ 6,684,628
Charges for services										14,761
Total governmental activities program revenues	1,629,606	1,614,390	1,598,477	1,783,508	1,953,661	2,079,522	6,677,339	5,474,950	4,882,557	6,699,389

(Continued)

Berlin Borough School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

Fiscal Year Ending June 30,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Charges for services:										
Community education	\$ 251,773	\$ 297,708	\$ 275,715	\$ 288,864	\$ 345,380	\$ 212,009	\$ 168,351	\$ 161,190	\$ 99,030	\$ 42,821
Latchkey						151,409	181,753	171,002	130,323	42,388
Food service	174,772	168,366	161,546	174,818	163,191	169,223	157,592	159,067	122,408	2,072
Shared Services	145,725	124,204	126,991	109,833	93,431	59,246	15,000			
Operating grants and contributions	101,277	110,374	104,941	115,503	99,513	98,276	94,910	87,592	68,472	80,664
Capital grants and contributions			-	-	-					
Total business type activities program revenues	<u>673,547</u>	<u>700,652</u>	<u>669,193</u>	<u>689,018</u>	<u>701,515</u>	<u>690,163</u>	<u>617,606</u>	<u>578,851</u>	<u>420,233</u>	<u>167,945</u>
Total district program revenues	<u>\$ 2,303,153</u>	<u>\$ 2,315,042</u>	<u>\$ 2,267,670</u>	<u>\$ 2,472,526</u>	<u>\$ 2,655,176</u>	<u>\$ 2,769,685</u>	<u>\$ 7,294,945</u>	<u>\$ 6,053,801</u>	<u>\$ 5,302,790</u>	<u>\$ 6,867,334</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (9,891,884)	\$ (10,438,675)	\$ (11,478,833)	\$ (10,736,172)	\$ (10,878,298)	\$ (11,268,789)	\$ (11,265,265)	\$ (12,050,666)	\$ (11,481,192)	\$ (11,559,194)
Business-type activities	(2,448)	25,833	1,190	81,100	71,416	60,326	85,644	80,639	(99,215)	(207,386)
Total district-wide net expense	<u>\$ (9,894,332)</u>	<u>\$ (10,412,842)</u>	<u>\$ (11,477,643)</u>	<u>\$ (10,655,072)</u>	<u>\$ (10,806,882)</u>	<u>\$ (11,208,463)</u>	<u>\$ (11,179,621)</u>	<u>\$ (11,970,027)</u>	<u>\$ (11,580,407)</u>	<u>\$ (11,766,580)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 6,212,099	\$ 6,336,341	\$ 6,463,068	\$ 6,608,384	\$ 6,801,973	\$ 6,938,012	\$ 7,133,340	\$ 7,334,466	\$ 7,491,155	\$ 7,640,978
Taxes levied for debt service	620,899	615,088	589,954	618,685	615,236	623,117	196,687	592,721	572,500	558,750
Unrestricted grants and contributions	3,482,000	3,544,238	3,642,543	3,664,322	3,663,142	3,699,940	3,729,064	3,922,371	4,029,199	4,089,850
Tuition	13,951	509	16,988	-	-	-	-	97,873	33,289	-
Investment earnings	1,551	5,181	1,233	1,574	602	-	-	-	-	-
Miscellaneous income	48,682	14,335	54,304	30,373	61,062	137,802	100,057	80,885	85,847	86,280
Transfers	-	-	-	-	-	-	-	-	-	(48,000)
Total governmental activities	<u>10,379,182</u>	<u>10,515,692</u>	<u>10,768,090</u>	<u>10,923,338</u>	<u>11,142,015</u>	<u>11,398,871</u>	<u>11,159,148</u>	<u>12,028,316</u>	<u>12,211,990</u>	<u>12,327,858</u>
Business-type activities:										
Investment earnings	129	124	131	-	-	-	-	-	-	-
Miscellaneous income										
Transfers	-	-	-	-	-	-	-	-	-	48,000
Total business-type activities	<u>129</u>	<u>124</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,000</u>
Total district-wide	<u>\$ 10,379,311</u>	<u>\$ 10,515,816</u>	<u>\$ 10,768,221</u>	<u>\$ 10,923,338</u>	<u>\$ 11,142,015</u>	<u>\$ 11,398,871</u>	<u>\$ 11,159,148</u>	<u>\$ 12,028,316</u>	<u>\$ 12,211,990</u>	<u>\$ 12,375,858</u>
Change in Net Position:										
Governmental activities	\$ 487,298	\$ 77,017	\$ (710,743)	\$ 187,166	\$ 263,717	\$ 130,082	\$ (106,117)	\$ (22,350)	\$ 730,798	\$ 768,664
Business-type activities	(2,319)	25,957	1,321	81,100	71,416	60,326	85,644	80,639	(99,215)	(159,386)
Total district-wide	<u>\$ 484,979</u>	<u>\$ 102,974</u>	<u>\$ (709,422)</u>	<u>\$ 268,266</u>	<u>\$ 335,133</u>	<u>\$ 190,408</u>	<u>\$ (20,473)</u>	<u>\$ 58,289</u>	<u>\$ 631,583</u>	<u>\$ 609,278</u>

