

**SCHOOL DISTRICT  
OF**

**BERLIN  
BOROUGH**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

**Berlin Borough Board of Education**

**Berlin, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**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*

*Donna DiLapo*  
*Business Administrator*  
*Board Secretary*

January 30, 2023

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, 2022 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 2021-2022 school year with an average daily enrollment of 830 students as of June 30, 2022. 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
2021-2022	816	-1.69
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

## 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/km<sup>2</sup>). There were 2,949 housing units at an average density of 821.9 per square mile (317.3/km<sup>2</sup>). 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.<sup>[8]</sup>



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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 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.<sup>[8]</sup>

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 Curricula Aligned to NJ Student Learning Standards
  - o Updated Comprehensive Physical Education and Health Standard alignment
  - o Purchase of new ELA program in grades K-4
  - o Purchase of new Math series in grades K-8
  - o Implementation of STEAM for K-8
  - o Alignment of science curriculum to Next Generation Science Standards K-8
  - o Professional development for staff in all new curricula
  
- Professional Development Initiatives
  - o Job-embedded PLCs to ensure continuous PD and student achievement
  - o Contracted Curriculum Coaches
  - o Daily morning teacher collaboration time
  
- Embedding technology in the classroom
  - o Continue to support 1:1 iPad initiative in grades K-8
  - o Interactive Panels installed in 15 classrooms
  - o 3 State of the art computer labs



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- 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

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 Kindergarten through 8th grade. Our computer labs are set up for STEAM instruction with the necessary infrastructure. Over the next four years the district will be replacing all classroom SMART Boards with Interactive Panels.

#### 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.



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## 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 on June 30, 2022.

## 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.



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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 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*

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Joseph Campisi, Ph.D  
Chief School Administrator

*Donna DiLapo*

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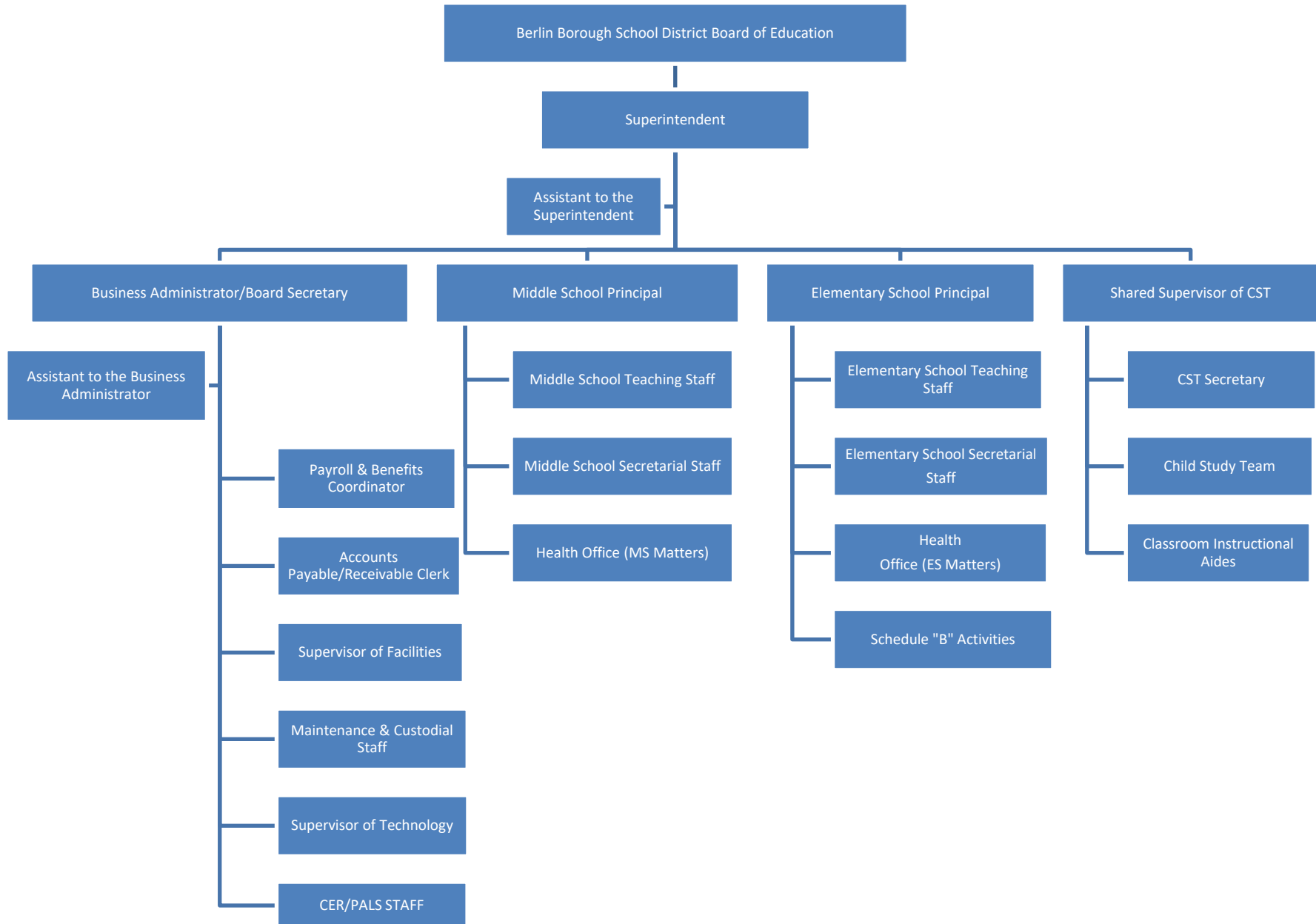
Donna DiLapo  
Business Administrator



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# BERLIN BOROUGH BOARD OF EDUCATION ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2022**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Jocelyn Lewis, President	2023
Rebecca Holland, Vice President	2022
Susan Embrey	2023
Jeannine Foster	2024
Lisa Kehoe	2022
Alison Moyer	2024
Kristen Simone	2022
Brandy Titus	2024
Joshua Zagorski	2023

**Other Officials**

Dr. Joseph Campisi, Superintendent  
John Scavelli, Interim Business Administrator/Board Secretary  
Daniel H. Long, Solicitor  
Wade, Long, Wood & Long, LLC

**BERLIN BOROUGH SCHOOL DISTRICT  
Consultants and Advisors**

**Audit Firm**

Inverso & Stewart, LLC  
651 Route 73 North, Suite 402  
Marlton, NJ 08053

**Attorney**

Daniel H. Long  
Wade, Long, Wood & Long, LLC  
1250 Chews Landing Road  
Laurel Springs, NJ 08021

**Architect**

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

**Bond Counsel**

Parker McCay P.A.  
9000 Midlantic Drive  
Mount Laurel, NJ 08054

**Official Depository**

TD Bank  
247 South White Horse Pike  
Berlin, NJ 08009

**Financial Section**



# ***INVERSO & STEWART, LLC***

**Certified Public Accountants**

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
Fax (856) 983-6674  
E-Mail: [rinverso@inversocpa.com](mailto:rinverso@inversocpa.com)

**-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 Audit of the Financial Statements**

#### ***Opinions***

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 (the "District"), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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 District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### ***Emphasis of Matter***

##### ***Adoption of New Accounting Principle***

As discussed in Note 22 to the financial statements, during the fiscal year ended June 30, 2022, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. My opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules related to accounting and reporting for pensions and other post-employment benefits, 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.

***Supplementary Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 January 30, 2023, on my consideration of the District’s internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and 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 District’s internal control over financial reporting and compliance.

Respectfully submitted,

***INVERSO & STEWART, LLC***  
Certified Public Accountants



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

Marlton, New Jersey  
January 30, 2023

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, 2022**

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, 2022. 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 assets of the School District exceeded its liabilities at the close of the most recent fiscal year by \$1,130,322 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$2,355,468. 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 \$1,534,218 from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$215,878 resulting in an ending fund balance of \$1,879,350. This decrease is largely due to the results of operations in the General Fund.
- Business-type activities have an unrestricted net position of \$470,725, 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 \$917,411 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 2023. 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 2023.

The liabilities of the primary government activities exceeded the assets by \$640,191 with an unrestricted deficit balance of \$2,355,468. The net position of the primary government does not include internal balances.

A net investment of \$1,426,902 in land, improvements, buildings, equipment and vehicles provides the services to the School District's 816 public school students. A balance of \$1,066,512 has been restricted for future capital projects, \$473,414 has been restricted for future maintenance, and \$28,831 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, 2022 and 2021**

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current assets	\$ 1,995,388	\$ 2,217,351	\$ 516,760	\$ 421,812	\$ 2,512,148	\$ 2,639,163
Capital assets	<u>2,086,050</u>	<u>1,303,586</u>	<u>19,406</u>	<u>10,967</u>	<u>2,105,456</u>	<u>1,314,553</u>
Total assets	<u>4,081,438</u>	<u>3,520,937</u>	<u>536,166</u>	<u>432,779</u>	<u>4,617,604</u>	<u>3,953,716</u>
Deferred Outflows of Resources	<u>347,754</u>	<u>291,994</u>			<u>347,754</u>	<u>291,994</u>
<b>LIABILITIES</b>						
Current liabilities	842,343	874,175	46,035	87,999	888,378	962,174
Noncurrent liabilities	<u>1,953,772</u>	<u>2,757,010</u>			<u>1,953,772</u>	<u>2,757,010</u>
Total Liabilities	<u>2,796,115</u>	<u>3,631,185</u>	<u>46,035</u>	<u>87,999</u>	<u>2,842,150</u>	<u>3,719,184</u>
Deferred Inflows of Resources	<u>992,886</u>	<u>930,422</u>			<u>992,886</u>	<u>930,422</u>
Net Position	<u>\$ 640,191</u>	<u>\$ (748,676)</u>	<u>\$ 490,131</u>	<u>\$ 344,780</u>	<u>\$ 1,130,322</u>	<u>\$ (403,896)</u>
Net Position Consists of:						
Net investment in						
Capital Assets	1,426,902	134,051	19,406	10,967	1,446,308	145,018
Restricted Assets	1,568,757	1,972,632			1,568,757	1,972,632
Unrestricted Assets	<u>(2,355,468)</u>	<u>(2,855,359)</u>	<u>470,725</u>	<u>333,813</u>	<u>(1,884,743)</u>	<u>(2,521,546)</u>
Net Position	<u>\$ 640,191</u>	<u>\$ (748,676)</u>	<u>\$ 490,131</u>	<u>\$ 344,780</u>	<u>\$ 1,130,322</u>	<u>\$ (403,896)</u>



**Berlin Borough School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>						
Charges for services	\$ -	\$ 14,761	\$ 299,547	\$ 87,281	\$ 299,547	\$ 102,042
Operating Grants and contributions	7,069,784	6,684,628	409,501	80,664	7,479,285	6,765,292
Property taxes	8,338,298	8,199,728			8,338,298	8,199,728
State aid - unrestricted	3,295,647	4,089,850			3,295,647	4,089,850
Other revenues	163,220	86,280			163,220	86,280
<b>Total Revenues</b>	<b><u>18,866,949</u></b>	<b><u>19,075,247</u></b>	<b><u>709,048</u></b>	<b><u>167,945</u></b>	<b><u>19,575,997</u></b>	<b><u>19,243,192</u></b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	6,430,401	6,173,079			6,430,401	6,173,079
Tuition	120,228	328,153			120,228	328,153
Related Services	2,031,321	1,393,917			2,031,321	1,393,917
Administrative Services	649,634	610,786			649,634	610,786
Central Services	291,484	283,478			291,484	283,478
Operations and Maintenance	844,562	1,055,595			844,562	1,055,595
Transportation	507,618	498,116			507,618	498,116
Employee benefits	6,528,109	7,838,695			6,528,109	7,838,695
Interest on debt	49,500	65,500			49,500	65,500
Other	25,225	11,264			25,225	11,264
<b>Business-Type Activities:</b>						
Community Education			149,544	117,913	149,544	117,913
Latchkey			135,819	127,620	135,819	127,620
Shared Services			-	-	-	-
Food Service			278,334	129,798	278,334	129,798
<b>Total Expenses</b>	<b><u>17,478,082</u></b>	<b><u>18,258,583</u></b>	<b><u>563,697</u></b>	<b><u>375,331</u></b>	<b><u>18,041,779</u></b>	<b><u>18,633,914</u></b>
Increase (Decrease) in Net Position before transfers	1,388,867	816,664	145,351	(207,386)	1,534,218	609,278
Transfers		(48,000)		48,000	-	-
<b>Change in Net Position</b>	<b><u>1,388,867</u></b>	<b><u>768,664</u></b>	<b><u>145,351</u></b>	<b><u>(159,386)</u></b>	<b><u>1,534,218</u></b>	<b><u>609,278</u></b>
Net Position, July 1	(748,676)	(1,544,779)	344,780	504,166	(403,896)	(1,040,613)
Prior Period Adjustment		27,439			-	27,439
Net Position, July 1 Restated	(748,676)	(1,517,340)	344,780	504,166	(403,896)	(1,013,174)
<b>Net Position, June 30</b>	<b><u>\$ 640,191</u></b>	<b><u>\$ (748,676)</u></b>	<b><u>\$ 490,131</u></b>	<b><u>\$ 344,780</u></b>	<b><u>\$ 1,130,322</u></b>	<b><u>\$ (403,896)</u></b>

**Governmental Activities**

Governmental activities increased the net position of the School District by \$1,388,867 during the current fiscal year. Key elements of the net increase for governmental activities are as follows:

- Results of operations in the governmental funds decreased \$215,878.
- Depreciation expense of \$118,263.
- Reduction of debt in the amount of \$917,411.

## **Business-type Activities**

Business-type activities increased the School District's net position by \$145,351. Key elements of the increase in net position for business-type activities are as follows:

- The Community Education and Recreation Fund had a net gain of \$5,375
- Latchkey had a net loss of \$22,228
- Food Service Fund had a net gain of \$162,204.

## **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 \$1,879,350, a decrease of \$215,878 in comparison with the prior year. Most of this decrease 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 a deficit balance of \$10,674 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) \$321,267 reserved for future budget appropriation in accordance with state statute, 2) \$1,066,512 reserved for capital projects, 3) \$473,414 reserved for maintenance, 4) \$28,831 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 \$421,880 while total fund balance (budgetary basis) was \$2,283,074. 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 \$14,756,812. Unassigned fund balance (budgetary basis) represents 2.86% of expenditures while total fund balance (budgetary basis) represents 15.47% 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, 2022, totaled \$2,032,025 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment and vehicles. The total increase in the District's investment in capital assets for the current fiscal year was \$717,472, or a 54.58% increase. The increase is due to additions less depreciation expense.

**Capital/Lease Asset (net of accumulated depreciation/amortization)  
June 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		District-Wide	
	2022	2021	2022	2021	2022	2021
Land	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 400,000
Site Improvements	22,646	27,905			22,646	27,905
Building and Building Improvements	1,455,533	781,614			1,455,533	781,614
Equipment	134,440	94,067	19,406	10,967	153,846	105,034
Leases	73,431	82,480			73,431	82,480
Net Assets	<u>\$ 2,086,050</u>	<u>\$ 1,386,066</u>	<u>\$ 19,406</u>	<u>\$ 10,967</u>	<u>\$ 2,105,456</u>	<u>\$ 1,397,033</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, 2022, the School District had \$495,000 in serial bonds payable, \$90,091 in capital leases payable, \$573,948 in compensated absences, and \$1,303,886 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 \$22,697,774. The available amount as of June 30, 2022 is \$22,202,774.

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 2022-23 fiscal year.

