

**SCHOOL DISTRICT
OF**

**BERLIN
BOROUGH**

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

**Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025**

Annual Comprehensive Financial Report

of the

Berlin Borough Board of Education

Berlin, New Jersey

For the Fiscal Year Ended June 30, 2025

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

BERLIN BOROUGH SCHOOL DISTRICT

INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	2
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

FINANCIAL SECTION

Independent Auditor's Report	11
-------------------------------------	----

Required Supplementary Information - Part I	
Management's Discussion and Analysis	15

Basic Financial Statements

A. District-wide Financial Statements:

A-1	Statement of Net Position	24
A-2	Statement of Activities	25

B. Fund Financial Statements:

Governmental Funds:

B-1	Balance Sheet	27
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balances	28
B-3	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29

Proprietary Funds:

B-4	Statement of Net Position	30
B-5	Statement of Revenues, Expenses, and Changes in Fund Net Position	31
B-6	Statement of Cash Flows	32

Fiduciary Funds	N/A
-----------------	-----

Notes to the Financial Statements	33
--	----

Required Supplementary Information - Part II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule - General Fund	68
C-1a	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (if applicable)	N/A
C-2	Budgetary Comparison Schedule - Special Revenue Fund	74

Notes to the Required Supplementary Information

C-3	Budget-to-GAAP Reconciliation	75
-----	-------------------------------	----

Required Supplementary Information - Part III

L.	Schedules Related to Accounting and Reporting for Pensions (GASB-68)	
L-1	Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	77
L-2	Schedule of the District Contributions - Public Employees Retirement System	78
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability - Teachers' Pension and Annuity Fund	79
M.	Schedule Related to Accounting and Reporting for OPEB (GASB-75)	
M-1	Schedule of Changes in the District's Total OPEB Liability Share of the Net OPEB Liability and Related Ratios	80

	Notes to the Required Supplementary Information - Part III	81
--	---	----

Other Supplementary Information

D.	School Level Schedules :	N/A
E.	Special Revenue Fund:	
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund - Budgetary Basis	84
E-2	Preschool Education Aid Expenditures - Budgetary Basis	88
F.	Capital Projects Fund:	
F-1	Summary Statement of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	91
F-2	Summary Statement of Project Expenditures	93
G.	Proprietary Fund:	
	Enterprise Fund:	
G-1	Combining Statement of Net Position	95
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position	96
G-3	Combining Statement of Cash Flows	97
H.	Fiduciary Funds	N/A

STATISTICAL SECTION (Unaudited)**Financial Trends**

J-1	Net Position by Component	103
J-2	Changes in Net Position, Last Ten Fiscal Years	104
J-3	Fund Balances, Governmental Funds, Last Ten Fiscal Years	106
J-4	Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	107
J-5	General Fund - Other Local Revenue by Source, Last Ten Fiscal Years	108

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property, Last Ten Fiscal Years	109
J-7	Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	110
J-8	Principal Property Tax Payers, Current Year and Nine Years Ago	111
J-9	Property Tax Levies and Collections, Last Ten Fiscal Years	112

Debt Capacity

J-10	Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	113
J-11	Ratios of Net General Bonded Debt Outstanding, Last Ten Fiscal Years	114
J-12	Ratios of Overlapping Governmental Activities Debt, As of December 31, 2024	115
J-13	Legal Debt Margin Information, Last Ten Fiscal Years	116

Demographic and Economic Information

J-14	Demographic and Economic Statistics	116
J-15	Principal Employers, Current Year & Nine Years Ago (information not available)	N/A

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program, Last Ten Fiscal Years	118
J-17	Operating Statistics, Last Ten Fiscal Years	119
J-18	School Building Information, Last Ten Fiscal Years	120
J-19	Schedule of Required Maintenance, Last Ten Fiscal Years	121
J-20	Insurance Schedule	122

SINGLE AUDIT SECTION

K-1	Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	124
K-2	Report on Compliance for Each Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey Circular 15-08-OMB	126
K-3	Schedule of Expenditures of Federal Awards, Schedule A	129
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	130
K-5	Notes to the Schedules of Awards and Financial Assistance	132
K-6	Schedule of Findings and Questioned Costs Section 1 - Financial Statement Findings	134
	Section 2 - Schedule of Financial Statement Findings	136
	Section 3 - Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs	137
K-7	Summary Schedule of Prior Year Audit Findings and Questioned Costs as Prepared by Management	138

Introductory Section

BERLIN BOROUGH SCHOOL DISTRICT

"Where Students Discover Their Potential"



Jack Marcellus
Superintendent

Kristen Mari
School Business Administrator/
Board Secretary

October 27, 2025

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, 2025 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 the 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 principles, 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 PREK through 8. These include regular as well as special education for disabled students.

The District completed the 2024-2025 school year with an average daily enrollment of 878 students as of June 30, 2025. 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
2025	878	-3.2
2024	903	+2.84
2023	878	+7.59
2022	816	+1.68
2021	830	+1.96
2020	814	-1.21
2019	824	-0.12
2018	823	-0.60
2017	828	-2.93
2016	853	-1.04

2. ECONOMIC CONDITION AND OUTLOOK

Economic Condition

- **Residential Focus & Tax Burden:** Berlin Borough is largely a **residential community** with relatively few large commercial properties ("ratables"). This means the primary financial burden for municipal services, including the local school district, falls heavily on **homeowners** via property taxes.
- **Local Government Finance:** The Berlin Borough School District and the Borough government appear to be in good financial condition, with processes for financial planning, budgeting, and audits in place. Financial reports and budgets are publicly available.
- **Housing Market:** As of late 2025, the housing market in Berlin, NJ, shows the average home value is approximately **\$381,769**, with a **2.5% increase** over the past year.
- **Employment and Industries (Resident Data):** Based on 2023 data for Berlin residents, the largest employment sectors are:
 - **Retail Trade**
 - **Health Care & Social Assistance**
 - **Educational Services**
 - Employment grew slightly by 0.742% from 2022 to 2023.