Berlin Borough School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Reserved	\$ 1,008,977	\$ 1,001,684	\$ 669,607	\$ 573,323	\$ 788,588	\$ 1,122,226	\$ 1,348,433	\$ 1,503,217	\$ 1,755,175	\$ 1,945,073
Unassigned	(50,213)	(84,359)	(105,104)	(107,080)	(109,938)	(115,234)	(84,642)	(115,901)	(107,475)	122,596
Total general fund	<u>\$ 958,764</u>	<u>\$ 917,325</u>	<u>\$ 564,503</u>	<u>\$ 466,243</u>	<u>\$ 678,650</u>	<u>\$ 1,006,992</u>	<u>\$ 1,263,791</u>	<u>\$ 1,387,316</u>	<u>\$ 1,647,700</u>	<u>\$ 2,067,669</u>
All Other Governmental Funds										
Reserved:										
Debt service reserve	\$ 441,383	\$ 441,383	\$ 441,383	\$ 441,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Fund										27,559
Capital projects fund	96,637	96,637	96,637	96,637	96,637	96,637	-	-	-	-
Debt service fund	25,011	3,601	1,577	1,574	438,384	1,904	-	-	-	-
Designated for subsequent year's expenditures	277	25,011	3,601	1,577	2,966	438,384	1,904	-	-	-
Total all other governmental funds	<u>\$ 563,308</u>	<u>\$ 566,632</u>	<u>\$ 543,198</u>	<u>\$ 541,171</u>	<u>\$ 537,987</u>	<u>\$ 536,925</u>	<u>\$ 1,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,559</u>

Berlin Borough School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-4

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 6,832,998	\$ 6,951,429	\$ 7,053,022	\$ 7,227,069	\$ 7,417,209	\$ 7,561,129	\$ 7,330,027	\$ 7,927,187	\$ 8,063,655	\$ 8,199,728
Tuition charges	13,951	509	16,988	15,957	20,920	85,483	42,802	20,416	33,289	14,761
Interest earnings	1,551	5,181	1,233	1,574	-	-	-	-	-	-
Miscellaneous	51,392	14,335	54,304	14,416	40,744	52,319	63,980	167,423	93,665	86,280
Local sources										8,214
State sources	4,703,581	4,860,532	4,953,235	5,151,260	5,287,869	5,467,982	5,754,386	6,069,290	6,202,538	6,578,066
Federal sources	405,335	298,096	287,785	296,570	328,934	311,480	308,481	289,985	331,999	427,497
Total revenue	12,008,808	12,130,082	12,366,567	12,706,846	13,095,676	13,478,393	13,499,676	14,474,301	14,725,146	15,314,546
Expenditures										
Instruction										
Regular Instruction	3,519,482	3,491,023	3,541,757	3,828,934	3,865,073	3,887,806	3,980,273	3,994,455	3,922,002	4,348,173
Special education instruction	1,496,000	1,568,940	1,543,466	1,341,585	1,319,458	1,440,240	1,471,887	1,382,431	1,575,854	1,693,007
Other special instruction	148,704	174,973	185,917	158,996	144,225	158,676	168,315	225,487	318,169	110,016
Other instruction										
Support Services:										
Tuition	137,383	104,984	114,569	103,224	236,122	5,404	214,414	294,139	262,677	328,153
Student & instruction related services	828,595	923,850	1,180,791	1,165,228	1,293,235	1,339,796	1,418,627	1,538,073	1,639,730	1,393,917
School administrative services	370,855	382,264	394,340	398,476	347,100	325,210	351,533	347,415	215,852	322,798
General and business admin. services	507,066	603,606	537,379	629,870	311,180	634,991	615,465	655,480	593,787	562,666
Plant operations and maintenance	554,592	591,145	674,380	638,523	660,386	642,820	574,589	726,952	830,429	698,952
Pupil transportation	261,511	281,930	308,691	328,177	357,586	324,335	350,106	479,394	565,661	498,116
Employee benefits	2,435,053	2,771,379	2,801,185	3,183,013	3,421,927	3,491,352	3,797,097	4,035,982	3,880,587	4,201,373
Capital outlay	715,285	504,038	698,285	260,179	161,550	125,001	95,065	163,917	87,514	379,819
Charter School		7,678	-	-	-	-	-	-	-	-
Debt service:										
Principal	490,000	520,000	540,000	570,000	590,000	620,000	650,000	485,000	475,000	485,000
Interest and other charges	355,765	242,387	222,063	200,928	178,611	155,482	133,322	109,625	97,500	73,750
Total expenditures	11,820,291	12,168,197	12,742,823	12,807,133	12,886,453	13,151,113	13,820,693	14,438,350	14,464,762	15,095,740
Excess (Deficiency) of revenues over (under) expenditures	188,517	(38,115)	(376,256)	(100,287)	209,223	327,280	(321,017)	35,951	260,384	218,806
Other Financing sources (uses)										
Proceeds from borrowing	4,266,960	-	-	-	-	-	-	-	-	249,283
Payment to refunding escrow agent	(3,957,375)	-	-	-	-	-	-	-	-	-
Proceeds of Capital Lease	-	-	-	-	-	-	42,795	85,670	-	-
Transfers in	310,588	3,601	1,577	1,574	441,383	3,477	68,068	-	-	-
Transfers out	(310,588)	(3,601)	(1,577)	(1,574)	(441,383)	(3,477)	(68,068)	-	-	(48,000)
Total other financing sources (uses)	309,585	-	-	-	-	-	42,795	85,670	-	201,283
Net change in fund balances	\$ 498,102	\$ (38,115)	\$ (376,256)	\$ (100,287)	\$ 209,223	\$ 327,280	\$ (278,222)	\$ 121,621	\$ 260,384	\$ 420,089
Debt service as a percentage of noncapital expenditures	7.62%	6.54%	6.33%	6.14%	6.04%	5.95%	5.71%	4.17%	3.98%	3.80%