- For 2022-23 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$126,199 or 1.62%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2022-23 General Fund Budget is \$125,067 more than the previous year or a 0.93% increase. The tax rate for 2022 is \$1.090 which is a .004 cent decrease from the previous year.

**For the Future**

The Berlin Borough School District is in good financial condition presently. However, a major concern is maintaining aging buildings of the district with an increased reliance on local property taxes. 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, 2022**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 123,863	\$ 485,543	\$ 609,406
Accounts Receivables, net	331,599	26,713	358,312
Inventory		4,504	4,504
Restricted assets:			
Cash and cash equivalents	1,539,926		1,539,926
Capital assets, net	2,012,619	19,406	2,032,025
Right-to-use lease assets, net	73,431		73,431
Total Assets	<u>4,081,438</u>	<u>536,166</u>	<u>4,617,604</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	<u>347,754</u>	<u>-</u>	<u>347,754</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>4,429,192</u>	<u>536,166</u>	<u>4,965,358</u>
<b>LIABILITIES:</b>			
Accounts payable:			
Other	96,222		96,222
Related to pensions	134,845		134,845
Intergovernmental Accounts payable:			
State	37,282		37,282
Internal Balances	(18,605)	18,605	
Accrued Liabilities:			
Interest payable	8,250		8,250
Unearned revenue	1,139	27,430	28,569
Noncurrent liabilities:			
Due within one year	583,210		583,210
Due beyond one year	1,953,772		1,953,772
Total Liabilities	<u>2,796,115</u>	<u>46,035</u>	<u>2,842,150</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources from pensions	<u>992,886</u>	<u>-</u>	<u>992,886</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>3,789,001</u>	<u>46,035</u>	<u>3,835,036</u>
<b>NET POSITION:</b>			
Net investment in capital assets	1,426,902	19,406	1,446,308
Restricted for:			
Capital projects	1,066,512		1,066,512
Maintenance	473,414		473,414
Student Activities	28,831		28,831
Unrestricted (Deficit)	<u>(2,355,468)</u>	<u>470,725</u>	<u>(1,884,743)</u>
Total Net Position	<u>\$ 640,191</u>	<u>\$ 490,131</u>	<u>\$ 1,130,322</u>

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, 2022**

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	\$ 4,274,716	\$ -	\$ 374,883	\$ -	\$ (3,899,833)	\$ -	\$ (3,899,833)
Special Education	1,701,739		131,965		(1,569,774)		(1,569,774)
Other instruction	453,946				(453,946)		(453,946)
Support Services:							
Tuition	120,228				(120,228)		(120,228)
Student & instruction related services	2,031,321		528,901		(1,502,420)		(1,502,420)
General administrative services	322,004				(322,004)		(322,004)
School administrative services	327,630				(327,630)		(327,630)
Central administrative services	291,484				(291,484)		(291,484)
Plant operations and maintenance	844,562		79,206		(765,356)		(765,356)
Pupil transportation	507,618				(507,618)		(507,618)
Unallocated employee benefits	6,528,109		5,954,829		(573,280)		(573,280)
Interest on long-term debt	49,500				(49,500)		(49,500)
Unallocated depreciation and amortization	25,225				(25,225)		(25,225)
Total Governmental Activities	<u>17,478,082</u>	<u>-</u>	<u>7,069,784</u>	<u>-</u>	<u>(10,408,298)</u>	<u>-</u>	<u>(10,408,298)</u>
Business-Type Activities:							
Food service	278,334	31,037	409,501	-	-	162,204	162,204
Latchkey	135,819	113,591		-	-	(22,228)	(22,228)
Community education program	149,544	154,919		-	-	5,375	5,375
Total Business-Type Activities	<u>563,697</u>	<u>299,547</u>	<u>409,501</u>	<u>-</u>	<u>-</u>	<u>145,351</u>	<u>145,351</u>
Total Primary Government	<u>\$ 18,041,779</u>	<u>\$ 299,547</u>	<u>\$ 7,479,285</u>	<u>\$ -</u>	<u>(10,408,298)</u>	<u>145,351</u>	<u>(10,262,947)</u>
Community education program							
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					7,793,798		7,793,798
Taxes levied for debt service					544,500		544,500
Federal and State aid unrestricted					3,295,647		3,295,647
Miscellaneous					163,220		163,220
Special Items:							-
Transfer							-
Total general revenues, special items, extraordinary items and transfers					<u>11,797,165</u>	<u>-</u>	<u>11,797,165</u>
Change in Net Position					1,388,867	145,351	1,534,218
Net Position - July 1,					<u>(748,676)</u>	<u>344,780</u>	<u>(403,896)</u>
Net Position - June 30					<u>\$ 640,191</u>	<u>\$ 490,131</u>	<u>\$ 1,130,322</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, 2022**

<b>ASSETS</b>	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,634,958	\$ 28,831	\$ -	\$ -	\$ 1,663,789
Interfund Accounts Receivable					
General Fund		48,048			48,048
Enterprise Fund	18,605				18,605
Special Revenue Fund	196,881		16,500		213,381
Intergovernmental Accounts Receivables:					
State	59,422				59,422
Federal		232,842			232,842
Other	4,261				4,261
Other Accounts Receivable	35,074	-			35,074
<b>Total Assets</b>	<b>\$ 1,949,201</b>	<b>\$ 309,721</b>	<b>\$ 16,500</b>	<b>\$ -</b>	<b>\$ 2,275,422</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund Accounts Payable:					
Special Revenue Fund	29,443	215,486			244,929
General Fund			16,500		16,500
Intergovernmental Accounts Payable:					
State		37,282			37,282
Accounts Payable:					
Payroll Deductions and Withholdings Payable	61,406				61,406
Other	7,833	26,983			34,816
Unearned Revenue		1,139			1,139
<b>Total Liabilities</b>	<b>98,682</b>	<b>280,890</b>	<b>16,500</b>		<b>396,072</b>
Fund Balances:					
Restricted:					
Capital Reserve	1,066,512				1,066,512
Maintenance Reserve	473,414				473,414
Excess Surplus					
Student Activities		28,831			28,831
Assigned to:					
Designated for Subsequent Year's Expenditures	321,267				321,267
Unassigned	(10,674)				(10,674)
<b>Total Fund Balances</b>	<b>1,850,519</b>	<b>28,831</b>			<b>1,879,350</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,949,201</b>	<b>\$ 309,721</b>	<b>\$ 16,500</b>	<b>\$ -</b>	

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 \$16,195,714 and the accumulated depreciation is \$14,183,095. 2,012,619

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$90,883 and the accumulated amortization is \$17,452. 73,431

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, 2023 required PERS contribution that is not to be liquidated with current financial resources. (134,845)

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	\$ 347,754	
Net Pension Liability	(1,303,886)	
Deferred Inflows of resources from Pensions	(992,886)	(1,949,018)

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	(495,000)	
Financed Purchases Payable	(90,091)	
Leases Payable	(74,057)	
Compensated Absences Payable	(573,948)	(1,233,096)

Net position of governmental activities \$ 640,191

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**for the Fiscal Year Ended June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local property tax levy	\$ 7,793,798	\$ -	\$ -	\$ 544,500	\$ 8,338,298
Tuition charges	36,729				36,729
Miscellaneous revenues	126,491				126,491
Federal sources		839,983			839,983
State sources	7,342,407	197,635			7,540,042
Local Sources		77,337			77,337
<b>Total revenues</b>	<b>15,299,425</b>	<b>1,114,955</b>	<b>-</b>	<b>544,500</b>	<b>16,958,880</b>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	3,864,875	374,883			4,239,758
Special education instruction	1,569,774	131,965			1,701,739
Other instruction	453,946				453,946
Support services and undistributed costs:					
Tuition	120,228				120,228
Student & instruction related services	1,503,692	527,629			2,031,321
General administrative services	318,266				318,266
School administrative services	327,630				327,630
Central services	290,611				290,611
Information Technology					
Plant operations and maintenance	794,455				794,455
Pupil transportation	507,618				507,618
Unallocated employee benefits	4,902,414	33,126			4,935,540
Capital outlay	103,303	46,080	759,763		909,146
Debt service:					
Principal				495,000	495,000
Interest and other charges				49,500	49,500
<b>Total expenditures</b>	<b>14,756,812</b>	<b>1,113,683</b>	<b>759,763</b>	<b>544,500</b>	<b>17,174,758</b>
Excess (deficiency) of revenues over (under) expenditures	542,613	1,272	(759,763)		(215,878)
Other Financing Sources (Uses):					
Operating transfer in	106,237		866,000		972,237
Operating transfer out	(866,000)		(106,237)		(972,237)
<b>Total other financing sources (uses)</b>	<b>(759,763)</b>		<b>759,763</b>		
Net change in fund balance	(217,150)	1,272			(215,878)
Fund balances, July 1	2,067,669	27,559			2,095,228
<b>Fund balances, June 30</b>	<b>\$ 1,850,519</b>	<b>\$ 28,831</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,879,350</b>

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, 2022**

Total net change in fund balances - governmental funds (from B-2) \$ (215,878)

Amounts reported for governmental activities in the statement of activities (A-2)  
are different because:

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.

Depreciation expense	\$ (118,263)	
Fixed Asset Additions	<u>827,296</u>	709,033

Capital outlays related to leases 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 amortization expense. This is the amount by which capital outlays exceeded amortization in the current fiscal year.

Amortization expense	\$ (17,452)	
Fixed Asset Additions	<u>8,403</u>	(9,049)

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. 495,000

The proceeds of a lease is an other financing source of revenue in the governmental funds but is not reported in the statement of activities. (8,403)

Repayment of the financed purchases 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. 89,444

Repayment of leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 16,826

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. -

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 315,500

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 (+). (3,606)

Change in net position of governmental activities \$ 1,388,867

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

**Business-type Activities**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Food Service Program</b>	<b>Protect All Latchkey Students (PALS)</b>	<b>Community Education and Recreation</b>	
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 165,309	\$ 193,447	\$ 126,787	\$ 485,543
Accounts receivable	26,713			26,713
Inventories	4,504			4,504
<b>Total current assets</b>	<b>196,526</b>	<b>193,447</b>	<b>126,787</b>	<b>516,760</b>
Noncurrent assets:				
Equipment	91,247			91,247
Less accumulated depreciation	(71,841)			(71,841)
<b>Total noncurrent assets</b>	<b>19,406</b>			<b>19,406</b>
<b>Total assets</b>	<b>215,932</b>	<b>193,447</b>	<b>126,787</b>	<b>536,166</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	-	-
Interfund payable	18,605			18,605
Unearned revenue	6,860	13,370	7,200	27,430
<b>Total liabilities</b>	<b>25,465</b>	<b>13,370</b>	<b>7,200</b>	<b>46,035</b>
<b>NET POSITION</b>				
Net investment in capital assets	19,406			19,406
Unrestricted	171,061	180,077	119,587	470,725
<b>Total net position</b>	<b>\$ 190,467</b>	<b>\$ 180,077</b>	<b>\$ 119,587</b>	<b>\$ 490,131</b>

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, 2022**

	<b>Business-type Activities</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	
<b>Operating revenues:</b>				
Charges for services:				
Daily sales-reimbursable programs	\$ 178	\$ -	\$ -	\$ 178
Daily sales-non-reimbursable programs	30,859			30,859
Program Fees		113,591	154,919	268,510
Total operating revenue	31,037	113,591	154,919	299,547
<b>Operating expenses:</b>				
Salaries	82,625	93,378	65,561	241,564
Employee Benefits	15,038	40,203	6,350	61,591
Supplies and materials	15,795	274	3,458	19,527
Depreciation	2,444			2,444
Purchased services	22,550	1,792	7,248	31,590
Cost of sales - reimbursable programs	120,835			120,835
Cost of sales - non-reimbursable programs	9,371			9,371
Miscellaneous	1,695	172	66,927	68,794
Direct expenses	6,623			6,623
Repairs and maintenance	1,358			1,358
Total operating expenses	278,334	135,819	149,544	563,697
Operating income (loss)	(247,297)	(22,228)	5,375	(264,150)
<b>Nonoperating revenues (expenses):</b>				
State sources:				
State school lunch program	7,774			7,774
Federal sources:				
National school lunch program	340,507			340,507
National school breakfast program	30,831			30,831
U.S.D.A. commodities	30,389			30,389
Board subsidy				
Total nonoperating revenues (expenses)	409,501			409,501
Change in net position	162,204	(22,228)	5,375	145,351
Total net position - July 1	28,263	202,305	114,212	344,780
Total net position - June 30	\$ 190,467	\$ 180,077	\$ 119,587	\$ 490,131

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, 2022**

**Business-type Activities**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Food Service Program</b>	<b>Protect All Latchkey Students (PALS)</b>	<b>Community Education and Recreation</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 27,752	\$ 117,744	\$ 152,919	\$ 298,415
Payments to employees	(97,663)	(133,581)	(71,911)	(303,155)
Payments to suppliers	(177,473)	(27,238)	(77,633)	(282,344)
Net cash used for operating activities	<u>(247,384)</u>	<u>(43,075)</u>	<u>3,375</u>	<u>(287,084)</u>
<b>Cash flows from noncapital financing activities:</b>				
State sources	7,773			7,773
Federal sources	373,351			373,351
Board subsidy				-
Net cash provided by non-capital financing activities	<u>381,124</u>			<u>381,124</u>
<b>Cash flows from capital activities:</b>				
Purchases of fixed assets	(10,883)			(10,883)
	<u>(10,883)</u>			<u>(10,883)</u>
<b>Cash flows from investing activities:</b>				
Interest and dividends				
Net cash provided by investing activities				
Net increase in cash and cash equivalents	122,857	(43,075)	3,375	83,157
Balances - July 1	<u>42,452</u>	<u>236,522</u>	<u>123,412</u>	<u>402,386</u>
Balances - June 30	<u>\$ 165,309</u>	<u>\$ 193,447</u>	<u>\$ 126,787</u>	<u>\$ 485,543</u>
Reconciliation of operating loss to net cash provided				
(used) by operating activities:				
Operating income (loss)	\$ (247,297)	\$ (22,228)	\$ 5,375	\$ (264,150)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	2,444			2,444
Federal commodities	30,389			30,389
(Increase) decrease in inventories	4,802			4,802
Increase (decrease) in unearned revenue	(3,285)	4,153	(2,000)	(1,132)
Increase (decrease) in interfunds payable	(19,922)	(25,000)		(44,922)
Increase (decrease) in accounts payable	(14,515)			(14,515)
Total adjustments	<u>(87)</u>	<u>(20,847)</u>	<u>(2,000)</u>	<u>(22,934)</u>
Net cash provided by (used for) operating activities	<u>\$ (247,384)</u>	<u>\$ (43,075)</u>	<u>\$ 3,375</u>	<u>\$ (287,084)</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, 2022**

**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, 2022 of 816 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, 2022**

**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, 2022**

**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

**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, 2022**

**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, 2022**

**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, 2022**

**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, 2022 and 2021 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, 2022.

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, 2022**

**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

**Lease Assets** - Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

**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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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:

**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, 2022.

**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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 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.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

**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 \$2,641,242 as of June 30, 2022, \$250,000 was insured under FDIC and the remaining balance of \$2,391,242 was collateralized under GUDPA.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**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, 2021 to June 30, 2022 fiscal year is as follows:

Balance - June 30, 2021		\$ 1,476,276
Increased by:		
Interest Earned	\$ -	
Unspent Appropriation	106,236	
Board Resolution	350,000	456,236
		1,932,512
Decreased by:		
Budget Withdrawal		866,000
Balance - June 30, 2022		\$ 1,066,512

The June 30, 2022 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**4. RECEIVABLES**

Receivables at June 30, 2022 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.