BERLIN BOROUGH SCHOOL DISTRICT

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Economic Outlook and Development

- **Affordable Housing & Development Projects:** Berlin Borough is actively engaged in development to meet its affordable housing obligations. Projects underway or in the pipeline include:
 - **The Gardens / The Village at Berlin** (under construction, to provide 72 units of affordable family rental housing).
 - **The Armstrong Capital / K-Mart Site** (settlement in place).
 - **A Market to Affordable Program.**
 - These projects are expected to help the Borough meet its affordable housing goals by the end of 2025.
- **Downtown Revitalization:** The **Downtown Berlin Revitalization Corp (DBRC)** is an active organization that focuses on enhancing the downtown area, which suggests an ongoing effort to improve the local commercial environment.
- **Financial Management:** The continued focus on financial excellence by the School District and the Borough's regular auditing and budgeting processes suggest a stable fiscal outlook.
- **Demographic Trend:** The population was slightly lower in 2019 (estimated 7,539) than in 2010 (7,588), though the 2020 Census figure was 7,489. New housing developments could potentially stabilize or increase the population.

In summary, the economic outlook is marked by **fiscal stability**, a **growing housing market**, and **planned redevelopment projects** aimed at increasing housing availability and revitalizing the downtown, though the high reliance on residential property taxes remains a key concern.

3. MAJOR INITIATIVES

- Curriculum
 - ELA & Math Curricula Aligned to NJ Student Learning Standards
 - Updated Comprehensive Physical Education and Health Standard alignment
- Professional development for staff in all new curricula
- Full Day preschool program
- Professional Development Initiatives
 - Job-embedded PLCs to ensure continuous PD and student achievement
 - Contracted Curriculum Coaches
 - Daily morning teacher collaboration time
- Embedding technology in the classroom
 - Continue to support 1:1 chromebooks in grades 5-8. Transition from ipads to chromes in elementary
 - Technology Network Upgrades
- Character Education & Cultural Proficiency/Equity
 - Continue support and initiatives



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TECHNOLOGY - Each year the district continues its five-year computer/technology upgrades 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 chromebook initiative in fifth through 8th grade with plans to expand to our elementary students.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line-item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as a reservation of funds balance on June 30, 2025.



BERLIN BOROUGH SCHOOL DISTRICT

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6) ACCOUNTING SYSTEM AND REPORTS

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

7) CASH MANAGEMENT

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

8) RISK MANAGEMENT

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

9) OTHER INFORMATION

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



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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,