Source: District records

Berlin Borough School District
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-5

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u> <u>Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 1,551	\$ 13,951	\$ 5,000	\$ 27,653	\$ -	\$ 1,174	\$ 49,329
2013	1,580	509	5,000	2,702		6,633	16,424
2014	1,233	16,988	5,000	45,850	1,247	630	70,948
2015		15,957	5,000	4,506	1,856	3,054	30,373
2016		20,920	25,000	12,692	928	1,522	61,062
2017		85,483	25,000	9,020		12,866	132,369
2018		42,802	25,000	479	7,980	23,796	100,057
2019	4,941	97,873	48,000	17,810	10,052	82	178,758
2020	9,044	33,289	48,000	20,961	3,740	4,102	119,136
2021	1,857	14,761	48,000	23,864	4,770	7,789	101,041
	<u>\$ 20,206</u>	<u>\$ 342,533</u>	<u>\$ 239,000</u>	<u>\$ 165,537</u>	<u>\$ 30,573</u>	<u>\$ 61,648</u>	<u>\$ 859,497</u>

Source: District records

**Berlin Borough School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate b	Estimated Actual (County Equalized) Value
2012	\$ 17,123,400	\$ 602,314,500	\$ 470,800	\$ 83,000	\$ 119,714,000	\$ 10,777,300	\$ 7,169,800	\$ 757,652,800	\$ 6,727,655	\$ 764,380,455	\$ 86,692,350	\$ 0.906	\$ 792,412,612
2013	14,536,000	600,269,300	470,800	83,000	116,738,200	10,465,000	7,169,800	749,732,100	5,946,121	755,678,221	86,135,450	0.929	761,691,578
2014	14,189,200	599,566,100	470,800	79,700	115,907,400	10,465,000	7,169,800	747,848,000	4,828,606	752,676,606	86,473,950	0.957	741,738,667
2015	14,145,900	597,682,700	470,800	55,100	111,420,000	10,465,000	7,925,000	742,164,500	4,433,565	746,598,065	87,251,750	0.990	620,118,024
2016	13,659,800	595,357,500	248,500	81,200	109,297,000	10,465,000	7,925,000	737,034,000	4,737,947	741,771,947	87,226,950	0.990	726,840,733
2017	14,585,400	593,206,100	248,500	81,200	106,913,600	10,346,500	8,193,400	733,574,700	4,874,955	738,449,655	87,084,450	0.989	734,568,577
2018	15,017,900	593,752,600	-	60,900	106,502,800	10,346,500	8,676,900	734,357,600	5,033,568	739,391,168	90,148,750	1.069	732,050,024
2019	15,201,500	592,957,300	219,800	37,500	105,923,900	10,346,500	8,676,900	733,363,400	5,110,900	738,474,300	90,584,850	1.088	749,078,744
2020	16,045,900	592,271,100	219,800	32,500	106,358,700	10,346,500	8,676,900	733,951,400	4,585,394	738,536,794	91,299,850	1.110	734,996,334
2021	13,597,500	593,626,000	219,800	31,000	107,649,100	10,346,500	27,023,400	752,493,300	4,459,353	756,952,653	89,716,000	1.094	763,401,543

Source: Municipal Tax Assessor

Note:

Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

- a Taxable Value of Machinery, Improvements and Equipment of Telephone, Telegraph and Messenger System Companies
- b Tax rates are per \$100
- c Information not available.
- d Revaluation.