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	\$ -	\$ 232,842	\$ -	\$ 26,155	\$ 258,997
State Aid	59,422	-	-	558	59,980
Other	39,335	-	-	-	39,335
	\$ 98,757	\$ 232,842	\$ -	\$ 26,713	\$ 358,312



**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Governmental Activities:</b>				
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	759,763		14,819,164
Equipment	637,407	67,533	(25,979)	678,961
Total Historical Cost	<u>14,994,397</u>	<u>827,296</u>	<u>(25,979)</u>	<u>15,795,714</u>
Less Accumulated Depreciation:				
Site Improvements	(269,684)	(5,259)		(274,943)
Building and Improvements	(13,277,787)	(85,844)		(13,363,631)
Equipment	(543,340)	(27,160)	25,979	(544,521)
Total Accumulated Depreciation	<u>(14,090,811)</u>	<u>(118,263)</u>	<u>25,979</u>	<u>(14,183,095)</u>
Total Capital Assets, being depreciated, net	<u>903,586</u>	<u>709,033</u>		<u>1,612,619</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,303,586</u>	<u>\$ 709,033</u>	<u>\$ -</u>	<u>\$ 2,012,619</u>
<b>Business-Type Activities:</b>				
Equipment	\$ 80,364	\$ 10,883	\$ -	\$ 91,247
Less - Accumulated Depreciation	<u>(69,397)</u>	<u>(2,444)</u>		<u>(71,841)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,967</u>	<u>\$ 8,439</u>	<u>\$ -</u>	<u>\$ 19,406</u>

Depreciation expense in the amount of \$118,263 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 16,518
Administration	1,993
Plant Operations and Maintenance	74,527
Unallocated	25,225
	<u>\$ 118,263</u>

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**6. LEASE ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	<b>(Restated) Balance June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
<b>Governmental Activities:</b>				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ 82,480	\$ 8,403	\$ -	\$ 90,883
Total Lease Assets Being Amortized	<u>82,480</u>	<u>8,403</u>	<u>-</u>	<u>90,883</u>
Governmental Activities Lease Assets	<u>82,480</u>	<u>8,403</u>	<u>-</u>	<u>90,883</u>
Less Accumulated Amortization for:				
Machinery and Equipment		(17,452)	-	(17,452)
Total Accumulated Amortization	<u>-</u>	<u>(17,452)</u>	<u>-</u>	<u>(17,452)</u>
Governmental Activities Lease Assets, Net	<u>\$ 82,480</u>	<u>\$ (9,049)</u>	<u>\$ -</u>	<u>\$ 73,431</u>

Amortization expense in the amount of \$17,452 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 14,834
Administration	1,745
Central Services	<u>873</u>
	<u>\$ 17,452</u>

**7. INVENTORY**

Inventory in the Proprietary Funds at June 30, 2022 consisted of the following:

	<u>Food Service</u>
Food	\$ 2,986
Supplies	<u>1,518</u>
	<u>\$ 4,504</u>

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**8. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2022, the following changes occurred in long-term obligations:

	<b>(Restated) Balance June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>	<b>Amounts Due Within One Year</b>
General Obligation Bonds	\$ 990,000	\$ -	\$ 495,000	\$ 495,000	\$ 495,000
Financed Purchases Payable	179,535		89,444	90,091	69,091
Compensated Absences	570,342	3,606		573,948	
Leases Payable	82,480	8,403	16,826	74,057	19,119
Net Pension Liability	1,632,036		328,150	1,303,886	
	<u>\$ 3,454,393</u>	<u>\$ 12,009</u>	<u>\$ 929,420</u>	<u>\$ 2,536,982</u>	<u>\$ 583,210</u>

**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 \$495,000 due in annual installments through March 1, 2023, bearing an interest rate of 5.00%.

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>
2023	\$ 495,000	\$ 24,750	\$ 519,750
Total	<u>\$ 495,000</u>	<u>\$ 24,750</u>	<u>\$ 519,750</u>

As of June 30, 2022, 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.

**Financed Purchases Payable**

As of June 30, 2022, the District had the following financed purchases:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Networking Equipment	August 1, 2023	0.00%	\$ 46,000
Computer Equipment	August 25, 2022	1.49%	44,091
			<u>\$ 90,091</u>

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**8. LONG-TERM OBLIGATIONS (Continued)**

**Financed Purchases Payable (Continued)**

The following is a schedule of the future payments due for financed purchase agreements:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 69,091	\$ 657	\$ 69,748
2024	21,000		21,000
	<u>\$ 90,091</u>	<u>\$ 657</u>	<u>\$ 90,748</u>

**Leases Payable**

As of June 30, 2022, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Postage Meter	April 1, 2027	3.00%	\$ 7,992
Copiers	April 1, 2027	3.00%	66,065
Total			<u>\$ 74,057</u>

The future annual lease payments as of June 30, 2022, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 19,119	\$ 1,908	\$ 21,027
2024	18,992	1,333	20,325
2025	19,056	768	19,824
2026	12,446	251	12,697
2027	4,444	49	4,493
Total	<u>\$ 74,057</u>	<u>\$ 4,308</u>	<u>\$ 78,365</u>

**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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

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

*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.

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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 2022. 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, 2022 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, 2021, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2022 was \$1,438,248 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2022 were \$446,327.

*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.

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

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

At June 30, 2022, 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, 2022, the School District recognized pension expense of 555,189 and revenue of \$555,189 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.

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

	<u>06/30/21</u>	<u>06/30/20</u>
Collective deferred outflows of resources	\$ 6,230,825,389	\$ 9,458,881,999
Collective deferred inflows of resources	27,221,092,460	14,424,322,612
Collective net pension liability (Non-Employer – State of New Jersey)	48,165,991,182	65,993,498,688
State's portion of the net pension liability that was associated with the School District	23,594,514	33,848,002
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0490783604%	.0514026130%

*Actuarial assumptions* - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

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

*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, 2021) 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.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	.95%
Risk Mitigation Strategies	3.00%	3.35%
	<u>100.00%</u>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 7.000% as of June 30, 2021. 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 100% 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. Therefore, the long-term expected rate of return on plan investments was applied 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, 2021, 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 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%) that the current rate:

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS)**

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	27,916,251	23,594,514	19,964,526
	\$ 27,916,251	\$ 23,594,514	\$ 19,964,526

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.

*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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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.



**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

*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, 2021, the School Districts contractually required contribution to the pension plan for the fiscal year ended June 30, 2022 was \$128,899 and was paid by April 1, 2022. School District employee contributions to the pension plan during the fiscal year ended June 30, 2022 were \$63,883.

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>
2022	\$ 15,608	\$ 107,350	\$ 5,941	\$ -	\$ 128,899
2021	12,499	91,691	5,292	-	109,482
2020	9,942	92,003	5,493	431	107,869

*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, 2022, the School District reported a liability of \$1,303,886 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

For the year ended June 30, 2022, the School District recognized pension expense of (\$144,781). At June 30, 2022, the School District reported a liability of \$1,303,886 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	\$ 20,564	\$ 9,334
Changes of assumptions	6,791	464,192
Net Difference between projected and actual earnings on pension plan investments		343,478
Changes in proportion	185,554	175,882
District contributions subsequent to the measurement date	134,845	
<b>Total</b>	<b>\$ 347,754</b>	<b>\$ 992,886</b>

\$134,845 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, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net liability in the year ended June 30, 2022.

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
2023	\$ (357,431)
2024	(207,448)
2025	(149,505)
2026	(70,377)
2027	4,786
<b>Total</b>	<b>\$ (779,975)</b>

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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, 2016	5.57	-
June 30, 2017	5.48	-
June 30, 2018	-	5.63
June 30, 2019	5.21	
June 30, 2020	5.16	-
June 30, 2021	5.13	5.13
Changes of assumptions		
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
June 30, 2021	5.13	
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2016	-	5.00
June 30, 2017	-	5.00
June 30, 2018	-	5.00
June 30, 2019	-	5.00
June 30, 2020	-	5.00

**Additional Information**

Collective balances at June 30, 2021 and 2020 are as follows:

	<u>6/30/2021</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$ 818,359,815	\$ 2,590,600,991
Collective deferred inflows of resources	\$ 11,243,411,487	\$ 12,009,239,423
Collective net pension liability	\$ 11,972,782,878	\$ 16,435,616,426
School District's Proportion	.0100650790%	.0100079568%

*Actuarial assumptions* - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2021) 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.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Market Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.95%
Risk Mitigation Strategies	3.00%	3.35%
Total	<u>100.00%</u>	

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**9. PENSION PLANS (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

*Discount rate.* The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2021. 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 and nonemployer contributing entity will be made 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 all projected benefit payments to determining 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, 2021, 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School District's proportionate share of the net pension liability	\$ 1,775,628	\$ 1,303,886	\$ 903,546

*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.

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>
2022	\$ 14,502	\$ 14,502
2021	13,557	13,557
2020	15,565	15,565

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description and Benefits Provided**

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits. 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>

**Contributions**

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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 Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP).

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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. The State, as a nonemployer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

**Plan Membership**

As of June 30, 2020, the program membership consisted of the following:

Active Plan Members	213,901
Retirees	150,427
	364,328
	364,328

**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 for qualified retired PERS and TPAF participants. The School District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASB 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. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget webpage: [nj.gov/treasury/omb/fr.shtml](http://nj.gov/treasury/omb/fr.shtml).

*Actuarial assumptions and other imputes* - The total OPEB liability in the June 30, 2021 actuarial valuation reported by the State in the State's most recently issued ACFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

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	2.75 – 5.65% based on service years	3.00 - 7.00% based on service years	Not Applicable

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using the Scale MP-2021. 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-2021. 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 Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The actuarial assumptions used in the June 30, 2020 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 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

*Discount Rate* - The discount rate for June 30, 2021 was 2.16%. 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, 2020	\$ 38,039,286
Changes for the years'	
Service Cost	1,673,889
Interest	848,082
Changes of benefit terms	(34,797)
Differences between expected and actual experience	(7,219,668)
Changes in assumptions	32,254
Gross Benefit Payments	(668,051)
Contributions from the Non-employer	N/A
Contributions from the Member	21,681
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ (5,346,610)
Balance at 06/30/2021	\$ 32,692,676

**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, 2021, respectively, 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:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 39,160,694	\$ 32,692,676	\$ 27,599,500



**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Sensitivity of the total nonemployer OPEB liability to changes in the healthcare cost trend rate** - The following presents the total nonemployer OPEB liability as of June 30, 2021 calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 26,464,827	\$ 32,692,676	\$ 41,056,216

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

For the year ended June 30, 2021, the School District recognized \$1,497,661 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, 2021 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	\$ -	\$ (1,868,557)
Differences between expected and actual experience	4,928,276	(9,811,653)
Changes of assumptions	5,545,898	(3,507,620)
<b>Total</b>	<b>\$ 10,474,174</b>	<b>\$ (15,187,830)</b>

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:		
2022		\$ (1,067,169)
2023		(1,067,169)
2024		(1,067,169)
2025		(1,067,169)
2026		(758,742)
Thereafter		313,762
<b>Total</b>		<b>\$ (4,713,656)</b>

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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2022, 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 \$2,025,103, \$473,146, and \$1,019 respectively. In addition, \$432,537 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.

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.

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**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, 2022, the liability for compensated absences in the governmental activities fund types was \$573,948.

**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, 2022:

<u>Fund</u>	<u>Interfunds Receivable</u>	<u>Interfunds Payable</u>
General	\$ 215,486	\$ 29,443
Special Revenue	48,048	215,486
Capital Projects	16,500	16,500
Proprietary	-	18,605
	<u>\$ 280,034</u>	<u>\$ 280,034</u>

**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, 2022, 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.

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**17. FLEXIBLE BENEFITS PROGRAM (Continued)**

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>
2021-2022	\$ -	\$ 23,075	\$ 21,116	\$ 5,253
2020-2021	-	15,435	14,168	3,294
2019-2020	-	11,310	9,283	2,027

**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.

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 \$31,242 from the annual service charge in lieu of payment of taxes in 2021. The assessed value on these tax exemption properties amounted to \$3,002,300 which would have resulted in 2021 taxes billed in full of \$99,376. Of this amount, \$32,845 would have been allocated to the District.

**19. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$10,674 in the General Fund as of June 30, 2022 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable.

Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022**

**19. DEFICIT UNASSIGNED FUND BALANCE (Continued)**

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$10,674 is equal to or less than the June state aid payments.

**20. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2022, a deficit of \$2,355,468 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, 2022	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds):	
Fund Balance – Unassigned	\$ (10,674)
Fund Balance - Assigned	321,267
Liabilities:	
Accrued Interest Payable	(8,250)
Net Pension Difference	(2,083,863)
Compensated Absences	<u>(573,948)</u>
Unrestricted Net Position (Deficit)	<u>\$ (2,355,468)</u>

**21. FUND BALANCES**

*RESTRICTED*

**General Fund:**

**Capital Reserve** – As of June 30, 2022, the balance in the capital reserve account is \$1,066,512. This amount is restricted for future capital projects in the School District’s approved Long-Range Facilities Plan.

**Maintenance Reserve Account** – As of June 30, 2022, the balance in the maintenance reserve account is \$473,414. Of this amount \$75,000 has been appropriated and anticipated as revenue in the 2022-2023 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).

**Special Revenue Fund:**

**Student Activities** – As of June 30, 2022, the balance in student activities is \$28,831.

*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 \$321,267 and included as an anticipated revenue for the fiscal year ending June 30, 2023.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2022**

**21. FUND BALANCES (Continued)**

*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, 2022, the unassigned fund balance of the general fund is a deficit of \$10,674. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 19).

**22. PRIOR PERIOD ADJUSTMENT**

GASB Statement No. 87, *Leases* was implemented during the fiscal year ended June 30, 2022. As a result of this implementation, a right-to-use asset and a lease liability were created. The ending balances as of June 30, 2021, were restated due to this implementation as follows:

	<u>Balance June 30, 2021 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance June 30, 2021 as Restated</u>
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Lease Assets, Net	\$ -	\$ 82,480	\$ 82,480
Total Assets	3,520,937	82,480	3,603,417
Noncurrent Liabilities:			
Due Within One Year	614,903	16,416	631,319
Due Beyond One Year	2,757,010	66,064	2,823,074
Total Liabilities	3,631,185	82,480	3,713,665

**23. SUBSEQUENT EVENTS**

At a special election held on December 13, 2022, the legal voters of Borough of Berlin approved \$19,699,285 for various improvements to school facilities. The District is planning to issue \$19,699,000 in School Bonds to finance the project.