Jack Marcellus

Jack Marcellus, Ed.D.
Chief School Administrator

Kristen Mari

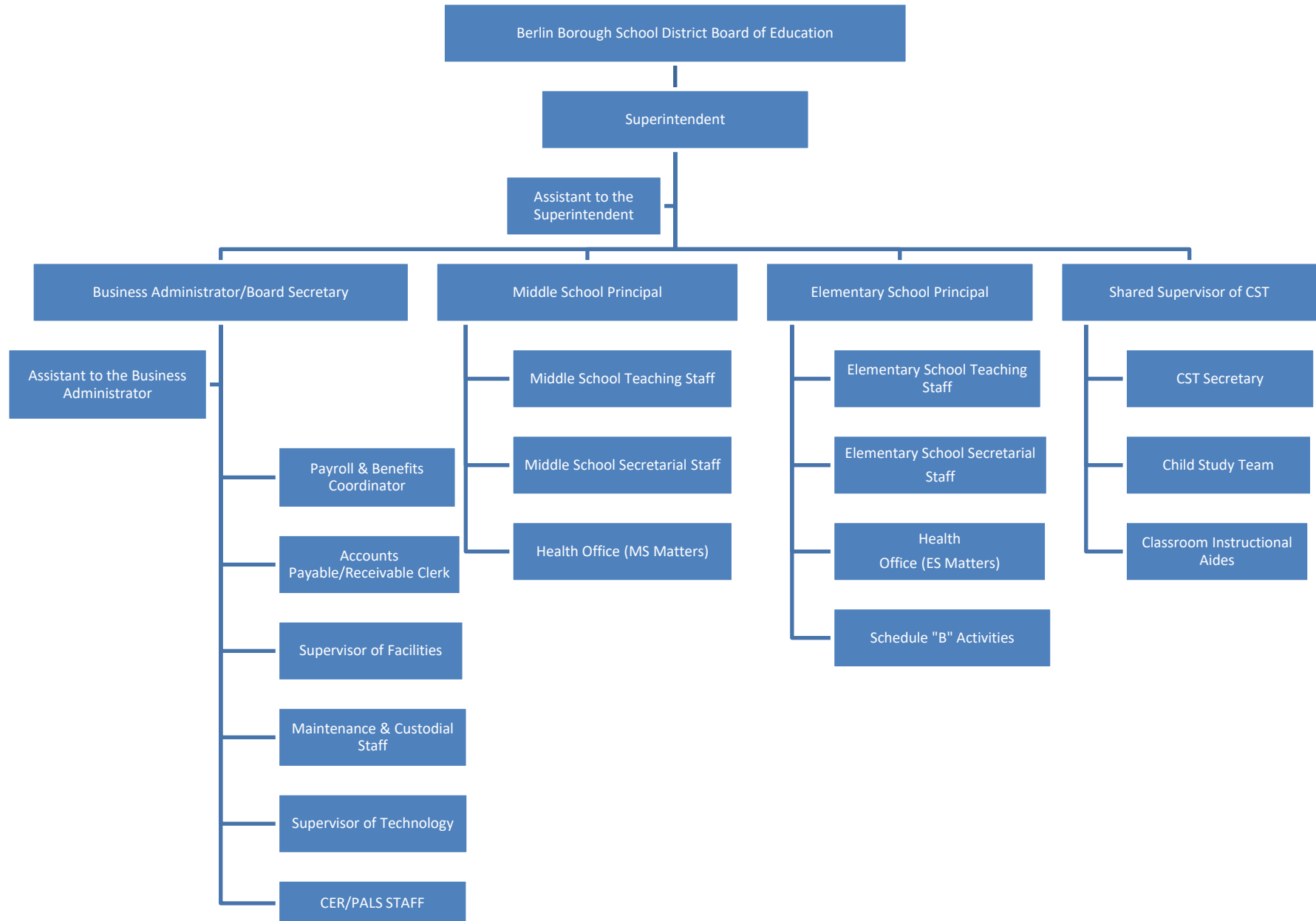
Kristen Mari
Business Administrator



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BERLIN BOROUGH BOARD OF EDUCATION ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2025**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Brandy Titus, President	2027
Rebecca Holland, Vice President	2025
Dr. Jeremy Cohen	2025
Lisa Kehoe	2025
Dr. Jocelyn Lewis	2026
Alison Moyer	2027
Michelle Scheffer	2027
Steven Torres	2026
Joshua Zagorski	2026

Other Officials

Brenda Harring, Interim Superintendent
Kristen Mari, Business Administrator/Board Secretary
Daniel H. Long, Solicitor

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
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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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In 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, 2025, 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.

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 inquiries 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 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.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 27, 2025, 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
October 27, 2025

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, 2025**

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, 2025. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The liabilities of the School District exceeded its assets at the close of the most recent fiscal year by \$4,612,041 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$2,692,162. The accounting treatments in the governmental funds for compensated absences payable, the last two state aid payments, and the state statute that prohibits a school district from maintaining more than 2% 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 \$493,580 from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$12,601,316, resulting in an ending fund balance of \$4,432,379. This decrease is largely due to the results of operations in the Capital Projects Fund.
- Business-type activities have an unrestricted net position of \$394,979, which may be used to meet the School District's ongoing obligations of the food service and community education and recreation operations.
- The School District's long-term obligations decreased by \$1,196,775 which is primarily due to bond repayment.

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.

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 2026. 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 2026.

The assets of the primary government activities exceeded the liabilities by \$4,219,153 with an unrestricted deficit balance of \$2,692,162. The net position of the primary government does not include internal balances.

A net investment of \$2,075,027 in land, improvements, buildings, equipment, vehicles, and right-to-use assets provide the services to the School District's 878 public school students. A balance of \$2,497,578 has been restricted for future capital projects, \$580,942 has been restricted for future maintenance, \$833,719 reserved for future budget appropriation, \$886,928 for debt service, and \$37,121 has been restricted for student activities.

As mentioned earlier, the deficit unrestricted net position is primarily due to the accounting treatment for compensated absences payable, the June state aid payments, and state statutes that prohibit a school district from maintaining more than 2% of its adopted budget as unrestricted fund balance.

Berlin Borough School District
Comparative Summary of Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets	\$ 5,229,472	\$ 17,614,946	\$ 471,378	\$ 502,074	\$ 5,700,850	\$ 18,117,020
Capital assets	20,737,649	8,708,652	38,255	45,830	20,775,904	8,754,482
Total assets	25,967,121	26,323,598	509,633	547,904	26,476,754	26,871,502
Deferred Outflows of Resources	412,117	538,730			412,117	538,730
LIABILITIES						
Current liabilities	1,916,541	2,096,874	76,404	72,095	1,992,945	2,168,969
Noncurrent liabilities	20,075,619	20,916,575			20,075,619	20,916,575
Total Liabilities	21,992,160	23,013,449	76,404	72,095	22,068,564	23,085,544
Deferred Inflows of Resources	167,925	206,227			167,925	206,227
Net Position	\$ 4,219,153	\$ 3,642,652	\$ 433,229	\$ 475,809	\$ 4,652,382	\$ 4,118,461
Net Position Consists of:						
Net investment in Capital Assets	\$ 2,075,027	\$ (11,026,294)	\$ 38,255	\$ 45,830	\$ 2,113,282	\$ (10,980,464)
Restricted Assets	4,836,288	17,236,114			4,836,288	17,236,114
Unrestricted Assets	(2,692,162)	(2,567,168)	394,974	429,979	(2,297,188)	(2,137,189)
Net Position	\$ 4,219,153	\$ 3,642,652	\$ 433,229	\$ 475,809	\$ 4,652,382	\$ 4,118,461