Berlin Borough School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Berlin Borough School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Borough of Berlin	Eastern Regional High School	Camden County	
2012	\$ 0.826	\$ 0.080	\$ 0.906	\$ 0.598	\$ 0.495	\$ 0.794	\$ 2.793
2013	0.851	0.078	0.929	0.619	0.462	0.838	2.848
2014	0.875	0.082	0.957	0.638	0.489	0.838	2.922
2015	0.908	0.082	0.990	0.681	0.510	0.807	2.988
2016	0.932	0.084	1.016	0.709	0.514	0.815	3.054
2017	0.962	0.027	0.989	0.749	0.562	0.834	3.134
2018	0.989	0.080	1.069	0.784	0.567	0.836	3.256
2019	1.011	0.077	1.088	0.809	0.593	0.827	3.317
2020	1.034	0.076	1.110	0.826	0.560	0.794	3.290
2021	1.022	0.072	1.094	0.841	0.579	0.796	3.310

Source: Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

- a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.
- b Rates for debt service are based on each year's requirements.

**Berlin Borough School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2021		Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Berlin Multi-Family, LLC	\$ 18,346,500	2.42%	Berlin Reality Company	\$ 9,339,600	1.20%
Berlin Farmers Market II, LLC	6,730,400	0.89%	Berlin Residences, LLC	6,285,000	0.81%
Berlin Residences, LLC	5,570,000	0.74%	Berlin Equities, LLC	6,176,200	0.80%
WAWA	5,550,000	0.73%	AC I Berlin, LLC	5,468,700	0.70%
Evinos Corporation, Inc.	5,123,000	0.68%	Evinos Corporation, Inc.	4,555,600	0.59%
Sinelinik, Alexander et als	4,648,800	0.61%	Osborne Assoc % Rite Aid Corp	3,500,000	0.45%
Hassbro, LLC	3,200,000	0.42%	Hassbro, LLC	3,500,000	0.45%
Berlin Center, LLC	3,200,000	0.42%	Berlin Center LLC	3,200,000	0.41%
PB BB LLC	3,148,000	0.42%	Sinelnik, Gregory	3,183,800	0.41%
10 Ben Holdings Corp.	3,000,000	0.40%	Forte & Companies, INC	2,835,900	0.37%
Total	\$ 58,516,700	7.73%		\$ 48,044,800	6.19%

Source: Municipal Tax Assessor

**Berlin Borough School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 6,832,998	\$ 6,832,998	100.00%	
2013	6,951,429	6,951,429	100.00%	
2014	7,053,022	7,053,022	100.00%	
2015	7,227,069	7,227,069	100.00%	
2016	7,417,209	7,417,209	100.00%	
2017	7,561,129	7,561,129	100.00%	
2018	7,330,027	7,330,027	100.00%	
2019	7,927,187	7,927,187	100.00%	
2020	8,063,655	8,063,655	100.00%	
2021	8,199,728	8,199,728	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form)

- a** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Berlin Borough School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Unfunded Pension Liability	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2012	\$ 3,660,000	\$ -	\$2,409,387	\$ -	\$ -	\$ 6,069,387	1.78%	\$ 795	
2013	3,475,000		2,016,460			5,491,460	1.60%	723	
2014	3,285,000		1,603,344			4,888,344	1.38%	646	
2015	3,085,000		1,221,995			4,306,995	1.17%	570	
2016	2,880,000		1,030,527			3,910,527	1.03%	517	
2017	2,665,000		512,313			3,177,313	0.81%	421	
2018	2,435,000		28,248			2,463,248	0.61%	326	
2019	1,950,000		69,892			2,019,892	0.48%	268	
2020	1,475,000		28,531			1,503,531	c	200	
2021	990,000		179,535			1,169,535	c	c	

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a Based on Per Capita Income for Camden County
- b Based on School District Population as of July 1.
- c Not available

Berlin Borough School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollars in thousands, except per capita)

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 3,660,000	\$ -	\$ 3,660,000	0.47%	\$ 479
2013	3,475,000		3,475,000	0.46%	457
2014	3,285,000		3,285,000	0.44%	434
2015	3,085,000		3,085,000	0.41%	408
2016	2,880,000		2,880,000	0.39%	381
2017	2,665,000		2,665,000	0.36%	353
2018	2,435,000		2,435,000	0.33%	323
2019	1,950,000		1,950,000	0.26%	259
2020	1,475,000		1,475,000	0.20%	196
2021	990,000		990,000	0.13%	c

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

c Not available.

**Berlin Borough School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2020**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Berlin	\$ 11,807,724	100.000%	\$ 11,807,724
Eastern Regional High School District	-	13.356%	-
Camden County General Obligation Debt	485,294,543	1.849%	8,973,096
			<hr/>
Subtotal, overlapping debt			20,780,820
Berlin Borough School District Direct Debt			<hr/> 1,475,000
Total direct and overlapping debt			<hr/> \$ 22,255,820 <hr/>

Sources: Assessed value data used to estimate applicable percentages provided by the Camden County Board of Taxation.