Required Supplementary Information - Part II

Budgetary Comparison Schedules



**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 7,793,798	\$ -	\$ 7,793,798	\$ 7,793,798	\$ -
Tuition from other LEA's within state	14,670	-	14,670	35,675	21,005
Tuition from Individuals				1,054	1,054
Capital Reserve interest	500	-	500		(500)
Maintenance Reserve interest	100	-	100		(100)
Other restricted miscellaneous revenue	48,000	-	48,000	48,000	-
Unrestricted miscellaneous revenue	15,000	-	15,000	78,491	63,491
<b>Total local sources</b>	<b>7,872,068</b>	<b>-</b>	<b>7,872,068</b>	<b>7,957,018</b>	<b>84,950</b>
State sources:					
Categorical Special Education aid	521,625	-	521,625	521,625	-
Equalization aid	3,532,674	-	3,532,674	3,532,674	-
Categorical Security Aid	98,331	-	98,331	98,331	-
Transportation Aid	254,835	-	254,835	254,835	-
Extraordinary Aid				3,976	3,976
Additional Nonpublic Transportation aid				5,682	5,682
School Security Grant - Alyssa's Law		29,463	29,463	29,463	-
On-behalf TPAF pension contributions (non-budgeted)				2,025,103	2,025,103
On-behalf TPAF pension post medical contributions (non-budgeted)				473,146	473,146
On-behalf TPAF - LTDI (non-budgeted)				1,019	1,019
Reimbursed TPAF social security contributions (non-budgeted)				432,537	432,537
<b>Total state sources</b>	<b>4,407,465</b>	<b>29,463</b>	<b>4,436,928</b>	<b>7,378,391</b>	<b>2,941,463</b>
<b>TOTAL REVENUES</b>	<b>12,279,533</b>	<b>29,463</b>	<b>12,308,996</b>	<b>15,335,409</b>	<b>3,026,413</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	357,164	(62,301)	294,863	294,655	208
Grades 1-5	2,175,268	(304,766)	1,870,502	1,865,978	4,524
Grades 6-8	1,242,537	64,163	1,306,700	1,306,001	699
<b>Total Instruction</b>	<b>3,774,969</b>	<b>(302,904)</b>	<b>3,472,065</b>	<b>3,466,634</b>	<b>5,431</b>
Regular Programs - Home Instruction:					
Salaries of teachers	5,000	(5,000)			
Purchased prof. and educational services	1,000	5,000	6,000	2,750	3,250
<b>Total Home Instruction</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>	<b>2,750</b>	<b>3,250</b>
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	5,550	(5,550)			
Purchased prof. and educational services	193,513	(32,100)	161,413	144,588	16,825
Purchased technical services	2,500	-	2,500		2,500
Other purchased services	62,047	24,139	86,186	86,063	123
General supplies	141,229	5,250	146,479	142,706	3,773
Textbooks	24,575	-	24,575	22,134	2,441
<b>Total Undistributed Instruction</b>	<b>429,414</b>	<b>(8,261)</b>	<b>421,153</b>	<b>395,491</b>	<b>25,662</b>
<b>Total - Regular Programs - Instruction</b>	<b>4,210,383</b>	<b>(311,165)</b>	<b>3,899,218</b>	<b>3,864,875</b>	<b>34,343</b>
Special Educ Instruction: Learning and/or Lang. Disabilities					
Salaries of teachers	152,184	14,501	166,685	166,650	35
Other salaries for instruction	84,283	(54,041)	30,242	22,657	7,585
Purchased prof. and educational services	21,500	(15,000)	6,500	2,540	3,960
Other purchased services	500	-	500		500
General Supplies	1,000	-	1,000	775	225
<b>Total Learning and/or Language Disabilities</b>	<b>259,467</b>	<b>(54,540)</b>	<b>204,927</b>	<b>192,622</b>	<b>12,305</b>

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  
General Fund  
Fiscal Year Ended June 30, 2022**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	\$ 122,102	\$ (51,911)	\$ 70,191	\$ 70,130	\$ 61
Other salaries for instruction	14,822	(14,787)	35		35
Purchased prof. and educational services	8,500	(1,300)	7,200	2,713	4,487
General Supplies	3,500	600	4,100	3,797	303
<b>Total Multiple Disabilities</b>	<b>148,924</b>	<b>(67,398)</b>	<b>81,526</b>	<b>76,640</b>	<b>4,886</b>
Special Educ Instruction: Resource Room/Resource Center					
Salaries of teachers	1,001,335	8,200	1,009,535	1,004,592	4,943
Other salaries for instruction	118,314	(20,907)	97,407	94,246	3,161
Purchased prof. and educational services	18,000	58,250	76,250	76,184	66
General Supplies	6,000	750	6,750	6,709	41
<b>Total Resource Room/Resource Center</b>	<b>1,143,649</b>	<b>46,293</b>	<b>1,189,942</b>	<b>1,181,731</b>	<b>8,211</b>
Special Educ Instruction: Preschool Disabilities - PT					
Salaries of teachers	66,282	5,200	71,482	69,751	1,731
Other salaries for instruction	30,909	15,357	46,266	45,079	1,187
Purchased prof. and educational services	1,500	1,400	2,900	2,195	705
General Supplies	1,500	350	1,850	1,756	94
<b>Total Preschool Disabilities - Part-Time</b>	<b>100,191</b>	<b>22,307</b>	<b>122,498</b>	<b>118,781</b>	<b>3,717</b>
<b>Total Special Education - Instruction</b>	<b>1,652,231</b>	<b>(53,338)</b>	<b>1,598,893</b>	<b>1,569,774</b>	<b>29,119</b>
Basic Skills/Remedial - Instruction					
Salaries of teachers	-	308,340	308,340	303,890	4,450
Purchased prof. and educational services	35,300	(820)	34,480	23,510	10,970
General supplies	500	120	620	579	41
<b>Total Basic Skills/Remedial - Instruction</b>	<b>35,800</b>	<b>307,640</b>	<b>343,440</b>	<b>327,979</b>	<b>15,461</b>
Bilingual Education - Instruction					
Salaries of teachers	-	12,477	12,477	12,437	40
<b>Total Bilingual Education - Instruction</b>	<b>-</b>	<b>12,477</b>	<b>12,477</b>	<b>12,437</b>	<b>40</b>
School-Sponsored Cocurricular Act - Inst.					
Salaries	20,546	18,400	38,946	38,848	98
Other Objects		-			-
<b>Total School-Sponsored Cocurr. Act. - Inst</b>	<b>20,546</b>	<b>18,400</b>	<b>38,946</b>	<b>38,848</b>	<b>98</b>
School-Sponsored Athletics - Inst.					
Salaries	54,031	-	54,031	54,031	-
Purchased Services		-			-
Supplies and materials	7,000	8,485	15,485	14,633	852
Other objects	5,500	750	6,250	6,018	232
<b>Total School-Sponsored Athletics - Inst</b>	<b>66,531</b>	<b>9,235</b>	<b>75,766</b>	<b>74,682</b>	<b>1,084</b>
Undistributed Expenditures - Instruction					
Tuition other LEAS regular w/i state	28,264	37,662	65,926	51,588	14,338
Tuition other LEAS spec. ed. w/i state		-			-
Tuition to CSSD & reg. day schools	96,653	-	96,653	21,739	74,914
Tuition to priv. sch. for the disabled w/i state	172,972	(66,513)	106,459	46,901	59,558
Tuition to priv. sch. for the disabled out of state		-			-
Tuition - other		-			-
<b>Total Undistributed Expenditures - Instruction</b>	<b>297,889</b>	<b>(28,851)</b>	<b>269,038</b>	<b>120,228</b>	<b>148,810</b>
Undistributed Expenditures - Attend. and Social Work					
Salaries	63,036	(63,017)	19		19
<b>Total Undistributed Expenditures - Attendance</b>	<b>63,036</b>	<b>(63,017)</b>	<b>19</b>	<b>-</b>	<b>19</b>

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**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services					
Salaries	\$ 107,862	\$ 37,330	\$ 145,192	\$ 145,152	\$ 40
Purchased professional & tech. services	17,000	(3,230)	13,770	7,696	6,074
Supplies and materials	1,500	3,300	4,800	4,515	285
Other objects	450	-	450	356	94
<b>Total Undistributed Expenditures - Health Svcs.</b>	<b>126,812</b>	<b>37,400</b>	<b>164,212</b>	<b>157,719</b>	<b>6,493</b>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	198,617	(12,842)	185,775	185,004	771
Purchased prof. and educational services	76,362	28,300	104,662	104,641	21
Supplies and Materials	3,700	(700)	3,000	1,533	1,467
<b>Total Undst. Expend. - Speech, OT, PT &amp; Related Services</b>	<b>278,679</b>	<b>14,758</b>	<b>293,437</b>	<b>291,178</b>	<b>2,259</b>
Undist. Expend. - Other Supp. Serv. Stud. - Extra. Serv.					
Salaries	145,669	23,995	169,664	168,698	966
Purchased professional & educ. services	16,400	3,010	19,410	17,644	1,766
Supplies and Materials		-		-	-
<b>Total Undst. Expend. - Other Supp. Serv. Stud. - Extra. Serv.</b>	<b>162,069</b>	<b>27,005</b>	<b>189,074</b>	<b>186,342</b>	<b>2,732</b>
Undist. Expend. - Other Supp. Serv. Stud. - Guidance					
Salaries of other professional staff	127,869	14,817	142,686	142,594	92
Purchased professional & educ. services	2,000	-	2,000	1,750	250
Supplies and Materials	750	3,400	4,150	3,970	180
<b>Total Undst. Expend. - Other Supp. Serv. Stud. - Guidance</b>	<b>130,619</b>	<b>18,217</b>	<b>148,836</b>	<b>148,314</b>	<b>522</b>
Undist. Expend. - Other Supp. Serv. Stud. - Child Study Teams					
Salaries of other professional staff	196,087	7,083	203,170	203,123	47
Salaries of secretarial and clerical assistants	43,586	-	43,586	43,163	423
Purchased professional & educ. services	125,922	-	125,922	124,722	1,200
Other purchased prof. and tech. services	8,650	-	8,650	5,192	3,458
Residential Costs	1,000	(1,000)			-
Miscellaneous purchased services		500	500	-	500
Supplies and materials	7,370	-	7,370	6,280	1,090
Other Objects	1,000	(1,000)			-
<b>Total Undst. Exp. - Other Supp. Serv. Stud. - Child Study Teams</b>	<b>383,615</b>	<b>5,583</b>	<b>389,198</b>	<b>382,480</b>	<b>6,718</b>
Undist. Expend. - Improvement of Instr. Services					
Salaries of other professional staff	40,000	3,500	43,500	16,975	26,525
Salaries of secretarial and clerical assistants		-			-
Purchased prof. and educational services	116,178	(23,618)	92,560	13,725	78,835
Other purchased services	1,000	-	1,000		1,000
Supplies and materials	1,000	-	1,000	820	180
Other objects	1,000	1,500	2,500	1,738	762
<b>Total Undst. Expend. - Improvement of Instr. Services</b>	<b>159,178</b>	<b>(18,618)</b>	<b>140,560</b>	<b>33,258</b>	<b>107,302</b>
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	111,779	4,800	116,579	112,843	3,736
Purchased professional & tech. services	52,951	-	52,951	52,920	31
Other purchased services	59,297	58,827	118,124	117,954	170
Supplies and materials	8,500	(5,325)	3,175	324	2,851
Other Objects	700	-	700	695	5
<b>Total Undst. Expend. - Educ. Media Serv./Sch. Library</b>	<b>233,227</b>	<b>58,302</b>	<b>291,529</b>	<b>284,736</b>	<b>6,793</b>

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**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

(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	\$ 10,000	\$ -	\$ 10,000	\$ 6,032	\$ 3,968
Purchased prof. and educational services	15,000	(2,989)	12,011	9,286	2,725
Other purchased services	2,250	2,989	5,239	4,347	892
<b>Total Undst. Expend. - Instructional Staff Training Services</b>	<b>27,250</b>	<b>-</b>	<b>27,250</b>	<b>19,665</b>	<b>7,585</b>
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	155,302	31,315	186,617	174,246	12,371
Legal services	85,000	(6,641)	78,359	69,629	8,730
Audit fees	21,000	-	21,000	20,700	300
Architectural/Engineering Fees	3,500	6,640	10,140	8,035	2,105
Other purchased professional services	11,100	-	11,100	8,826	2,274
Purchased technical services		-			-
Communications / telephone	16,111	-	16,111	13,916	2,195
BOE Other purchased services	1,150	150	1,300	1,299	1
Miscellaneous purchased services	13,500	(150)	13,350	10,792	2,558
General supplies	3,500	-	3,500	3,428	72
BOE In-House Training/Meeting Supplies	200	-	200	134	66
Miscellaneous expenditures	3,500	-	3,500	1,940	1,560
BOE Membership Dues and Fees	5,400	-	5,400	5,321	79
<b>Total Undst. Expend. - Supp. Serv. General Admin.</b>	<b>319,263</b>	<b>31,314</b>	<b>350,577</b>	<b>318,266</b>	<b>32,311</b>
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	201,680	6,492	208,172	208,172	-
Salaries of secretarial and clerical assistants	93,747	(6,492)	87,255	86,815	440
Salaries of admin secretarial subs		-			-
Purchased professional & tech. services	21,450	28,307	49,757	26,934	22,823
Other purchased services	2,000	(750)	1,250		1,250
Supplies and materials	2,000	2,250	4,250	3,569	681
Other objects	3,750	(1,100)	2,650	2,140	510
<b>Total Undst. Expend. - Supp. Serv. School Admin.</b>	<b>324,627</b>	<b>28,707</b>	<b>353,334</b>	<b>327,630</b>	<b>25,704</b>
Undist. Expend. - Central Services					
Salaries	244,013	24,453	268,466	268,426	40
Purchased professional services	15,735	4,750	20,485	20,299	186
Supplies and materials	1,000	1,000	2,000	1,786	214
Miscellaneous expenditures	1,500	(1,150)	350	100	250
<b>Total Undst. Expend. - Central Services</b>	<b>262,248</b>	<b>29,053</b>	<b>291,301</b>	<b>290,611</b>	<b>690</b>
Undist. Expend. - Information Technology					
Salaries		-			-
Purchased technical services	2,000	(2,000)			-
Supplies and materials	1,000	(1,000)			-
<b>Total Undst. Expend. - Information Technology</b>	<b>3,000</b>	<b>(3,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	134,990	-	134,990	133,467	1,523
Cleaning, repair, and maintenance services	60,000	22,550	82,550	80,158	2,392
General supplies	22,000	(5,750)	16,250	15,387	863
Other objects	364	-	364	214	150
<b>Total Undst. Expend. - Required Maint. Sch. Facilities</b>	<b>217,354</b>	<b>16,800</b>	<b>234,154</b>	<b>229,226</b>	<b>4,928</b>