Berlin Borough School District
Comparative Schedule of Changes in Net Position
As of and for the Fiscal Year Ended June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
Revenues:						
Charges for services	\$ -	\$ -	\$ 428,003	\$ 545,698	\$ 428,003	\$ 545,698
Operating Grants and contributions	5,756,216	5,296,784	202,730	190,300	5,958,946	5,487,084
Capital Grants and contributions	12,712				12,712	-
Property taxes	8,934,237	8,700,428			8,934,237	8,700,428
State aid - unrestricted	7,672,901	6,217,518			7,672,901	6,217,518
Other revenues	457,866	870,194			457,866	870,194
Total Revenues	<u>22,833,932</u>	<u>21,084,924</u>	<u>630,733</u>	<u>735,998</u>	<u>23,464,665</u>	<u>21,820,922</u>
Expenses:						
Governmental Activities:						
Instruction	8,488,164	7,233,425			8,488,164	7,233,425
Tuition	558,563	455,953			558,563	455,953
Related Services	2,432,410	2,199,447			2,432,410	2,199,447
Administrative Services	668,485	670,045			668,485	670,045
Central Services	347,293	339,937			347,293	339,937
Operations and Maintenance	1,855,478	970,219			1,855,478	970,219
Transportation	688,109	649,873			688,109	649,873
Employee benefits	6,416,333	6,399,207			6,416,333	6,399,207
Interest on debt	736,635	739,454			736,635	739,454
Other	65,961	71,509			65,961	71,509
Business-Type Activities:						
Community Education			104,964	157,209	104,964	157,209
Latchkey			171,939	165,081	171,939	165,081
Shared Services					-	-
Food Service			396,410	385,543	396,410	385,543
Total Expenses	<u>22,257,431</u>	<u>19,729,069</u>	<u>673,313</u>	<u>707,833</u>	<u>22,930,744</u>	<u>20,436,902</u>
Increase (Decrease) in Net Position before transfers	576,501	1,355,855	(42,580)	28,165	533,921	1,384,020
Transfers					-	-
Change in Net Position	576,501	1,355,855	(42,580)	28,165	533,921	1,384,020
Net Position, July 1	3,642,652	2,286,797	475,809	447,644	4,118,461	2,734,441
Net Position, June 30	<u>\$ 4,219,153</u>	<u>\$ 3,642,652</u>	<u>\$ 433,229</u>	<u>\$ 475,809</u>	<u>\$ 4,652,382</u>	<u>\$ 4,118,461</u>

Governmental Activities

Governmental activities increased the net position of the School District by \$576,501 during the current fiscal year. Key elements of the net increase for governmental activities are as follows:

- Repayment of bond principal in the amount of \$1,074,000. Debt repayment is recorded as an expenditure in the governmental funds but increases net position on the government-wide statements.
- Fixed asset additions exceeded depreciation expense by \$12,026,900. Capital outlays are recorded as an expenditure in the governmental funds but increase net position on the government-wide statements.

Business-type Activities

Business-type activities decreased the School District's net position by \$42,580. Key elements of the decrease in net position for business-type activities are as follows:

- The Community Education and Recreation Fund had a net loss of \$36,699.
- Latchkey had a net loss of \$4,857.
- The Food Service Fund had a net loss of \$1,024.

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 \$4,432,379, a decrease of \$12,601,316 in comparison with the prior year. Most of this decrease is due to the results of operations in the Capital Projects Fund.

The unassigned fund balance for the School District at the end of the fiscal year includes a deficit balance of \$300,657 in the General Fund and \$170,404 in the Special Revenue 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) \$55,652 assigned fund balance – designated for subsequent year's expenditures, 2) \$48,621 reserved for open orders 3) \$2,497,578 reserved for capital projects, 4) \$580,942 reserved for maintenance, 5) \$37,121 reserved for student activities, 6) \$833,719 excess surplus which is reserved for future budget appropriations in accordance with state statute, and 7) \$886,928 reserved for debt service.

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 18 of the notes to the basic financial statements. In addition, state statutes prohibit a New Jersey school district from maintaining more than 2% 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 \$373,199 while total fund balance (budgetary basis) was \$3,395,199. 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 \$18,546,280. Unassigned fund balance (budgetary basis) represents 2.01% of expenditures while total fund balance (budgetary basis) represents 18.31% 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, 2025, totaled \$20,775,904 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, vehicles, and right-to-use lease assets. The total increase in the District's investment in capital assets for the current fiscal year was \$12,021,422, or a 137.32% increase. The increase is due to capital outlay.

Capital/Lease Asset (net of accumulated depreciation/amortization)
June 30, 2025 and 2024

	Governmental Activities		Business-Type Activities		District-Wide	
	2025	2024	2025	2024	2025	2024
Land	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 400,000
Construction in Progress	18,704,488	6,593,486	-	-	18,704,488	6,593,486
Site Improvements	38,667	45,743	-	-	38,667	45,743
Building and Building Improvements	1,304,390	1,423,502	-	-	1,304,390	1,423,502
Equipment	253,292	211,206	38,255	45,830	291,547	257,036
Leases	36,812	34,715	-	-	36,812	34,715
Net Assets	<u>\$ 20,737,649</u>	<u>\$ 8,708,652</u>	<u>\$ 38,255</u>	<u>\$ 45,830</u>	<u>\$ 20,775,904</u>	<u>\$ 8,754,482</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, 2025, the School District had \$18,625,000 in serial bonds payable, \$488,198 in compensated absences, \$37,622 in leases payable, and \$1,667,858 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 \$29,984,017. The available amount as of June 30, 2025 is \$11,359,017.