Note: Debt outstanding data provided by each governmental unit. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Berlin Borough. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Legal Debt Margin Calculation for Fiscal Year 2021

	Equalized valuation basis	
	2018	\$ 743,126,493
	2019	727,976,375
	2020	738,455,981
	[A]	<u>\$ 2,209,558,849</u>
Average equalized valuation of taxable property	[A/3]	\$ 736,519,616
Debt limit (3% of average equalized valuation)	[B]	22,095,588
Net bonded school debt	[C]	990,000
Legal debt margin	[B-C]	<u>\$ 21,105,588</u>

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 23,842,582	\$ 23,363,381	\$ 22,936,625	\$ 22,315,523	\$ 21,952,163	\$ 21,897,806	\$ 21,836,284	\$ 22,016,308	\$ 21,984,226	\$ 22,095,588
Total net debt applicable to limit	<u>3,660,000</u>	<u>3,475,000</u>	<u>3,285,000</u>	<u>3,085,000</u>	<u>2,880,000</u>	<u>3,085,000</u>	<u>2,435,000</u>	<u>1,950,000</u>	<u>1,475,000</u>	<u>990,000</u>
Legal debt margin	<u>\$ 20,182,582</u>	<u>\$ 19,888,381</u>	<u>\$ 19,651,625</u>	<u>\$ 19,230,523</u>	<u>\$ 19,072,163</u>	<u>\$ 18,812,806</u>	<u>\$ 19,401,284</u>	<u>\$ 20,066,308</u>	<u>\$ 20,509,226</u>	<u>\$ 21,105,588</u>
Total net debt applicable to the limit as a percentage of debt limit	15.35%	14.87%	14.32%	13.82%	13.12%	14.09%	11.15%	8.86%	6.71%	4.48%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Berlin Borough School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2012	7,637	\$ 340,671,296	\$ 44,608	8.7%
2013	7,598	343,847,490	45,255	6.2%
2014	7,571	355,276,746	46,926	7.0%
2015	7,553	369,107,557	48,869	5.2%
2016	7,559	379,688,570	50,230	5.0%
2017	7,550	391,761,950	51,889	4.8%
2018	7,549	405,683,260	53,740	4.3%
2019	7,534	420,246,520	55,780	3.4%
2020	7,512	e	e	10.0%
2021	e	e	e	e

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development.
- ^b Personal income for Berlin Borough.
- ^c Per Capita for Camden County.
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.
- ^e Not available.

**Berlin Borough School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

Function/Program	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instruction										
Regular	52	47.5	54	53	55	55	55	55	55	53
Special education	16	16	17	35	17	18	18	18	19	20
Other special education	16	16	15	9	15	20	20	20	24	19
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	9	14	8	2	12	10	10	10	6	10
School administrative services	6	9	12	9	9	11	11	11	7	7
General and business administrative services	4	4.5	4	4	5	4	4	4	7	7
Plant operations and maintenance	9	13	8	12	10	6	6	6	6	9
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	<u>112</u>	<u>120</u>	<u>118</u>	<u>124</u>	<u>123</u>	<u>124</u>	<u>124</u>	<u>124</u>	<u>124</u>	<u>124</u>

Source: District Personnel Records

Berlin Borough School District
 Operating Statistics,
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2012	862	\$ 10,259,241	\$ 11,902	-0.34%	68	1:13	866.2	831.1	2.39%	95.95%
2013	906	10,901,772	12,033	1.10%	68	1:13	891.3	849.2	2.90%	95.28%
2014	865	11,282,475	13,043	8.39%	68	1:13	867.9	832.7	-2.62%	95.95%
2015	857	11,776,026	13,741	5.35%	70	1:13	861.5	823.3	-2.62%	95.57%
2016	854	12,117,842	14,190	2.90%	72	1:13	852.5	819.6	-1.04%	96.14%
2017	825	12,250,630	14,849	4.61%	73	1:13	828.4	793.1	-2.83%	95.74%
2018	827	12,942,306	15,650	5.39%	73	1:13	823.1	787.6	-0.64%	95.69%
2019	819	13,679,808	16,703	5.72%	73	1:13	824.5	790.2	0.17%	95.84%
2020	812	13,804,748	17,001	0.17%	73	1:13	814.4	789.6	-1.23%	96.95%
2021	793	14,157,171	17,853	5.01%	73	1:13	830.3	792.8	1.95%	95.48%

Sources: District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Berlin Borough School District
School Building Information
Last Ten Years**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
District Building										
<u>Elementary</u>										
Berlin Community School (1952)										
Square Feet	118,068	118,068	118,068	118,068	118,068	118,068	118,068	118,068	118,068	118,068
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	862	891	868	862	853	828	823	824	814	830

Number of Schools at June 30, 2021
Elementary = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of any additions. Enrollment is based on the annual October district count.