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**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 161,515	\$ (33,000)	\$ 128,515	\$ 117,715	\$ 10,800
Salaries of Non-Instructional Aides	45,630	-	45,630	44,322	1,308
Unused Vacation Payment to Terminated/Retired Staff		-			
Purchased professional & tech. services	17,000	2,100	19,100	18,697	403
Cleaning, repair, and maintenance services	52,000	(23,975)	28,025	12,814	15,211
Other purchased property services	25,000	1,825	26,825	26,824	1
Insurance	92,500	3,768	96,268	96,266	2
Miscellaneous Purchased Services	1,000	750	1,750	1,713	37
General supplies	28,000	6,000	34,000	32,963	1,037
Energy (Natural Gas)	65,000	30,000	95,000	92,350	2,650
Energy (heat & electricity)	70,000	-	70,000	54,177	15,823
Other objects	1,000	-	1,000	510	490
<b>Total Undst. Expend. - Other oper. &amp; Maint. of Plant</b>	<b>558,645</b>	<b>(12,532)</b>	<b>546,113</b>	<b>498,351</b>	<b>47,762</b>
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, repair, and maintenance services	4,000	11,500	15,500	15,000	500
General supplies	2,500	2,800	5,300	5,210	90
<b>Total Undst. Expend. - Care &amp; Upkeep of Grounds</b>	<b>6,500</b>	<b>14,300</b>	<b>20,800</b>	<b>20,210</b>	<b>590</b>
Undist. Expend. - Security					
Purchased professional & tech. services	43,900	3,100	47,000	46,422	578
Cleaning, repair, and maintenance services	7,000	(4,990)	2,010		2,010
General supplies	2,500	(100)	2,400	246	2,154
<b>Total Undst. Expend. - Security</b>	<b>53,400</b>	<b>(1,990)</b>	<b>51,410</b>	<b>46,668</b>	<b>4,742</b>
<b>Total Undst. Expend. - Oper. &amp; Maint. of Plant Services</b>	<b>835,899</b>	<b>16,578</b>	<b>852,477</b>	<b>794,455</b>	<b>58,022</b>
Undist. Expend. - Student Trans. Services					
Contr. serv. - aid in lieu of payments - nonpublic	18,750	2,500	21,250	20,891	359
Contr. serv. (bet. home & sch.) - vendors	343,094	5,000	348,094	348,039	55
Contr. serv. (other than bet. home & sch.) - vendors	92,500	(49,700)	42,800	9,866	32,934
Contr. serv. (bet. home & sch.) - joint agreements		24,700	24,700	9,936	14,764
Contr. serv. (sp ed stds) - ESCs & CTAs	95,000	25,000	120,000	118,886	1,114
Misc. Purchased Services - Transportation	14,250	(7,500)	6,750		6,750
<b>Total Undst. Expend. - Student Trans. Services</b>	<b>563,594</b>	<b>-</b>	<b>563,594</b>	<b>507,618</b>	<b>55,976</b>
Unallocated Benefits - Employee Benefits					
Social security contributions	150,000	-	150,000	129,082	20,918
Other retirement contributions - PERS	124,000	5,000	129,000	128,899	101
Other retirement contributions - regular	20,000	-	20,000	11,887	8,113
Other retirement contributions - DCRP		-			-
Unemployment compensation	33,000	-	33,000	28,102	4,898
Workmen's compensation	103,000	(5,000)	98,000	94,567	3,433
Health benefits	1,749,200	(201,300)	1,547,900	1,379,888	168,012
Tuition reimbursement	20,000	-	20,000	20,000	-
Other employee benefits	9,500	136,300	145,800	145,214	586
Unused Sick Payment to Terminated/Retired Staff	20,000	13,000	33,000	32,970	30
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,228,700</b>	<b>(52,000)</b>	<b>2,176,700</b>	<b>1,970,609</b>	<b>206,091</b>
On-behalf TPAF pension contributions (non-budgeted)				2,025,103	(2,025,103)
On-behalf TPAF pension Post Medical contributions (non-budgeted)				473,146	(473,146)
On-behalf TPAF - LTDL (non-budgeted)				1,019	(1,019)
Reimbursed TPAF social security contributions (non-budgeted)				432,537	(432,537)
<b>Total Undistributed Expenditures - TPAF</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,931,805</b>	<b>(2,931,805)</b>
<b>Total Undistributed Expenditures</b>	<b>6,399,705</b>	<b>101,431</b>	<b>6,501,136</b>	<b>8,764,914</b>	<b>(2,263,778)</b>
<b>Total General Current Expense</b>	<b>12,385,196</b>	<b>84,680</b>	<b>12,469,876</b>	<b>14,653,509</b>	<b>(2,183,633)</b>

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**  
**General Fund**  
**Fiscal Year Ended June 30, 2022**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed - General Administration	\$ -	\$ 18,200	\$ 18,200	\$ 18,134	\$ 66
Undistributed - Required Maintenance for School Facilities	52,000	(38,200)	13,800	13,800	13,800
Undistributed - Security		20,000	20,000	19,936	64
Total Equipment	52,000	-	52,000	38,070	13,930
Facilities Acquisition and Construction Services:					
Construction Services		29,463	29,463	29,463	-
Assessment for debt service on SDA funding	35,770	-	35,770	35,770	-
Total Facilities Acquisition and Construction Services	35,770	29,463	65,233	65,233	-
Assets acquired under capital leases (non-budgeted):					
Equipment					
Instructional					-
Non-Instructional	-	-	-		-
Total Facilities Acquisition and Construction Services				-	-
Total Capital Outlay	87,770	29,463	117,233	103,303	13,930
<b>SUMMER SCHOOL:</b>					
Instruction					
Salaries of Teachers	43,240	(43,240)			
Other Salaries for Instruction	4,080	(4,080)			
Total Summer School - Instruction	47,320	(47,320)	-	-	-
Support Services					
Salaries	37,360	(37,360)			
Total Summer School - Support Services	37,360	(37,360)	-	-	-
Total Summer School	84,680	(84,680)			
Total Expenditures	12,557,646	29,463	12,587,109	14,756,812	(2,169,703)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures:	(278,113)	-	(278,113)	578,597	856,710
Other Financing Sources (Uses):					
Operating transfer in - Capital Projects Fund				106,237	106,237
Operating transfer out - Capital Projects Fund	(866,000)		(866,000)	(866,000)	
Total Other Financing Sources (Uses):	(866,000)	-	(866,000)	(759,763)	106,237
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):					
	(1,144,113)	-	(1,144,113)	(181,166)	962,947
Fund Balance, July 1	2,464,240		2,464,240	2,464,240	
Fund Balance, June 30	\$ 1,320,127	\$ -	\$ 1,320,127	\$ 2,283,074	\$ 962,947
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ -	
Capital Reserve				1,066,513	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures				75,000	
Maintenance Reserve				398,414	
Excess Surplus:					
Current Year					
Designated for Subsequent Year's Expenditures				-	
Years Expenditures				-	
Assigned:					
Designated for Subsequent Year's Expenditures				321,267	
Unassigned				421,880	
				2,283,074	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(432,555)	
Fund Balance per Government Fund (GAAP)				\$ 1,850,519	

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, 2022**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources	\$ 6,047	\$ -	\$ 6,047	\$ 77,337	\$ 71,290
State sources	234,917	-	234,917	197,635	(37,282)
Federal sources	1,439,076	84,861	1,523,937	839,983	(683,954)
Total revenues	<u>1,680,040</u>	<u>84,861</u>	<u>1,764,901</u>	<u>1,114,955</u>	<u>(649,946)</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	322,157	-	322,157	153,157	169,000
Other salaries for instruction	8,935	-	8,935	8,935	-
Purchased prof. and educational services	4,568	-	4,568	1,644	2,924
Purchased professional - tech. services	154,080	11,770	165,850	101,338	64,512
Other purchased services	186,953	-	186,953	142,455	44,498
General supplies	161,798	10,369	172,167	89,896	82,271
Textbooks	9,423	-	9,423	9,423	-
Total instruction	<u>847,914</u>	<u>22,139</u>	<u>870,053</u>	<u>506,848</u>	<u>363,205</u>
Support services:					
Other salaries for instruction	118,860	-	118,860	8,000	110,860
Personal services-employee benefits	77,267	-	77,267	33,126	44,141
Purchased prof. and educational services	13,526	3,626	17,152	17,152	-
Purchased professional and technical services	317,790	10,953	328,743	226,447	102,296
Other purchased services (400-500)	133,523	-	133,523	59,092	74,431
Supplies and materials	125,080	48,143	173,223	145,781	27,442
Student activities	-	-	-	71,157	(71,157)
Total support services	<u>786,046</u>	<u>62,722</u>	<u>848,768</u>	<u>560,755</u>	<u>288,013</u>
Facilities acquisition and construction services:					
Building	18,605	-	18,605	18,605	-
Noninstructional equipment	27,475	-	27,475	27,475	-
Total facilities acq. and const. services	<u>46,080</u>	<u>-</u>	<u>46,080</u>	<u>46,080</u>	<u>-</u>
Total expenditures	<u>1,680,040</u>	<u>84,861</u>	<u>1,764,901</u>	<u>1,113,683</u>	<u>651,218</u>
Total outflows	<u>1,680,040</u>	<u>84,861</u>	<u>1,764,901</u>	<u>1,113,683</u>	<u>651,218</u>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,272</u>	<u>1,272</u>
Fund Balance, July 1				<u>27,559</u>	
Fund Balance, June 30				<u>\$ 28,831</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 28,831</u>	
Total Fund Balance				<u>\$ 28,831</u>	

**Berlin Borough School District**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2022**

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 15,335,409	\$ 1,114,955
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	396,571	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(432,555)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	\$ 15,299,425	\$ 1,114,955
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 14,756,812	\$ 1,113,683
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	\$ 14,756,812	\$ 1,113,683



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 Nine Fiscal Years**

	June 30, 2022	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)	0.0100650790%	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)	\$ 1,303,886	\$ 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	828,828	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	157.32%	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	51.51%	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 Nine Fiscal Years**

	June 30, 2022	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	\$ 134,845	\$ 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>(134,845)</u>	<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>	<u>\$ -</u>
District's covered-employee payroll	\$ 828,828	\$ 769,553	\$ 791,012	\$ 704,593	\$ 716,393	\$ 760,334	\$ 800,775	\$ 773,750	\$ 769,212
Contributions as a percentage of covered-employee payroll	16.27%	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 Nine Fiscal Years**

	June 30, 2022	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)	0.0490783604%	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>\$ 23,594,514</u>	<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>
<b>Total</b>	<u><u>\$ 23,594,514</u></u>	<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	\$ 5,868,125	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	35.52%	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 Five Fiscal Years**

	June 30, 2022	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	0.05%	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	\$ 32,692,676	\$ 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>\$ 32,692,676</u>	<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%	0.00%
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>					
Service Cost	\$ 1,673,889	\$ 971,249	\$ 922,380	\$ 1,026,490	\$ 1,241,705
Interest Cost	848,082	842,520	1,041,225	1,145,559	994,737
Change of Benefit Terms	(34,797)				
Difference between expected and actual experiences	(7,219,668)	6,500,148	(4,524,274)	(3,452,162)	
Changes of assumptions	32,254	6,948,470	349,180	(3,021,285)	(4,236,891)
Member Contributions	21,681	20,072	21,310	24,332	26,703
Benefit payments	(668,051)	(662,233)	(718,895)	(704,005)	(725,188)
<b>Net Change in total OPEB Liability</b>	<u>\$ (5,346,610)</u>	<u>\$ 14,620,226</u>	<u>\$ (2,909,074)</u>	<u>\$ (4,981,071)</u>	<u>\$ (2,698,934)</u>
<b>Total OPEB Liability - beginning</b>	<u>\$ 38,039,286</u>	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>	<u>\$ 34,008,139</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 32,692,676</u>	<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	6,696,953	6,338,359	6,092,492	5,987,115	6,244,525
Total OPEB Liability as a percentage of covered-employee payroll	488.17%	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, 2022**

**Teacher’s Pension and Annuity Fund (TPAF)**

*Changes of benefit term:* There were none.

*Changes of assumptions.* The discount rate changed from 5.40% as of June 30, 2020, to 7.00% as of June 30, 2021.

**Public Employees’ Retirement System (PERS)**

*Changes of benefit term:* There were none.

*Changes of assumptions.* The discount rate remained at 7.00% as of June 30, 2020, and June 30, 2021.

**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 from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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, 2022**

	Brought Forward (Exh. E-1B)	Brought Forward (Exh. E-1C)	Brought Forward (Exh. E-1D)	Total
<b>REVENUES:</b>				
Local sources	\$ 250	\$ -	\$ 77,087	\$ 77,337
State sources	117,954	-	79,681	197,635
Federal sources	197,740	642,243	-	839,983
<b>Total Revenues</b>	<b>315,944</b>	<b>642,243</b>	<b>156,768</b>	<b>1,114,955</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	-	153,157	-	153,157
Other salaries for instruction	-	8,935	-	8,935
Purchased professional and technical services	67,126	34,212	-	101,338
Purchased prof. and educational services	1,644	-	-	1,644
Other purchased services	250	142,205	-	142,455
General supplies	9,253	69,752	10,891	89,896
Textbooks	-	-	9,423	9,423
<b>Total instruction</b>	<b>78,273</b>	<b>408,261</b>	<b>20,314</b>	<b>506,848</b>
Support services:				
Salaries	8,000	-	-	8,000
Personal services-employee benefits	612	32,514	-	33,126
Purchased prof. and educational services	-	17,152	-	17,152
Purchased professional and technical services	123,971	84,892	17,584	226,447
Other purchased services (400-500)	15,088	43,714	290	59,092
Supplies and materials	90,000	55,710	71	145,781
Student activities	-	-	71,157	71,157
<b>Total support services</b>	<b>237,671</b>	<b>233,982</b>	<b>89,102</b>	<b>560,755</b>
Facilities acquisition and const. serv.:				
Building	-	-	18,605	18,605
Non-instructional equipment	-	-	27,475	27,475
<b>Total facilities acquisition and const. serv.:</b>	<b>-</b>	<b>-</b>	<b>46,080</b>	<b>46,080</b>
<b>Total Expenditures</b>	<b>315,944</b>	<b>642,243</b>	<b>136,891</b>	<b>1,113,683</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	19,877	1,272
Fund Balance, July 1	-	-	27,559	27,559
Fund Balance, June 30	\$ -	\$ -	\$ 28,831	\$ 28,831

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2022**

	<b>Chapter 192 - Auxillary Services</b>		<b>Chapter 193 - Handicapped Services</b>				CRRSA Mental Health	ARP ESSER III	Evidence Based Learning	Sustainable NJ	Carried Forward (Exh. E-1A)
	Comp. Education	Transportation	Corrective Speech	Suppl. Instruction	ESL	Exam & Classification					
<b>REVENUES:</b>											
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 250
State sources	59,750	7,376	11,067	17,263	1,644	20,854					117,954
Federal sources							45,000	151,487	1,253		197,740
<b>Total Revenues</b>	<b>59,750</b>	<b>7,376</b>	<b>11,067</b>	<b>17,263</b>	<b>1,644</b>	<b>20,854</b>	<b>45,000</b>	<b>151,487</b>	<b>1,253</b>	<b>250</b>	<b>315,944</b>
<b>EXPENDITURES:</b>											
Instruction:											
Purchased professional and technical services	59,750	7,376									67,126
Purchased prof. and educational services					1,644						1,644
Other purchased services										250	250
General supplies								8,000	1,253		9,253
<b>Total instruction</b>	<b>59,750</b>	<b>7,376</b>	<b>-</b>	<b>-</b>	<b>1,644</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>1,253</b>	<b>250</b>	<b>78,273</b>
Support services:											
Salaries								8,000			8,000
Personal services-employee benefits								612			612
Purchased professional and technical services			11,067	17,263		20,854	45,000	29,787			123,971
Other purchased services (400-500)								15,088			15,088
Supplies and Materials								90,000			90,000
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>11,067</b>	<b>17,263</b>	<b>-</b>	<b>20,854</b>	<b>45,000</b>	<b>143,487</b>	<b>-</b>	<b>-</b>	<b>237,671</b>
Facilities acquisition and const. serv.:											
Instructional equipment											-
Non-instructional equipment											-
<b>Total facilities acquisition and const. serv.:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>59,750</b>	<b>7,376</b>	<b>11,067</b>	<b>17,263</b>	<b>1,644</b>	<b>20,854</b>	<b>45,000</b>	<b>151,487</b>	<b>1,253</b>	<b>250</b>	<b>315,944</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-
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, 2022**