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 2025-26 fiscal year.

- For the 2025-26 fiscal year, the School District will be receiving a decrease in state aid. The local tax levy in the General Fund increased by \$437,800 or 5.38%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2025-26 General Fund Budget is \$380,320 more than the previous year or a 2.47% increase. The tax rate for 2025 decreased to \$1.091 from \$1.106 in 2024.

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.

The Berlin Borough School District has maintained a consistent focus on sound financial management. Its processes for financial planning, budgeting, and internal controls continue to support responsible fiscal operations, and the District intends to sustain these practices moving forward.

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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 2,946,724	\$ 453,014	\$ 3,399,738
Accounts Receivables, net	198,740	13,472	212,212
Inventory		4,892	4,892
Restricted assets:			
Cash and cash equivalents	2,084,008		2,084,008
Capital assets, net	20,700,837	38,255	20,739,092
Right-to-use lease assets, net	36,812		36,812
Total Assets	<u>25,967,121</u>	<u>509,633</u>	<u>26,476,754</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred outflows of resources from pensions	<u>412,117</u>	<u>-</u>	<u>412,117</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>26,379,238</u>	<u>509,633</u>	<u>26,888,871</u>
LIABILITIES:			
Accounts payable:			
Other	34,197	29,354	63,551
Related to Pensions	139,197		139,197
Accrued Arbitrage Rebate Liability	340,642		340,642
Intergovernmental Accounts Payable:			
State	58,473		58,473
Internal Balances	(35,557)	35,557	
Unearned Revenue	399,338	11,493	410,831
Accrued Liabilities:			
Interest payable	237,192		237,192
Noncurrent liabilities:			
Due within one year	743,059		743,059
Due beyond one year	20,075,619		20,075,619
Total Liabilities	<u>21,992,160</u>	<u>76,404</u>	<u>22,068,564</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows of resources from pensions	<u>167,925</u>	<u>-</u>	<u>167,925</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>22,160,085</u>	<u>76,404</u>	<u>22,236,489</u>
NET POSITION:			
Net investment in capital assets	2,075,027	38,255	2,113,282
Restricted for:			
Capital projects	2,497,578		2,497,578
Maintenance	580,942		580,942
Excess Surplus	833,719		833,719
Debt Service	886,928		886,928
Student Activities	37,121		37,121
Unrestricted (Deficit)	<u>(2,692,162)</u>	<u>394,974</u>	<u>(2,297,188)</u>
Total Net Position	<u>\$ 4,219,153</u>	<u>\$ 433,229</u>	<u>\$ 4,652,382</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, 2025

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	\$ 5,211,749	\$ -	\$ 989,973	\$ -	\$ (4,221,776)	\$ -	\$ (4,221,776)
Special Education	2,304,170		199,080		(2,105,090)		(2,105,090)
Other instruction	972,245				(972,245)		(972,245)
Support Services:							
Tuition	558,563				(558,563)		(558,563)
Student & instruction related services	2,432,410		299,219		(2,133,191)		(2,133,191)
General administrative services	340,189				(340,189)		(340,189)
School administrative services	328,296				(328,296)		(328,296)
Central administrative services	347,293				(347,293)		(347,293)
Plant operations and maintenance	1,855,478			12,712	(1,842,766)		(1,842,766)
Pupil transportation	688,109				(688,109)		(688,109)
Unallocated employee benefits	6,416,333		4,267,944		(2,148,389)		(2,148,389)
Interest on long-term debt	736,635				(736,635)		(736,635)
Unallocated depreciation and amortization	65,961				(65,961)		(65,961)
Total Governmental Activities	<u>22,257,431</u>	<u>-</u>	<u>5,756,216</u>	<u>12,712</u>	<u>(16,488,503)</u>	<u>-</u>	<u>(16,488,503)</u>
Business-Type Activities:							
Food service	396,410	192,656	202,730	-	-	(1,024)	(1,024)
Latchkey	171,939	167,082		-	-	(4,857)	(4,857)
Community education program	104,964	68,265		-	-	(36,699)	(36,699)
Total Business-Type Activities	<u>673,313</u>	<u>428,003</u>	<u>202,730</u>	<u>-</u>	<u>-</u>	<u>(42,580)</u>	<u>(42,580)</u>
Total Primary Government	<u>\$ 22,930,744</u>	<u>\$ 428,003</u>	<u>\$ 5,958,946</u>	<u>\$ 12,712</u>	<u>(16,488,503)</u>	<u>(42,580)</u>	<u>(16,531,083)</u>
Community education program							
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					8,140,005		8,140,005
Taxes levied for debt service					794,232		794,232
Federal and State aid unrestricted					7,672,901		7,672,901
Investment and Interest earnings - restricted					49,922		49,922
Miscellaneous					407,944		407,944
Total general revenues, special items, extraordinary items and transfers					<u>17,065,004</u>	<u>-</u>	<u>17,065,004</u>
Change in Net Position					576,501	(42,580)	533,921
Net Position - July 1					<u>3,642,652</u>	<u>475,809</u>	<u>4,118,461</u>
Net Position - June 30					<u>\$ 4,219,153</u>	<u>\$ 433,229</u>	<u>\$ 4,652,382</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, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,616,381	\$ 192,269	\$ 2,122,028	\$ 100,054	\$ 5,030,732
Interfund Accounts Receivable					
Enterprise Fund	35,557				35,557
Special Revenue Fund	9,045				9,045
Capital Projects Fund				886,928	886,928
Debt Service Fund			100,054		100,054
Intergovernmental Accounts Receivables:					
State	94,557				94,557
Federal		104,183			104,183
Total Assets	<u>\$ 2,755,540</u>	<u>\$ 296,452</u>	<u>\$ 2,222,082</u>	<u>\$ 986,982</u>	<u>\$ 6,261,056</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Accounts Payable:					
General Fund		9,045			9,045
Capital Projects Fund				100,054	100,054
Debt Service Fund			886,928		886,928
Intergovernmental Accounts Payable:					
State		58,473			58,473
Accounts Payable:					
Payroll Deductions and Withholdings Payable	34,197				34,197
Other					-
Accrued Arbitrage Rebate Liability			340,642		340,642
Unearned Revenue		399,338			399,338
Total Liabilities	<u>34,197</u>	<u>466,856</u>	<u>1,227,570</u>	<u>100,054</u>	<u>1,828,677</u>
Fund Balances:					
Restricted:					
Capital Reserve	1,503,066				1,503,066
Maintenance Reserve	580,942				580,942
Excess Surplus	833,719				833,719
Student Activities		37,121			37,121
Capital Projects Fund			17,118		17,118
Debt Service Fund				196,914	196,914
Assigned to:					
Other Purposes	48,621		977,394		1,026,015
Designated for Subsequent Year's Expenditures	55,652			690,014	745,666
Unassigned	(300,657)	(207,525)			(508,182)
Total Fund Balances	<u>2,721,343</u>	<u>(170,404)</u>	<u>994,512</u>	<u>886,928</u>	<u>4,432,379</u>
Total Liabilities and Fund Balances	<u>\$ 2,755,540</u>	<u>\$ 296,452</u>	<u>\$ 2,222,082</u>	<u>\$ 986,982</u>	