**Berlin Borough School District
Schedule of Required Maintenance
Last Ten Fiscal Years**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-xxx

	Fiscal Year Ending June 30,										Total	
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		
* School Facilities												
Berlin Community School	\$ 116,437	\$ 129,736	\$ 154,794	\$ 149,682	\$ 150,294	\$ 192,108	\$ 181,147	\$ 236,540	\$ 337,860	\$ 211,676	\$ 1,860,274	
Project # (s)												
Total School Facilities	<u>\$ 116,437</u>	<u>\$ 129,736</u>	<u>\$ 154,794</u>	<u>\$ 149,682</u>	<u>\$ 150,294</u>	<u>\$ 192,108</u>	<u>\$ 181,147</u>	<u>\$ 236,540</u>	<u>\$ 337,860</u>	<u>\$ 211,676</u>	<u>\$ 1,860,274</u>	

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

**Berlin Borough School District
Insurance Schedule
June 30, 2021**

Exhibit J-20

	<u>Coverage</u>	<u>Self Insured Retention</u>	<u>Member Retention</u>
Commercial Package Policy (1)			
Property	\$ 500,000,000	\$ 100,000	\$ 2,500
General and Auto Liability	5,000,000	100,000	
Comprehensive Crime Coverage			
Employee Dishonesty	500,000		1,000
Money and Securities Loss Inside	50,000		1,000
Money and Securities Loss Outside	50,000		1,000
Boiler and Machinery	100,000,000	10,000	2,500
Cyber Liability	2,000,000	100,000	10,000
Excess Liability	5,000,000		
Environmental Impairment Liability	1,000,000/25,000,000		50,000
Workers Compensation (2)			
Bodily Injury by Accident	3,000,000		
Bodily Injury by Disease	3,000,000		
Errors and Omissions Liability (2)	5,000,000		5,000
Student Accident (3)			
School Time Compulsory Student Accident Coverage			
Maximum Benefit	1,000,000		
Surety Bonds (4)			
Board Secretary	210,000		1,000

(1) School Alliance Insurance Fund

(2) NJ Schools Insurance Group

(3) Public Risk Group

(4) RLI Insurance Company

Source: District records

Single Audit Section

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**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***

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Berlin Borough School District
 County of Camden
 Berlin, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial statement audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Berlin Borough School District, in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued my report thereon dated February 10, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Berlin Borough School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Berlin Borough School 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Berlin Borough School District's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
February 10, 2022

INVERSO & STEWART, LLC
Certified Public Accountants

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
 REPORT ON INTERNAL CONTROL OVER COMPLIANCE
 REQUIRED BY NEW JERSEY CIRCULAR 15-08-OMB**

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Berlin Borough School District
 County of Camden
 Berlin, New Jersey

Report on Compliance for Each Major State Program

I have audited Berlin Borough School District (School District), in the County of Camden, State of New Jersey's compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the School District's major state programs for the fiscal year ended June 30, 2021. The School District's major state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the School District's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and State of New Jersey Circular 15-08-OMB require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, my audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major State Program

In my opinion, the Berlin Borough School District, in the County of Camden, State of New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Berlin Borough School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State of New Jersey Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Berlin Borough School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state 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 state 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.

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of State of New Jersey Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

INVERSO & STEWART, LLC
Certified Public Accountants



Robert P. Inverso
Certified Public Accountant
Public School Accountant No. CS001095

Marlton, New Jersey
February 10, 2022

BERLIN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2020			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2021		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
U.S. Department of Education															
<u>Special Revenue Fund:</u>															
<u>Every Student Succeeds Act (E.S.S.A.)</u>															
Title I	84.010A	S010A200030	ESSA-0330-21	\$ 80,483	7/1/20- 9/30/21	\$ -	\$ -	\$ -	\$ -	\$ 50,712	\$ (68,713)	\$ -	\$ (18,001)	\$ -	\$ -
Title IIA	84.367A	S367A200029	ESSA-0330-21	20,239	7/1/20- 9/30/21					6,000	(8,581)		(2,581)		
Title IIA	84.367A	S367A190029	ESSA-0330-20	17,549	7/1/19- 9/30/20	(421)				421			-		
Title IV	84.424A	S424A200031	ESSA-0330-21	10,007	7/1/20- 9/30/21					4,800	(6,381)		(1,581)		
Title IV	84.424A	S424A190031	ESSA-0330-20	12,997	7/1/19- 9/30/20	(1,412)				1,412			-		
<u>Individuals With Disabilities Act (I.D.E.A.)</u>															
Part B - Basic - Current Year	84.027A	H027A200100	IDEA-0330-21	209,999	7/1/20- 9/30/21					182,130	(199,046)		(16,916)		
Part B - Basic - Current Year	84.027A	H027A190100	IDEA-0330-20	232,257	7/1/19- 9/30/20	(8,186)				8,186			-		
Part B - Preschool - Current Year	84.173A	H173A200114	IDEA-0330-21	8,616	7/1/20- 9/30/21					8,616	(8,616)		-		
<u>CARES Act</u>	84.425D	S425D200027	N/A	78,283	3/13/20 - 9/30/22					63,636	(64,559)		(923)		
<u>Coronavirus Relief</u>	84.425D	S425D200027	N/A	32,772	3/13/20 - 9/30/22					32,772	(32,772)		-		
<u>Digital Divide</u>	84.377D	S377A130031	N/A	38,829	7/16/20 - 10/31/20					38,829	(38,829)		-		
Total Special Revenue Fund						\$ (10,019)	\$ -	\$ -	\$ -	\$ 397,514	\$ (427,497)	\$ -	\$ (40,002)	\$ -	
U.S. Department of Agriculture															
<u>Enterprise Fund:</u>															
Food Distribution Program	10.565	211NJ304N1099	N/A	13,467	7/1/20- 6/30/21					13,467	(13,467)				
School Breakfast Program	10.553	211NJ304N1099	N/A	17,114	7/1/20- 6/30/21					14,992	(17,114)		(2,122)		
School Breakfast Program	10.553	201NJ304N1099	N/A	2,903	7/1/19- 6/30/20	(772)				772					
National School Lunch Program	10.555	211NJ304N1099	N/A	47,227	7/1/20- 6/30/21					39,786	(47,227)		(7,441)		
National School Lunch Program	10.555	201NJ304N1099	N/A	42,578	7/1/19- 6/30/20	(1,489)				1,489					
Total Enterprise Fund						(2,261)				70,506	(77,808)		(9,563)		
Total Federal Awards						\$ (12,280)	\$ -	\$ -	\$ -	\$ 468,020	\$ (505,305)	\$ -	\$ (49,565)	\$ -	