	<u>Every Student Succeeds Act (E.S.S.A.)</u>			<u>IDEA</u>				<u>CARES Act - ESSER I</u>	<u>CRRSA ESSER II</u>	<u>CRRSA Learning Acceleration</u>	<u>Carried Forward (Ex. E-1A)</u>
	<u>Title I</u>	<u>Title II - Part A</u>	<u>Title IV</u>	<u>Basic</u>	<u>ARP Basic</u>	<u>Preschool</u>	<u>ARP Preschool</u>				
	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>	<u>Current Yr.</u>				
<b>REVENUES:</b>											
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	81,907	20,053	11,639	199,892	40,834	8,935	3,682	13,724	242,827	18,750	642,243
<b>Total Revenues</b>	<b>81,907</b>	<b>20,053</b>	<b>11,639</b>	<b>199,892</b>	<b>40,834</b>	<b>8,935</b>	<b>3,682</b>	<b>13,724</b>	<b>242,827</b>	<b>18,750</b>	<b>642,243</b>
<b>EXPENDITURES:</b>											
Instruction:											
Salaries of teachers	45,739								90,000	17,418	153,157
Other salaries for instruction						8,935					8,935
Purchased professional and technical services	11,770							13,724	8,718		34,212
Other purchased services				115,000					27,205		142,205
General supplies	101		4,826		5,463		2,567		56,795		69,752
Textbooks											-
<b>Total instruction</b>	<b>57,610</b>	<b>-</b>	<b>4,826</b>	<b>115,000</b>	<b>5,463</b>	<b>8,935</b>	<b>2,567</b>	<b>13,724</b>	<b>182,718</b>	<b>17,418</b>	<b>408,261</b>
Support services:											
Personal services-employee benefits	24,297								6,885	1,332	32,514
Purchased prof. and educational services		11,339	5,813								17,152
Purchased professional and technical services				84,892							84,892
Other purchased services (400-500)		8,714							35,000		43,714
Supplies and materials			1,000		35,371		1,115		18,224		55,710
<b>Total support services</b>	<b>24,297</b>	<b>20,053</b>	<b>6,813</b>	<b>84,892</b>	<b>35,371</b>	<b>-</b>	<b>1,115</b>	<b>-</b>	<b>60,109</b>	<b>1,332</b>	<b>233,982</b>
Facilities acquisition and const. serv.:											
Instructional equipment											-
Non-instructional equipment											-
<b>Total facilities acquisition and const. serv.:</b>											<b>-</b>
<b>Total Expenditures</b>	<b>81,907</b>	<b>20,053</b>	<b>11,639</b>	<b>199,892</b>	<b>40,834</b>	<b>8,935</b>	<b>3,682</b>	<b>13,724</b>	<b>242,827</b>	<b>18,750</b>	<b>642,243</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-
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, 2022**

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Security	Nonpublic Technology	Emergent Needs	SE14 NJ NY Jets	NJSIG Safety Grant	Student Activity Fund	Carried Forward (Exh. E-1A)
<b>REVENUES:</b>									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 361	\$ 4,297	\$ 72,429	\$ 77,087
State sources	9,423	17,584	27,475	6,594	18,605				79,681
Federal sources									-
<b>Total Revenues</b>	<b>9,423</b>	<b>17,584</b>	<b>27,475</b>	<b>6,594</b>	<b>18,605</b>	<b>361</b>	<b>4,297</b>	<b>72,429</b>	<b>156,768</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers									-
Other salaries for instruction									-
Purchased professional and technical services									-
Other purchased services									-
General supplies				6,594			4,297		10,891
Textbooks	9,423								9,423
<b>Total instruction</b>	<b>9,423</b>		-	<b>6,594</b>	-	-	<b>4,297</b>	-	<b>20,314</b>
Support services:									
Personal services-employee benefits									-
Purchased prof. and educational services									-
Purchased professional and technical services		17,584							17,584
Other purchased services (400-500)						290			290
Supplies and materials						71			71
Student activities								71,157	71,157
<b>Total support services</b>	<b>-</b>	<b>17,584</b>	-	-	-	<b>361</b>	-	<b>71,157</b>	<b>89,102</b>
Facilities acquisition and const. serv.:									
Building					18,605				18,605
Non-instructional equipment			27,475						27,475
<b>Total facilities acquisition and const. serv.:</b>			<b>27,475</b>	-	<b>18,605</b>	-	-	-	<b>46,080</b>
<b>Total Expenditures</b>	<b>9,423</b>	<b>17,584</b>	<b>27,475</b>	<b>6,594</b>	<b>18,605</b>	<b>361</b>	<b>4,297</b>	<b>71,157</b>	<b>155,496</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	1,272	1,272
Fund Balance, July 1	-	-	-	-	-	-	-	27,559	27,559
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,831	\$ 28,831

Capital Projects Fund  
Detail Statements

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Statement of Revenues, Expenditures,**  
**and Changes in Fund Balance - Budgetary Basis**  
**For the Fiscal Year ended June 30, 2022**

**Revenues and Other Financing Sources:**

Transfer from Capital Reserve	\$ 866,000
Total revenues and other financing sources	866,000

**Expenditures and Other Financing (Uses):**

Purchased professional services	\$ -
Construction services	759,763
Transfer to General Fund	106,237
Total expenditures and other financing (uses)	866,000

Excess (deficiency) or revenues over (under) expenditures	-
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Fund Balance - July 1, 2021	-
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Fund Balance - June 30, 2022	\$ -
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Proprietary Funds

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2022

	Food Service	Protect all Latchkey Students (PALS)	Community Education and Recreation	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 165,309	\$ 193,447	\$ 126,787	\$ 485,543
Accounts receivable:				
State	558			558
Federal	26,155			26,155
Inventories	4,504			4,504
Total current assets	<u>196,526</u>	<u>193,447</u>	<u>126,787</u>	<u>516,760</u>
Fixed assets:				
Equipment	91,247			91,247
Less Accumulated depreciation	<u>(71,841)</u>			<u>(71,841)</u>
Total fixed assets	<u>19,406</u>			<u>19,406</u>
Total assets	<u>215,932</u>	<u>193,447</u>	<u>126,787</u>	<u>536,166</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	-	-	-	-
Interfund payable	18,605			18,605
Unearned revenue	6,860	13,370	7,200	27,430
Total current liabilities	<u>25,465</u>	<u>13,370</u>	<u>7,200</u>	<u>46,035</u>
<b>NET POSITION:</b>				
Net investment in capital assets	19,406			19,406
Unrestricted	<u>171,061</u>	<u>180,077</u>	<u>119,587</u>	<u>470,725</u>
Total net position	<u>\$ 190,467</u>	<u>\$ 180,077</u>	<u>\$ 119,587</u>	<u>\$ 490,131</u>



**BERLIN BOROUGH SCHOOL DISTRICT**  
**Enterprise Funds**

Comparative Statement of Revenues, Expenses and Changes in Net Position  
for the Fiscal Year ended June 30, 2022

	<u>Food Service</u>	<u>Protect all Latchkey Students (PALS)</u>	<u>Community Education and Recreation</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales-reimbursable programs:				
School lunch program	\$ 178	\$ -	\$ -	\$ 178
Total-daily sales-reimbursable programs	178			178
Daily sales non-reimbursable programs	30,859			30,859
Program Fees		113,591	154,919	268,510
Total operating revenue	<u>31,037</u>	<u>113,591</u>	<u>154,919</u>	<u>299,547</u>
<b>OPERATING EXPENSES:</b>				
Salaries	82,625	93,378	65,561	241,564
Employee Benefits	15,038	40,203	6,350	61,591
Supplies and materials	15,795	274	3,458	19,527
Depreciation	2,444			2,444
Purchased services	22,550	1,792	7,248	31,590
Cost of Sales - reimbursable programs	120,835			120,835
Cost of Sales - non-reimbursable programs	9,371			9,371
Miscellaneous	1,695	172	66,927	68,794
Direct Expenses	6,623			6,623
Repairs and maintenance	1,358			1,358
Total operating expenses	<u>278,334</u>	<u>135,819</u>	<u>149,544</u>	<u>563,697</u>
Operating income (loss)	<u>(247,297)</u>	<u>(22,228)</u>	<u>5,375</u>	<u>(264,150)</u>
Non-operating revenues:				
State sources:				
State school lunch program	7,774			7,774
Federal sources:				
National school lunch program	340,507			340,507
National school breakfast program	30,831			30,831
U.S.D.A. commodities	30,389			30,389
Board subsidy				
Total non-operating revenues	<u>409,501</u>			<u>409,501</u>
Net income (loss)	162,204	(22,228)	5,375	145,351
Net position - July 1	<u>28,263</u>	<u>202,305</u>	<u>114,212</u>	<u>344,780</u>
Net position - June 30	<u>\$ 190,467</u>	<u>\$ 180,077</u>	<u>\$ 119,587</u>	<u>\$ 490,131</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Cash Flows  
for the Fiscal Year ended June 30, 2022

	Food Service	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 27,752	\$ 117,744	\$ 152,919	\$ 298,415
Cash payments to employees for services	(97,663)	(133,581)	(71,911)	(303,155)
Cash payments to suppliers for goods and services	(177,473)	(27,238)	(77,633)	(282,344)
Net cash used by operating activities	(247,384)	(43,075)	3,375	(287,084)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	381,124			381,124
Board subsidy				
Net cash provided by noncapital financing activities	381,124			381,124
Cash flows from capital financing activities:				
Purchases of fixed assets	(10,883)			(10,883)
Net cash used by capital financing activities	(10,883)			(10,883)
Cash flows from investing activities:				
Interest on investments				
Net cash provided by investing activities				
Net increase (decrease) in cash and cash equivalents	122,857	(43,075)	3,375	83,157
Cash and cash equivalents, July 1	42,452	236,522	123,412	402,386
Cash and cash equivalents, June 30	<u>\$ 165,309</u>	<u>\$ 193,447</u>	<u>\$ 126,787</u>	<u>\$ 485,543</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (247,297)	\$ (22,228)	\$ 5,375	\$ (264,150)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	2,444			2,444
Federal commodities	30,389			30,389
Change in assets and liabilities:				
(Increase)/decrease in inventory	4,802			4,802
Increase/(decrease) in unearned revenue	(3,285)	4,153	(2,000)	(1,132)
Increase/(decrease) in interfunds payable	(19,922)	(25,000)		(44,922)
Increase/(decrease) in accounts payable	(14,515)			(14,515)
Net cash used by operating activities	<u>\$ (247,384)</u>	<u>\$ (43,075)</u>	<u>\$ 3,375</u>	<u>\$ (287,084)</u>

Long-Term Debt Schedules

**BERLIN BOROUGH SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Schedule of Serial Bonds  
 June 30, 2022

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Rate of Interest</u>	<u>Balance July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
			<u>Date</u>	<u>Amount</u>					
School Refunding Bonds	9/1/11	\$ 3,660,000	03/01/23	\$ 495,000	5.000%	\$ 990,000	\$ -	\$ 495,000	\$ 495,000
Total						<u>\$ 990,000</u>	<u>\$ -</u>	<u>\$ 495,000</u>	<u>\$ 495,000</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Schedule of Obligations Under Financed Purchases  
 June 30, 2022

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2021	Issued Current Year	Retired Current Year	Balance June 30, 2022
Networking	0.00%	\$ 117,000	\$ 92,000	-	\$ 46,000	\$ 46,000
Computer Equipment	1.49%	132,283	87,535	-	43,444	44,091
			<u>\$ 179,535</u>	<u>-</u>	<u>\$ 89,444</u>	<u>\$ 90,091</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
 Schedule of Obligations Under Leases  
 June 30, 2022

Purpose	Interest Rate Payable	Amount of Original Issue	(Restated) Balance June 30, 2021	Issued Current Year	Retired Current Year	Balance June 30, 2022
Postage Meter	3.00%	\$ 8,403	\$ -	\$ 8,403	\$ 411	\$ 7,992
Copiers	3.00%	96,119	<u>82,480</u>	<u>-</u>	<u>16,415</u>	<u>66,065</u>
			<u>\$ 82,480</u>	<u>\$ 8,403</u>	<u>\$ 16,826</u>	<u>\$ 74,057</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2022**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 544,500	\$ -	\$ 544,500	\$ 544,500	\$ -
Total revenues - local sources	<u>544,500</u>		<u>544,500</u>	<u>544,500</u>	<u>-</u>
Total Revenues	<u>544,500</u>		<u>544,500</u>	<u>544,500</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Redemption of principal	495,000		495,000	495,000	-
Interest on bonds	<u>49,500</u>		<u>49,500</u>	<u>49,500</u>	<u>-</u>
Total Expenditures	<u>544,500</u>		<u>544,500</u>	<u>544,500</u>	
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Statistical Section**



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

**EXHIBIT J-1**

	<b>Fiscal Year Ending June 30,</b>									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Governmental activities:</b>										
Net investment in capital assets	\$ (832,748)	\$ (1,177,849)	\$ (868,697)	\$ (789,369)	\$ (676,120)	\$ (497,008)	\$ (530,608)	\$ (88,260)	\$ 134,051	\$ 1,427,528
Restricted for:										
Capital projects	526,637	264,637	278,637	537,626	745,626	802,057	903,060	1,075,938	1,476,276	1,066,512
Special revenue	-	-	-	-	-	-	-	-	27,559	28,831
Debt service	469,995	446,561	444,534	439,958	440,288	1,904	-	-	-	-
Other purposes	571,684	501,607	391,323	348,991	473,237	546,376	600,157	679,237	468,797	473,414
Unrestricted	<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>	<u>(2,355,468)</u>
Total governmental activities net position	<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>	<u>\$ 640,817</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 23,992	\$ 18,983	\$ 21,350	\$ 16,758	\$ 11,151	\$ 7,429	\$ 14,559	\$ 12,763	\$ 10,967	\$ 19,406
Unrestricted	<u>198,943</u>	<u>205,273</u>	<u>284,006</u>	<u>360,014</u>	<u>425,947</u>	<u>515,313</u>	<u>588,822</u>	<u>491,403</u>	<u>333,813</u>	<u>470,725</u>
Total business-type activities net position	<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>	<u>\$ 490,131</u>
<b>District-wide:</b>										
Net investment in capital assets	\$ (808,756)	\$ (1,158,866)	\$ (847,347)	\$ (772,611)	\$ (664,969)	\$ (489,579)	\$ (516,049)	\$ (75,497)	\$ 145,018	\$ 1,446,934
Restricted:										
Capital projects	526,637	264,637	278,637	537,626	745,626	802,057	903,060	1,075,938	1,476,276	1,066,512
Special revenue	-	-	-	-	-	-	-	-	27,559	28,831
Debt service	469,995	446,561	444,534	439,958	440,288	1,904	-	-	-	-
Other purposes	571,684	501,607	391,323	348,991	473,237	546,376	600,157	679,237	468,797	473,414
Unrestricted	<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>	<u>(1,884,743)</u>
Total district net position	<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>	<u>\$ 1,130,948</u>