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 \$35,347,634, and the accumulated depreciation is \$14,646,797. 20,700,837

Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$107,716 and the accumulated amortization is \$70,904. 36,812

Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds. (237,192)

Accounts payable related to the April 1, 2026 required PERS contribution that is not to be liquidated with current financial resources. (139,197)

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	\$ 412,117	
Net Pension Liability	(1,667,858)	
Deferred Inflows of resources from Pensions	(167,925)	(1,423,666)

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	(18,625,000)	
Financed Purchases Payable	-	
Leases Payable	(37,622)	
Compensated Absences Payable	(488,198)	(19,150,820)

Net position of governmental activities \$ 4,219,153

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

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
for the Fiscal Year Ended June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local property tax levy	\$ 8,140,005	\$ -	\$ -	\$ 794,232	\$ 8,934,237
Tuition charges					
Rents and royalties	48,000				48,000
Maintenance reserve interest	15,335				15,335
Capital reserve interest	34,587				34,587
Miscellaneous revenues	163,030		196,914		359,944
Federal sources		430,467			430,467
State sources	10,077,997	1,154,820		864,686	12,097,503
Local Sources		92,055			92,055
Total revenues	18,478,954	1,677,342	196,914	1,658,918	22,012,128
EXPENDITURES:					
Current expense:					
Regular instruction	4,142,650	989,973			5,132,623
Special education instruction	2,105,090	199,080			2,304,170
Other instruction	972,245				972,245
Support services and undistributed costs:					
Tuition	558,563				558,563
Student & instruction related services	1,750,039	682,371			2,432,410
General administrative services	336,908				336,908
School administrative services	328,296				328,296
Central services	346,312				346,312
Information Technology					
Plant operations and maintenance	864,353				864,353
Pupil transportation	688,109				688,109
Unallocated employee benefits	5,510,227	176,358			5,686,585
Capital outlay	775,947	12,712	12,351,046		13,139,705
Debt service:					
Principal				1,074,000	1,074,000
Interest and other charges				749,165	749,165
Total expenditures	18,378,739	2,060,494	12,351,046	1,823,165	34,613,444
Excess (deficiency) of revenues over (under) expenditures	100,215	(383,152)	(12,154,132)	(164,247)	(12,601,316)
Other Financing Sources (Uses):					
Operating transfer in		167,541		196,914	364,455
Operating transfer out	(167,541)		(196,914)		(364,455)
Total other financing sources (uses)	(167,541)	167,541	(196,914)	196,914	-
Net change in fund balance	(67,326)	(215,611)	(12,351,046)	32,667	(12,601,316)
Fund balances, July 1	2,788,669	45,207	13,345,558	854,261	17,033,695
Fund balances, June 30	\$ 2,721,343	\$ (170,404)	\$ 994,512	\$ 886,928	\$ 4,432,379

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, 2025

Total net change in fund balances - governmental funds (from B-2) \$(12,601,316)

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	\$ (176,165)	
Fixed Asset Additions	<u>12,203,065</u>	12,026,900

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	(19,621)	
Fixed Asset Additions	<u>21,718</u>	2,097

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 not reported in the statement of activities. 1,074,000

Repayment of 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. -

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. (21,718)

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. 20,042

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. 12,530

Net differences between pension system contributions recognized in the fund statement of revenues, expenditures and changes in fund balances and the statement of activities. 92,056

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 (+).