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

BERLIN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2020			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2021		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education													
<u>General Fund:</u>													
Special Education Categorical Aid	21-495-034-5120-089	\$ 521,625	7/1/20 - 6/30/21	\$ -	\$ -	\$ -	\$ -	\$ 470,445	\$ (521,625)	\$ -	\$ (51,180)	\$ -	\$ -
Special Education Categorical Aid	20-495-034-5120-089	521,625	7/1/19 - 6/30/20	(51,079)				51,079					
Equalization Aid	21-495-034-5120-078	3,167,018	7/1/20 - 6/30/21					2,856,279	(3,167,018)		(310,739)		
Equalization Aid	20-495-034-5120-078	3,116,148	7/1/19 - 6/30/20	(305,143)				305,143					
Transportation Aid	21-495-034-5120-014	254,835	7/1/20 - 6/30/21					229,831	(254,835)		(25,004)		
Transportation Aid	20-495-034-5120-014	254,835	7/1/19 - 6/30/20	(24,954)				24,954					
Security Aid	21-495-034-5120-084	98,331	7/1/20 - 6/30/21					88,683	(98,331)		(9,648)		
Security Aid	20-495-034-5120-084	98,331	7/1/19 - 6/30/20	(9,629)				9,629					
Additional Nonpublic Transportation Aid	21-103190	6,090	7/1/20 - 6/30/21						(6,090)		(6,090)		
Additional Nonpublic Transportation Aid	20-103190	300	7/1/19 - 6/30/20	(300)				300					
Extraordinary Aid	21-495-034-5120-044	47,717	7/1/20 - 6/30/21						(47,717)		(47,717)		
Extraordinary Aid	20-495-034-5120-044	33,030	7/1/19 - 6/30/20	(33,030)				33,030					
Homeless Aid	N/A	11,988	7/1/19 - 6/30/20	(11,988)				11,988			-		
On Behalf TPAF Pension	21-495-034-5094-002	1,453,792	7/1/20 - 6/30/21					1,453,792	(1,453,792)				
On Behalf TPAF - Post Retirement Medical	21-495-034-5094-001	455,596	7/1/20 - 6/30/21					455,596	(455,596)				
On Behalf TPAF - LTDI	21-495-034-5094-004	1,125	7/1/20 - 6/30/21					1,125	(1,125)				
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	410,828	7/1/20 - 6/30/21					391,232	(410,828)		(19,596)		
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	390,452	7/1/19 - 6/30/20	(24,283)				24,283					
Total General Fund				(460,406)	-	-	-	6,407,389	(6,416,957)	-	(469,974)	-	-
<u>Special Revenue Fund</u>													
<u>N.J. Nonpublic Aid:</u>													
Textbook Aid	21-100-034-5120-064	8,308	7/1/20 - 6/30/21					8,308	(8,308)				
Textbook Aid	20-100-034-5120-064	8,381	7/1/19 - 6/30/20			5				(5)			
Nursing Aid	21-100-034-5120-070	13,872	7/1/20 - 6/30/21					13,872	(13,872)				
Nursing Aid	20-100-034-5120-070	15,423	7/1/19 - 6/30/20			5,506				(5,506)			
Technology Aid	20-100-034-5120-373	5,724	7/1/19 - 6/30/20			11				(11)			
Security Aid	21-100-034-5120-509	23,800	7/1/20 - 6/30/21					23,800	(19,766)				4,034
Security Aid	20-100-034-5120-509	23,850	7/1/19 - 6/30/20			10,426				(10,426)			
<u>Auxiliary Services:</u>													
Compensatory Education	21-100-034-5120-067	76,639	7/1/20 - 6/30/21					76,639	(60,353)				16,286
Compensatory Education	20-100-034-5120-067	66,518	7/1/19 - 6/30/20	(6,651)		13,547		6,651		(13,547)			
Transportation	21-100-034-5120-067	15,219	7/1/20 - 6/30/21					15,219	(8,358)				6,861
Transportation	20-100-034-5120-067	70,700	7/1/19 - 6/30/20	(8,926)		1,534		8,926		(1,534)			
Home Instruction		152	7/1/20 - 6/30/21						(152)		(152)		
<u>Handicapped Services:</u>													
Examination & Classification	21-100-034-5120-066	28,053	7/1/20 - 6/30/21					28,053	(26,935)				1,118
Examination & Classification	20-100-034-5120-066	26,950	7/1/19 - 6/30/20	(3,314)		10,594		3,314		(10,594)			
Corrective Speech	21-100-034-5120-066	25,064	7/1/20 - 6/30/21					25,064	(10,663)				14,401
Corrective Speech	20-100-034-5120-066	19,595	7/1/19 - 6/30/20	(2,409)		7,747		2,409		(7,747)			
Supplemental Instruction	21-100-034-5120-066	28,737	7/1/20 - 6/30/21					28,737	(17,728)				11,009
Supplemental Instruction	20-100-034-5120-066	28,736	7/1/19 - 6/30/20	(3,533)		11,008		3,533		(11,008)			
Municipal Alliance Grant	N/A	2,645	7/1/19 - 6/30/20	(1,750)					(740)		(2,490)		
Total Special Revenue Fund				(26,583)	-	60,378	-	244,525	(166,875)	(60,378)	(2,642)	-	53,709