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

**EXHIBIT J-2**

	<b>Fiscal Year Ending June 30,</b>									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 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	\$ 4,259,882
Special education	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	1,701,739
Other instruction	174,973	185,917	158,996	144,225	158,676	168,315	225,487	318,169	110,016	453,946
Support Services:										
Tuition	104,984	114,569	103,224	-	5,404	214,414	294,139	262,677	328,153	120,228
Student & instruction related services	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	2,031,321
School administrative services	382,264	394,340	398,476	347,100	325,210	351,533	347,415	215,852	322,798	327,630
General and business administrative services	631,708	565,355	658,730	577,735	645,357	625,831	665,156	601,908	571,466	610,870
Plant operations and maintenance	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	861,388
Pupil transportation	281,930	308,691	328,177	357,586	324,335	350,106	479,394	565,661	498,116	507,618
Unallocated employee benefits	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	6,528,109
Charter School	7,678	-	-	-	-	-	-	-	-	-
Interest on long-term debt	234,381	212,732	192,129	169,488	154,323	116,162	105,583	81,500	65,500	49,500
Unallocated depreciation	70,455	75,494	59,628	49,009	46,234	19,743	18,473	14,116	11,264	25,225
<b>Total governmental activities expenses</b>	<b>12,053,065</b>	<b>13,077,310</b>	<b>12,519,680</b>	<b>12,831,959</b>	<b>13,348,311</b>	<b>17,942,604</b>	<b>17,525,616</b>	<b>16,363,749</b>	<b>18,258,583</b>	<b>17,477,456</b>
Business-type activities:										
Community Education	266,191	255,403	239,573	291,062	147,875	109,831	146,638	139,194	117,913	149,544
Latchkey	-	-	-	-	114,234	126,034	111,372	133,703	127,620	135,819
Food service	284,424	285,609	258,512	245,606	308,482	281,097	240,202	246,551	129,798	278,334
Shared Services	124,204	126,991	109,833	93,431	59,246	15,000	-	-	-	-
<b>Total business-type activities expense</b>	<b>674,819</b>	<b>668,003</b>	<b>607,918</b>	<b>630,099</b>	<b>629,837</b>	<b>531,962</b>	<b>498,212</b>	<b>519,448</b>	<b>375,331</b>	<b>563,697</b>
<b>Total district expenses</b>	<b>\$ 12,727,884</b>	<b>\$ 13,745,313</b>	<b>\$ 13,127,598</b>	<b>\$ 13,462,058</b>	<b>\$ 13,978,148</b>	<b>\$ 18,474,566</b>	<b>\$ 18,023,828</b>	<b>\$ 16,883,197</b>	<b>\$ 18,633,914</b>	<b>\$ 18,041,153</b>
<b>Program Revenues:</b>										
Governmental activities:										
Operating grants and contributions	\$ 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	\$ 7,069,784
Charges for services	-	-	-	-	-	-	-	-	14,761	-
<b>Total governmental activities program revenues</b>	<b>1,614,390</b>	<b>1,598,477</b>	<b>1,783,508</b>	<b>1,953,661</b>	<b>2,079,522</b>	<b>6,677,339</b>	<b>5,474,950</b>	<b>4,882,557</b>	<b>6,699,389</b>	<b>7,069,784</b>

(Continued)

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

**EXHIBIT J-2**

	<b>Fiscal Year Ending June 30,</b>									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Community education	\$ 297,708	\$ 275,715	\$ 288,864	\$ 345,380	\$ 212,009	\$ 168,351	\$ 161,190	\$ 99,030	\$ 42,821	\$ 154,919
Latchkey	-	-	-	-	151,409	181,753	171,002	130,323	42,388	113,591
Food service	168,366	161,546	174,818	163,191	169,223	157,592	159,067	122,408	2,072	31,037
Shared Services	124,204	126,991	109,833	93,431	59,246	15,000	-	-	-	-
Operating grants and contributions	110,374	104,941	115,503	99,513	98,276	94,910	87,592	68,472	80,664	409,501
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>709,048</u>
Total district program revenues	<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>	<u>\$ 7,778,832</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (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)	\$ (10,407,672)
Business-type activities	25,833	1,190	81,100	71,416	60,326	85,644	80,639	(99,215)	(207,386)	145,351
Total district-wide net expense	<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>	<u>\$ (10,262,321)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 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	\$ 7,793,798
Taxes levied for debt service	615,088	589,954	618,685	615,236	623,117	196,687	592,721	572,500	558,750	544,500
Unrestricted grants and contributions	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	3,295,647
Tuition	509	16,988	-	-	-	-	97,873	33,289	-	-
Investment earnings	5,181	1,233	1,574	602	-	-	-	-	-	-
Miscellaneous income	14,335	54,304	30,373	61,062	137,802	100,057	80,885	85,847	86,280	163,220
Transfers	-	-	-	-	-	-	-	-	(48,000)	-
Total governmental activities	<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>	<u>11,797,165</u>
<b>Business-type activities:</b>										
Investment earnings	124	131	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	48,000	-
Total business-type activities	<u>124</u>	<u>131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>-</u>
Total district-wide	<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>	<u>\$ 11,797,165</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 77,017	\$ (710,743)	\$ 187,166	\$ 263,717	\$ 130,082	\$ (106,117)	\$ (22,350)	\$ 730,798	\$ 768,664	\$ 1,389,493
Business-type activities	25,957	1,321	81,100	71,416	60,326	85,644	80,639	(99,215)	(159,386)	145,351
Total district-wide	<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>	<u>\$ 1,534,844</u>

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

EXHIBIT J-3

	<b>Fiscal Year Ending June 30,</b>									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Reserved	\$ 1,001,684	\$ 669,607	\$ 573,323	\$ 788,588	\$ 1,122,226	\$ 1,348,433	\$ 1,503,217	\$ 1,755,175	\$ 1,945,073	\$ 1,861,193
Unassigned	(84,359)	(105,104)	(107,080)	(109,938)	(115,234)	(84,642)	(115,901)	(107,475)	122,596	(10,674)
Total general fund	<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>	<u>\$ 1,850,519</u>
All Other Governmental Funds										
Reserved:										
Debt service reserve	\$ 441,383	\$ 441,383	\$ 441,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	27,559	28,831
Capital projects fund	96,637	96,637	96,637	96,637	96,637	-	-	-	-	-
Debt service fund	3,601	1,577	1,574	438,384	1,904	-	-	-	-	-
Designated for subsequent year's expenditures	25,011	3,601	1,577	2,966	438,384	1,904	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 28,831</u>

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

**EXHIBIT J-4**

	<b>Fiscal Year Ending June 30,</b>									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Revenues</b>										
Tax levy	\$ 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	\$ 8,338,298
Tuition charges	509	16,988	15,957	20,920	85,483	42,802	20,416	33,289	14,761	36,729
Interest earnings	5,181	1,233	1,574	-	-	-	-	-	-	-
Miscellaneous	14,335	54,304	14,416	40,744	52,319	63,980	167,423	93,665	86,280	126,491
Local sources	-	-	-	-	-	-	-	-	8,214	77,337
State sources	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	7,540,042
Federal sources	298,096	287,785	296,570	328,934	311,480	308,481	289,985	331,999	427,497	839,983
<b>Total revenue</b>	<u>12,130,082</u>	<u>12,366,567</u>	<u>12,706,846</u>	<u>13,095,676</u>	<u>13,478,393</u>	<u>13,499,676</u>	<u>14,474,301</u>	<u>14,725,146</u>	<u>15,314,546</u>	<u>16,958,880</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	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	4,239,758
Special education instruction	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	1,701,739
Other instruction	174,973	185,917	158,996	144,225	158,676	168,315	225,487	318,169	110,016	453,946
Support Services:										
Tuition	104,984	114,569	103,224	236,122	5,404	214,414	294,139	262,677	328,153	120,228
Student & instruction related services	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	2,031,321
School administrative services	382,264	394,340	398,476	347,100	325,210	351,533	347,415	215,852	322,798	327,630
General and business admin. services	603,606	537,379	629,870	311,180	634,991	615,465	655,480	593,787	562,666	608,877
Plant operations and maintenance	591,145	674,380	638,523	660,386	642,820	574,589	726,952	830,429	698,952	794,455
Pupil transportation	281,930	308,691	328,177	357,586	324,335	350,106	479,394	565,661	498,116	507,618
Employee benefits	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	4,935,540
Capital outlay	504,038	698,285	260,179	161,550	125,001	95,065	163,917	87,514	379,819	909,146
Charter School	7,678	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	520,000	540,000	570,000	590,000	620,000	650,000	485,000	475,000	485,000	495,000
Interest and other charges	242,387	222,063	200,928	178,611	155,482	133,322	109,625	97,500	73,750	49,500
<b>Total expenditures</b>	<u>12,168,197</u>	<u>12,742,823</u>	<u>12,807,133</u>	<u>12,886,453</u>	<u>13,151,113</u>	<u>13,820,693</u>	<u>14,438,350</u>	<u>14,464,762</u>	<u>15,095,740</u>	<u>17,174,758</u>
Excess (Deficiency) of revenues over (under) expenditures	(38,115)	(376,256)	(100,287)	209,223	327,280	(321,017)	35,951	260,384	218,806	(215,878)
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	-	-	-	-	-	-	249,283	-
Proceeds of Capital Lease	-	-	-	-	-	42,795	85,670	-	-	-
Transfers in	3,601	1,577	1,574	441,383	3,477	68,068	-	-	-	972,237
Transfers out	(3,601)	(1,577)	(1,574)	(441,383)	(3,477)	(68,068)	-	-	(48,000)	(972,237)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,795</u>	<u>85,670</u>	<u>-</u>	<u>201,283</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ (38,115)</u>	<u>\$ (376,256)</u>	<u>\$ (100,287)</u>	<u>\$ 209,223</u>	<u>\$ 327,280</u>	<u>\$ (278,222)</u>	<u>\$ 121,621</u>	<u>\$ 260,384</u>	<u>\$ 420,089</u>	<u>\$ (215,878)</u>
Debt service as a percentage of noncapital expenditures	6.54%	6.33%	6.14%	6.04%	5.95%	5.71%	4.17%	3.98%	3.80%	3.35%

**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>
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
2022	-	36,729	48,000	23,371	4,269	50,851	163,220
	<u>\$ 18,655</u>	<u>\$ 365,311</u>	<u>\$ 282,000</u>	<u>\$ 161,255</u>	<u>\$ 34,842</u>	<u>\$ 111,325</u>	<u>\$ 973,388</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
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
2022	12,658,400	600,182,300	219,800	31,000	106,640,400	10,346,500	37,226,100	767,304,500	4,230,325	771,534,825	90,626,300	1.090	825,242,309

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		Borough of Berlin	Eastern Regional High School	Camden County	
		Debt Service	Total Direct				
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
2022	1.023	0.067	1.090	0.858	0.645	0.788	3.381

**Source: Municipal Tax Collector**

**Note:** NJS A 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	2022		Taxpayer	2013	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Berlin Multi-Family, LLC	\$ 28,549,200	3.70%	Berlin Reality	\$ 9,222,500	1.22%
Berlin Farmers Market II, LLC	6,730,400	0.87%	Berlin Residences, LLC	6,285,000	0.83%
Berlin Residences, LLC	5,570,000	0.72%	Berlin Equities LLC	6,176,200	0.82%
Evinos Corporation, Inc.	5,123,000	0.66%	AC I Berlin, LLC	5,468,700	0.72%
Sinelnik, Alexander et als	4,373,800	0.57%	Evinos Corporation, Inc.	5,270,000	0.70%
WAWA	3,400,000	0.44%	Osborne Associates % Rite Aid Corp	4,555,600	0.60%
Hassbro, LLC	3,200,000	0.41%	Hassbro, LLC	3,500,000	0.46%
Berlin Center, LLC	3,200,000	0.41%	Berlin Center LLC	3,500,000	0.46%
Agree Eastern, LLC	3,154,200	0.41%	Sinelnik, Gregory	3,200,000	0.42%
DJW Berlin	3,142,500	0.41%	Forte & Companies, INC	2,600,000	0.34%
<b>Total</b>	<b>\$ 66,443,100</b>	<b>8.61%</b>	<b>Total</b>	<b>\$ 49,778,000</b>	<b>6.59%</b>

**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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	
2022	8,338,298	8,338,298	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**

**EXHIBIT J-10**

*(dollars in thousands, except per capita)*

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Financed Purchases/ Leases			
2013	\$ 3,475,000	\$2,016,460	\$ 5,491,460	1.48%	723
2014	3,285,000	1,603,344	4,888,344	1.27%	646
2015	3,085,000	1,221,995	4,306,995	1.08%	570
2016	2,880,000	1,030,527	3,910,527	0.94%	517
2017	2,665,000	512,313	3,177,313	0.73%	421
2018	2,435,000	28,248	2,463,248	0.54%	326
2019	1,950,000	69,892	2,019,892	0.42%	268
2020	1,475,000	28,531	1,503,531	0.30%	200
2021	990,000	179,535	1,169,535	c	156
2022	495,000	164,148	659,148	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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
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%	132
2022	495,000		495,000	0.06%	<b>c</b>

**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, 2021**

**EXHIBIT J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Berlin	\$ 12,190,258	100.000%	\$ 12,190,258
Eastern Regional High School District	9,995,000	15.930%	1,592,170
Camden County General Obligation Debt	492,918,930	1.873%	9,232,372
			<hr/>
Subtotal, overlapping debt			23,014,800
<b>Berlin Borough School District Direct Debt</b>			<hr/> 990,000
<b>Total direct and overlapping debt</b>			<hr/> <b>\$ 24,004,800</b> <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.

**Berlin Borough School District  
Legal Debt Margin Information,  
Last Ten Fiscal Years**  
*(dollars in thousands)*

**Legal Debt Margin Calculation for Fiscal Year 2022**

	Equalized valuation basis	
	2019	\$ 727,976,375
	2020	738,455,981
	2021	803,345,041
	<b>[A]</b>	<u>\$ 2,269,777,397</u>
Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 756,592,466
Debt limit (3% of average equalized valuation)	<b>[B]</b>	22,697,774
Net bonded school debt	<b>[C]</b>	495,000
Legal debt margin	<b>[B-C]</b>	<u>\$ 22,202,774</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt limit	\$ 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	\$ 22,697,774
Total net debt applicable to limit	<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>	<u>495,000</u>
Legal debt margin	<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>	<u>\$ 22,202,774</u>
Total net debt applicable to the limit as a percentage of debt limit	14.87%	14.32%	13.82%	13.12%	14.09%	11.15%	8.86%	6.71%	4.48%	2.18%

**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 <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2013	7,598	370,204,952	48,724	6.2%
2014	7,571	384,917,211	50,841	7.0%
2015	7,553	399,561,253	52,901	5.2%
2016	7,559	414,021,548	54,772	5.0%
2017	7,550	433,951,350	57,477	4.8%
2018	7,549	454,797,054	60,246	4.3%
2019	7,534	476,171,402	63,203	3.4%
2020	7,512	509,584,032	67,836	10.0%
2021	7,497	e	e	6.3%
2022	e	e	e	e

**Source:**

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

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

**EXHIBIT J-16**

<b>Function/Program</b>	<b>Fiscal Year Ending June 30,</b>									
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Instruction										
Regular	47.5	54	53	55	55	55	55	55	53	54
Special education	16	17	35	17	18	18	18	19	20	20
Other special education	16	15	9	15	20	20	20	24	19	18
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	14	8	2	12	10	10	10	6	10	10
School administrative services	9	12	9	9	11	11	11	7	7	6
General and business administrative services	4.5	4	4	5	4	4	4	7	7	7
Plant operations and maintenance	13	8	12	10	6	6	6	6	9	10
Pupil transportation										
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<b>120</b>	<b>118</b>	<b>124</b>	<b>123</b>	<b>124</b>	<b>124</b>	<b>124</b>	<b>124</b>	<b>124</b>	<b>125</b>

**Source:** District Personnel Records



Berlin Borough School District  
 Operating Statistics,  
 Last Ten Fiscal Years

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary				
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%
2022	809	15,721,112	19,433	8.85%	73		1:13	816.0	715.9	-1.72%	87.73%

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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	891	868	862	853	828	823	824	814	830	816

Number of Schools at June 30, 2022  
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
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
* School Facilities											
Berlin Community School	\$ 129,736	\$ 154,794	\$ 149,682	\$ 150,294	\$ 192,108	\$ 181,147	\$ 236,540	\$ 337,860	\$ 211,676	\$ 229,226	\$ 1,973,063
Project # (s)											
Total School Facilities	<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>\$ 229,226</u>	<u>\$ 1,973,063</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, 2022**

**EXHIBIT J-20**

	<u>Coverage</u>	<u>Premium</u>	<u>Deductible</u>
Commercial Package Policy (1)			
Property	\$ 500,000,000	\$ 63,718	
General and Auto Liability	5,000,000		
Comprehensive Crime Coverage			
Employee Dishonesty	500,000		
Boiler and Machinery	100,000,000		
School Leaders Professional	5,000,000		
Excess Liability	5,000,000 / 15,000,000		
Environmental Impairment Liability	1,000,000 / 25,000,000		
Workers Compensation (2)			
Bodily Injury by Accident	3,000,000	91,784	
Bodily Injury by Disease	3,000,000		
Supplemental Indemnity (2)	2,000,000	2,783	
Errors and Omissions Liability (2)			
Coverage A	5,000,000	32,550	\$ 5,000
Coverage B	100,000 / 300,000		5,000
Student Accident (3)			
School Time Compulsory Student Accident Coverage			
Maximum Benefit	1,000,000	7,450	
Surety Bonds (4)			
Board Secretary	210,000	735	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**

***INVERSO & STEWART, LLC***  
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New Jersey Society of CPAs

**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 Borough, 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 (the "District"), in the County of Camden, State of New Jersey, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated January 30, 2023.