(28,090)

Change in net position of governmental activities \$ 576,501

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

BERLIN BOROUGH SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2025

Business-type Activities

	Enterprise Funds			
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 167,840	\$ 12,827	\$ 272,347	\$ 453,014
Accounts receivable	13,472	-	-	13,472
Inventories	4,892	-	-	4,892
Total current assets	186,204	12,827	272,347	471,378
Noncurrent assets:				
Equipment	129,462	-	-	129,462
Less accumulated depreciation	(91,207)	-	-	(91,207)
Total noncurrent assets	38,255	-	-	38,255
Total assets	224,459	12,827	272,347	509,633
LIABILITIES:				
Current liabilities:				
Accounts payable	29,354	-	-	29,354
Interfund payable	35,557	-	-	35,557
Unearned revenue	8,959	2,534	-	11,493
Total liabilities	73,870	2,534	-	76,404
NET POSITION:				
Net investment in capital assets	38,255	-	-	38,255
Unrestricted	112,334	10,293	272,347	394,974
Total net position	\$ 150,589	\$ 10,293	\$ 272,347	\$ 433,229

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, 2025

	Business-type Activities			
	Enterprise Funds			
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
Operating revenues:				
Charges for services:				
Daily sales-reimbursable programs	\$ 113,320	\$ -	\$ -	\$ 113,320
Daily sales-non-reimbursable programs	79,336	-	-	79,336
Program Fees	-	167,082	68,265	235,347
Total operating revenue	192,656	167,082	68,265	428,003
Operating expenses:				
Salaries	123,019	111,342	24,506	258,867
Employee Benefits	23,989	29,267	608	53,864
Supplies and materials	21,115	2,261	-	23,376
Depreciation	7,575	-	-	7,575
Purchased services	25,950	16,000	71,846	113,796
Cost of sales - reimbursable programs	136,165	-	-	136,165
Cost of sales - non-reimbursable programs	37,741	-	-	37,741
Miscellaneous	3,390	13,069	8,004	24,463
Direct expenses	12,385	-	-	12,385
Repairs and maintenance	5,081	-	-	5,081
Total operating expenses	396,410	171,939	104,964	673,313
Operating income (loss)	(203,754)	(4,857)	(36,699)	(245,310)
Nonoperating revenues (expenses):				
State sources:				
State school lunch program	4,808	-	-	4,808
State school breakfast program	106	-	-	106
NJEIE lunch	1,829	-	-	1,829
NJEIE breakfast	350	-	-	350
Summer EBT	321	-	-	-
Federal sources:				
National school lunch program	136,440	-	-	136,440
National school breakfast program	27,739	-	-	27,739
Summer EBT	322	-	-	322
Local food for schools	1,005	-	-	1,005
U.S.D.A. commodities	29,810	-	-	29,810
Total nonoperating revenues (expenses)	202,730	-	-	202,409
Change in net position	(1,024)	(4,857)	(36,699)	(42,580)
Total net position - July 1	151,613	15,150	309,046	475,809
Total net position - June 30	\$ 150,589	\$ 10,293	\$ 272,347	\$ 433,229

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, 2025

Business-type Activities

	Enterprise Funds			
	Food Service Program	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
Cash flows from operating activities:				
Receipts from customers	\$ 195,560	\$ 162,646	\$ 68,265	\$ 426,471
Payments to employees	(129,539)	(140,609)	(25,114)	(295,262)
Payments to suppliers	(223,980)	(15,810)	(95,370)	(335,160)
Net cash used for operating activities	(157,959)	6,227	(52,219)	(203,951)
Cash flows from noncapital financing activities:				
State sources	7,175	-	-	7,175
Federal sources	158,351	-	-	158,351
Board subsidy	-	-	-	-
Net cash provided by non-capital financing activities	165,526	-	-	165,526
Cash flows from capital activities:				
Purchases of fixed assets	-	-	-	-
	-	-	-	-
Cash flows from investing activities:				
Interest and dividends	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase in cash and cash equivalents	7,567	6,227	(52,219)	(38,425)
Balances - July 1	160,273	6,600	324,566	491,439
Balances - June 30	\$ 167,840	\$ 12,827	\$ 272,347	\$ 453,014
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (203,754)	\$ (4,857)	\$ (36,699)	\$ (245,310)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,575	-	-	7,575
Federal commodities	29,810	-	-	29,810
Change in assets and liabilities:				
(Increase) decrease in inventories	(335)	-	-	(335)
Increase (decrease) in unearned revenue	2,645	(4,436)	-	(1,791)
Increase (decrease) in interfunds payable	-	15,520	(15,520)	-
Increase (decrease) in accounts payable	6,100	-	-	6,100
Total adjustments	45,795	11,084	(15,520)	41,359
Net cash provided by (used for) operating activities	\$ (157,959)	\$ 6,227	\$ (52,219)	\$ (203,951)

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, 2025

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 members' 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. Students in grades 9 through 12 attend Eastern Regional High School. The School District has an approximate enrollment at June 30, 2025 of 878 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, 2025

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, 2025**

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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Budgets/Budgetary Control - Annual appropriated budgets are prepared in the spring of each fiscal year for the general, special revenue, and debt service funds and are submitted to the county office of education. In accordance with P.L. 2011, c. 202, the School District adopted a resolution to move the annual school board election to the first Tuesday after the first Monday in November, beginning in November 2012, to be held simultaneously with the general election. As a result, voter approval of the School District's general fund tax levy is no longer required for the budget year, except in the case of a proposal for additional funds, if any. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at the line-item level within each fund, consistent with the minimum chart of accounts prescribed by N.J.A.C. 6A: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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

N.J.S.A. 17:9-41 et 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, 2025 and 2024 were based on rates established by the receiving school district. These rates are subject to change when the actual costs have been determined.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025.