Continued

BERLIN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2021

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2020			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2021		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Agriculture													
Enterprise Fund:													
State School Lunch Program	21-100-010-3350-023	2,856	7/1/20 - 6/30/21	\$ -			\$ 2,299	\$ (2,856)		\$ (557)			
State School Lunch Program	20-100-010-3350-023	1,916	7/1/19 - 6/30/20	(11)			11	-		-			
Total Enterprise Fund				(11)	-	-	2,310	(2,856)	-	(557)	-	-	
Total State Financial Assistance				<u>\$ (487,000)</u>	<u>\$ -</u>	<u>\$ 60,378</u>	<u>\$ -</u>	<u>\$ 6,654,224</u>	<u>(6,586,688)</u>	<u>\$ (60,378)</u>	<u>\$ (473,173)</u>	<u>\$ -</u>	<u>\$ 53,709</u>
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									(1,453,792)				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)									(455,596)				
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)									(1,125)				
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08									<u>\$ (4,676,175)</u>				

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

Berlin Borough School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

I. GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Berlin Borough School District ("School District"). The School District is defined in Note 1 to the School District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, are included on the schedules of expenditures of federal awards and state financial assistance.

2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the School District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of New Jersey Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The school district has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when the expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the one or more deferred June state aid payments in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the one or two June state aid payments in the current budget year, consistent with *N.J.S.A. 18A:22-44.2*.

The net adjustment to reconcile expenditures from the budgetary basis to the GAAP basis is (\$5,766) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

Berlin Borough School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021
(Continued)

3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Continued)

Awards and financial assistance expenditures are reported in the School District's basic financial statements on a GAAP basis as presented as follows:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 6,411,191	\$ 6,411,191
Special Revenue	427,497	166,875	594,372
Food Service	<u>77,808</u>	<u>2,856</u>	<u>80,664</u>
Total	<u>\$ 505,305</u>	<u>\$ 6,580,922</u>	<u>\$ 7,086,227</u>

4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distribution, respectively. TPAF Pension Contributions represents the amount paid by the State on behalf of the School District for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2021.

6. MAJOR PROGRAMS

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

BERLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Section 1 -- Summary of Auditor's Results (Cont'd)

State Awards Section

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weakness? yes X none reported

Type of auditor's report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular Letter 15-08 as applicable? yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>21-495-034-5120-078</u>	State Aid Public Cluster: <u>Equalization Aid</u>
<u>21-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>21-495-034-5120-084</u>	<u>Security Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**BERLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Section 2 -- Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

No findings identified.

**BERLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Section 3 -- Schedule of Federal Awards and State Financial Assistance
Findings and Questioned Costs**

This section identifies the significant deficiencies, material weaknesses and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FEDERAL AWARDS:

A federal single audit was not required.

STATE AWARDS:

No findings identified.

**BERLIN BOROUGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT**

This section identifies the status of prior year findings related to the financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey Circular 15-08-OMB.

FINANCIAL STATEMENT FINDINGS

There were no prior year findings.

FEDERAL AWARDS

A federal single audit was not required.

STATE AWARDS

There were no prior year findings.