***Report on Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, 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 are 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 entity'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 entity'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  
January 30, 2023

***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 THE  
 UNIFORM GUIDANCE AND STATE OF 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 Borough, New Jersey

**Report on Compliance for Each Major Federal and State Program*****Opinion on Each Major Federal and State Program***

I have audited Berlin Borough School District's (the "District"), in the County of Camden, State of New Jersey, compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement and the New Jersey State Grant Compliance Supplement that could have a direct and material effect on the District's major federal and state programs for the year ended June 30, 2022. The District's major federal and state programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned costs.

In my opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal and State Program***

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, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative 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*. My responsibilities under those standards and the Circular 15-08-OMB are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

***Responsibilities of Management for Compliance***

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



### ***Auditor's Responsibilities for the Audit of Compliance***

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and the N.J. Circular 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance, and N.J. Circular 15-08-OMB, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of my auditing procedures disclosed an instance of noncompliance, which is required to be reported under the Uniform Guidance and which is described in the accompanying *Schedule of Findings and Questioned Costs and Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* as finding no: 2022-001. My opinion on the major federal program is not modified with respect to this matter.

The District's response to the finding identified in my audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

### ***Report on Internal Control over Compliance***

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or 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 federal or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

***Purpose of this Report***

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 the Uniform Guidance and 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  
January 30, 2023

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period	June 30, 2021			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2022												
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at										
<b>U.S. Department of Education</b>																									
Passed-through State Department of Education:																									
<u>Special Revenue Fund:</u>																									
<u>Every Student Succeeds Act (E.S.S.A.)</u>																									
Title I	84.010A	S010A210030	ESSA-0330-22	\$ 81,907	7/1/21- 9/30/22	\$ -	\$ -	\$ -	\$ -	\$ 53,980	\$ (81,907)	\$ -	\$ (27,927)	\$ -	\$ -										
Title I	84.010A	S010A200030	ESSA-0330-21	80,483	7/1/20- 9/30/21	(18,001)				18,001															
Title IIA	84.367A	S367A210029	ESSA-0330-22	24,678	7/1/21- 9/30/22					13,761	(20,053)		(6,292)												
Title IIA	84.367A	S367A200029	ESSA-0330-21	20,239	7/1/20- 9/30/21	(2,581)				2,581			-												
Title IV	84.424A	S424A210031	ESSA-0330-22	13,626	7/1/21- 9/30/22					4,302	(11,639)		(7,337)												
Title IV	84.424A	S424A200031	ESSA-0330-21	10,007	7/1/20- 9/30/21	(1,581)				1,581			-												
<u>Individuals With Disabilities Act (I.D.E.A.)</u>																									
Part B - Basic - Current Year	84.027A	H027A210100	IDEA-0330-22	211,418	7/1/21- 9/30/22					171,745	(199,892)		(28,147)												
Part B - Basic - Current Year	84.027A	H027A200100	IDEA-0330-21	209,999	7/1/20- 9/30/21	(16,916)				16,916			-												
ARP Part B - Basic - Current Year	84.027X	H027X210100	IDEA-0330-22	43,173	7/1/21- 9/30/22					35,371	(40,834)		(5,463)												
Part B - Preschool - Current Year	84.173A	H173A210114	IDEA-0330-22	8,935	7/1/21- 9/30/22					7,595	(8,935)		(1,340)												
ARP Part B - Preschool - Current Year	84.173X	H173X210114	IDEA-0330-22	3,682	7/1/21- 9/30/22					3,682	(3,682)		-												
CARES - ESSER I	84.425D	S425D200027	N/A	78,283	3/13/20 - 9/30/22	(923)				14,647	(13,724)		-												
CRRSA - ESSER II	84.425D	S425D210027	N/A	264,251	3/13/20 - 9/30/24					239,231	(242,827)		(3,596)												
CRRSA - Learning Acceleration	84.425D	S425D210027	N/A	69,656	3/13/20 - 9/30/24					18,750	(18,750)		-												
CRRSA - Mental Health	84.425D	S425D210027	N/A	45,000	3/13/20 - 9/30/24					45,000	(45,000)		-												
ARP ESSER III	84.425U	S425U210027	N/A	593,887	3/13/20 - 9/30/24						(151,487)		(151,487)												
ARP ESSER III - Evidence Based Learning	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24						(1,253)		(1,253)												
Total Special Revenue Fund						\$ (40,002)	\$ -	\$ -	\$ -	\$ 647,143	\$ (839,983)	\$ -	\$ (232,842)	\$ -	\$ -										
<b>U.S. Department of Agriculture</b>																									
Passed-through State Department of Education:																									
<u>Enterprise Fund:</u>																									
Food Distribution Program	10.555	221NJ304N1099	N/A	30,389	7/1/21- 6/30/22					30,389	(30,389)														
School Breakfast Program	10.553	221NJ304N1099	N/A	30,831	7/1/21- 6/30/22					28,916	(30,831)		(1,915)												
School Breakfast Program	10.553	211NJ304N1099	N/A	17,114	7/1/20- 6/30/21	(2,122)				2,122															
National School Lunch Program	10.555	221NJ304N1099	N/A	330,977	7/1/21- 6/30/22					306,737	(330,977)		(24,240)												
National School Lunch Program	10.555	211NJ304N1099	N/A	47,227	7/1/20- 6/30/21	(7,441)				7,441															
Emergency Operational Cost Program	10.555	202121H170341	N/A	8,916	7/1/21- 6/30/22					8,916	(8,916)														
P-EBT Administrative Cost	10.649	2022225900941	N/A	614	7/1/21- 6/30/22					614	(614)														
Total Enterprise Fund						(9,563)				385,135	(401,727)		(26,155)												
Total Federal Awards						\$ (49,565)	\$ -	\$ -	\$ -	\$ 1,032,278	\$ (1,241,710)	\$ -	\$ (258,997)	\$ -	\$ -										

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, 2022**

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2021			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2022		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>State Department of Education</b>													
<u>General Fund:</u>													
Special Education Categorical Aid	22-495-034-5120-089	\$ 521,625	7/1/21 - 6/30/22	\$ -	\$ -	\$ -	\$ -	\$ 470,432	\$ (521,625)	\$ -	\$ (51,193)	\$ -	\$ -
Special Education Categorical Aid	21-495-034-5120-089	521,625	7/1/20 - 6/30/21	(51,180)				51,180					
Equalization Aid	22-495-034-5120-078	3,562,674	7/1/21 - 6/30/22					3,185,972	(3,532,674)		(346,702)		
Equalization Aid	21-495-034-5120-078	3,167,018	7/1/20 - 6/30/21	(310,739)				310,739					
Transportation Aid	22-495-034-5120-014	254,835	7/1/21 - 6/30/22					229,825	(254,835)		(25,010)		
Transportation Aid	21-495-034-5120-014	254,835	7/1/20 - 6/30/21	(25,004)				25,004					
Security Aid	22-495-034-5120-084	98,331	7/1/21 - 6/30/22					88,681	(98,331)		(9,650)		
Security Aid	21-495-034-5120-084	98,331	7/1/20 - 6/30/21	(9,648)				9,648					
Additional Nonpublic Transportation Aid	22-103190	5,682	7/1/21 - 6/30/22						(5,682)		(5,682)		
Additional Nonpublic Transportation Aid	21-103190	6,090	7/1/20 - 6/30/21	(6,090)				6,090					
Extraordinary Aid	22-495-034-5120-044	3,976	7/1/21 - 6/30/22						(3,976)		(3,976)		
Extraordinary Aid	21-495-034-5120-044	47,717	7/1/20 - 6/30/21	(47,717)				47,717					
School Security Grant	20E00395	29,463	7/1/21 - 6/30/22						(29,463)		(29,463)		
On Behalf TPAF - Pension	22-495-034-5094-002	2,025,103	7/1/21 - 6/30/22					2,025,103	(2,025,103)				
On Behalf TPAF - Post Retirement Medical	22-495-034-5094-001	473,146	7/1/21 - 6/30/22					473,146	(473,146)				
On Behalf TPAF - LTDI	22-495-034-5094-004	1,019	7/1/21 - 6/30/22					1,019	(1,019)				
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	432,537	7/1/21 - 6/30/22					412,236	(432,537)		(20,301)		
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	410,828	7/1/20 - 6/30/21	(19,596)				19,596					
<b>Total General Fund</b>				<b>(469,974)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,356,388</b>	<b>(7,378,391)</b>	<b>-</b>	<b>(491,977)</b>	<b>-</b>	<b>-</b>
<u>Special Revenue Fund</u>													
N.J. Nonpublic Aid:													
Textbook Aid	22-100-034-5120-064	9,423	7/1/21 - 6/30/22					9,423	(9,423)				
Nursing Aid	22-100-034-5120-070	17,584	7/1/21 - 6/30/22					17,584	(17,584)				-
Technology Aid	22-100-034-5120-373	6,594	7/1/21 - 6/30/22					6,594	(6,594)				-
Security Aid	22-100-034-5120-509	27,475	7/1/21 - 6/30/22					27,475	(27,475)				-
Security Aid	21-100-034-5120-509	23,800	7/1/20 - 6/30/21			4,034				(4,034)			
Auxiliary Services:													
Compensatory Education	22-100-034-5120-067	68,528	7/1/21 - 6/30/22					68,528	(59,750)				8,778
Compensatory Education	21-100-034-5120-067	76,639	7/1/20 - 6/30/21			16,286				(16,286)			
ESL	22-100-034-5120-067	4,568	7/1/21 - 6/30/22					4,568	(1,644)				2,924
Transportation	22-100-034-5120-067	16,436	7/1/21 - 6/30/22					16,436	(7,376)				9,060
Transportation	21-100-034-5120-067	15,219	7/1/20 - 6/30/21			6,861				(6,861)			
Home Instruction	21-100-034-5120-067	152	7/1/20 - 6/30/21	(152)				152					
Handicapped Services:													
Examination & Classification	22-100-034-5120-066	24,080	7/1/21 - 6/30/22					24,080	(20,854)				3,226
Examination & Classification	21-100-034-5120-066	28,053	7/1/20 - 6/30/21			1,118				(1,118)			
Corrective Speech	22-100-034-5120-066	17,670	7/1/21 - 6/30/22					17,670	(11,067)				6,603
Corrective Speech	21-100-034-5120-066	25,064	7/1/20 - 6/30/21			14,401				(14,401)			
Supplemental Instruction	22-100-034-5120-066	23,954	7/1/21 - 6/30/22					23,954	(17,263)				6,691
Supplemental Instruction	21-100-034-5120-066	28,737	7/1/20 - 6/30/21			11,009				(11,009)			
SDA Emergent Needs & Capital Maint.	EG-0144-D02	18,605	7/1/21 - 6/30/22					18,605	(18,605)				
Municipal Alliance Grant	N/A	2,645	7/1/19 - 6/30/20	(2,490)				2,490					
<b>Total Special Revenue Fund</b>				<b>(2,642)</b>	<b>-</b>	<b>53,709</b>	<b>-</b>	<b>237,559</b>	<b>(197,635)</b>	<b>(53,709)</b>	<b>-</b>	<b>-</b>	<b>37,282</b>

Continued

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2022**

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2021			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2022		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
<b>State Department of Agriculture</b>													
Enterprise Fund:													
State School Lunch Program	22-100-010-3350-023	\$ 7,774	7/1/21 - 6/30/22	\$ -	\$ -	\$ -	\$ -	\$ 7,216	\$ (7,774)	\$ -	\$ (558)	\$ -	\$ -
State School Lunch Program	21-100-010-3350-023	2,856	7/1/20 - 6/30/21	(557)				557	-		-		
Total Enterprise Fund				(557)	-	-	-	7,773	(7,774)	-	(558)	-	-
Total State Financial Assistance				<u>\$ (473,173)</u>	<u>\$ -</u>	<u>\$ 53,709</u>	<u>\$ -</u>	<u>\$ 7,601,720</u>	<u>(7,583,800)</u>	<u>\$ (53,709)</u>	<u>\$ (492,535)</u>	<u>\$ -</u>	<u>\$ 37,282</u>
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:													
On-Behalf TPAF Contribution - Pension (Non-Budgeted)									2,025,103				
On-Behalf TPAF Contribution - Post-Retirement Medical (Non-Budgeted)									473,146				
On-Behalf TPAF Contribution - LTDI (Non-Budgeted)									1,019				
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08									<u>\$ (5,084,532)</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, 2022**

## **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 (\$35,984) 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, 2022**  
**(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	\$ -	\$ 7,342,407	\$ 7,342,407
Special Revenue	839,983	197,635	1,037,618
Food Service	<u>401,727</u>	<u>7,774</u>	<u>409,501</u>
Total	<u>\$ 1,241,710</u>	<u>\$ 7,547,816</u>	<u>\$ 8,789,526</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, 2022. 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, 2022.

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

**Section I--Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?            yes     X     no

2) Significant deficiencies identified?            yes     X     none reported

Noncompliance material to basic financial statements noted?            yes     X     no

**Federal Awards**

Internal Control over major programs:

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

2) Significant deficiencies identified?            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 2 CFR 200 section .516(a) ?     X     yes            no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>Child Nutrition Cluster: Food Distribution Program</u>
<u>10.553</u>	<u>221NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>National School Lunch Program</u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>

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

Auditee qualified as low-risk auditee?            yes     X     no



BERLIN BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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>22-495-034-5120-078</u>	<u>State Aid Public Cluster: Equalization Aid</u>
<u>22-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5120-084</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, 2022**

**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, 2022**

**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:**

**Finding No. 2022-001**

**Information on the Federal Program:**

U.S. Department of Education – Child Nutrition Cluster (Federal Award Year 7/1/21 to 6/30/22):  
School Breakfast Program (Assistance Listing Number 10.553) (FAIN-221NJ304N1099)  
National School Lunch Program (Assistance Listing Number 10.555) (FAIN-221NJ304N1099)  
Food Distribution Program (Assistance Listing Number 10.555) (FAIN-221NJ304N1099)

**Criteria or specific requirement:**

CFR Section 210.14 Resource Management (b) Net Cash Resources. The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for a nonprofit school food service.

**Condition:**

The School District's Net Cash Resources exceeded its three month average expenditures by \$83,790.

**Questioned Costs:**

None.

**Context:**

Per the calculation of the Food Service Fund's Net Cash Resources, Net Cash Resources at June 30, 2022 were \$166,557, and its three month average expenditures were \$82,767, resulting in an overage of \$83,790.

**Effect or Potential Effect:**

The School District is not in compliance with CFR section 210.14 and requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

**Cause:**

An increase in federal funding.

**Recommendation:**

That the School District continue to monitor the finances of its Food Service Fund and create a plan to reduce the net cash resources below its three month average expenditures.

**View of Responsible Officials and Planned Corrective Action:**

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**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.