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.

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 net position 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>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is 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.

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, 2025.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued) -

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

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Implemented Accounting Standards

In fiscal year 2025, the District implemented GASB Statement No. 101, Compensated Absences. The Statement updates recognition and measurement requirements for compensated absences by requiring governments to recognize liabilities for leave that has been earned but not yet used, as well as leave that has been used but not yet paid or otherwise settled. The implementation of this Statement did not have a material impact on the District's financial statements, as the District's existing accounting practices are consistent with the new requirements.

Recently Issued Accounting Pronouncements Not Yet Implemented

In December 2023, the GASB issued Statement 102, Certain Risk Disclosures. This statement requires government financial statements to disclose risks related to concentrations or constraints that could make a government vulnerable. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the effect of this pronouncement on financial reporting.

In April 2024, GASB issued Statement No. 103, Financial Reporting Model Improvements. This statement aims to improve the financial reporting model to provide more effective information for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the effect of this pronouncement on financial reporting.

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 Act (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 \$6,284,773 as of June 30, 2025, \$250,000 was insured under FDIC and the remaining balance of \$6,034,773 was collateralized under GUDPA.

3. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the School District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

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

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

3. CAPITAL RESERVE ACCOUNT (Continued)

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

Balance - June 30, 2024		\$ 1,806,528
Increased by:		
Interest Earned	\$ 34,588	
Unspent Appropriation	21,950	
Board Resolution	<u>400,000</u>	<u>456,538</u>
		2,263,066
Decreased by:		
Budget Withdrawal		<u>760,000</u>
Balance - June 30, 2025		<u><u>\$ 1,503,066</u></u>

The June 30, 2025 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

4. RECEIVABLES

Receivables at June 30, 2025 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	\$ -	\$ 104,183	\$ -	\$ 12,898	\$ 117,081
State Aid	94,557	-	-	574	95,131
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 94,557</u></u>	<u><u>\$ 104,183</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,472</u></u>	<u><u>\$ 212,212</u></u>

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

5. CAPITAL ASSETS

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

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Construction in Progress	6,593,486	12,111,002		18,704,488
Total Capital Assets, not being Depreciated	6,993,486	12,111,002	-	19,104,488
Capital Assets, being Depreciated				
Land Improvements	333,929			333,929
Building and Improvements	15,031,500			15,031,500
Equipment	785,654	92,063		877,717
Total Capital Assets, being Depreciated	16,151,083	92,063	-	16,243,146
Total Capital Assets, Cost	23,144,569	12,203,065	-	35,347,634
Less Accumulated Depreciation:				
Land Improvements	(288,186)	(7,076)		(295,262)
Building and Improvements	(13,607,998)	(119,112)		(13,727,110)
Equipment	(574,448)	(49,977)		(624,425)
Total Accumulated Depreciation	(14,470,632)	(176,165)	-	(14,646,797)
Total Capital Assets, being Depreciated, net	1,680,451	(84,102)	-	1,596,349
Total Capital Assets, net	8,673,937	12,026,900	-	20,700,837
Right-to-Use Lease Assets:				
Equipment	85,998	21,718		107,716
Total Lease Assets	85,998	21,718	-	107,716
Less Accumulated Amortization:				
Right-to-Use Lease Assets				
Equipment	(51,283)	(19,621)		(70,904)
Total Accumulated Amortization	(51,283)	(19,621)	-	(70,904)
Total Right-to-Use Lease Assets, net	34,715	2,097	-	36,812
Governmental Activities Capital Assets, net	<u>\$ 8,708,652</u>	<u>\$ 12,028,997</u>	<u>\$ -</u>	<u>\$ 20,737,649</u>
Business-Type Activities:				
Capital Assets, being Depreciated				
Equipment	\$ 129,462	\$ -	\$ -	\$ 129,462
Less - Accumulated Depreciation	(83,632)	(7,575)		(91,207)
Business-Type Activities Capital, net	<u>\$ 45,830</u>	<u>\$ (7,575)</u>	<u>\$ -</u>	<u>\$ 38,255</u>

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

5. CAPITAL ASSETS (CONTINUED)

Depreciation expense in the amount of \$176,165 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 34,358
Administration	1,319
Plant Operations and Maintenance	74,527
Unallocated	65,961
	<u>\$ 176,165</u>

Amortization expense in the amount of \$19,621 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 16,678
Administration	1,962
Central Services	981
	<u>\$ 19,621</u>

6. INVENTORY

Inventory in the Proprietary Funds at June 30, 2025 consisted of the following:

	<u>Food Service</u>
Food	\$ 3,376
Supplies	1,516
	<u>\$ 4,892</u>

7. LONG-TERM OBLIGATIONS

During the fiscal year ended June 30, 2025, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
General Obligation Bonds	\$ 19,699,000	\$ -	\$ 1,074,000	\$ 18,625,000	\$ 725,000
Compensated Absences	460,108	28,090	-	488,198	1,569
Leases Payable	35,946	21,718	20,042	37,622	16,490
Net Pension Liability	1,820,399	-	152,541	1,667,858	-
	<u>\$ 22,015,453</u>	<u>\$ 49,808</u>	<u>\$ 1,246,583</u>	<u>\$ 20,818,678</u>	<u>\$ 743,059</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:

2023 School Bonds dated March 15, 2023 in the amount of \$19,699,000, with \$18,625,000 outstanding, due in annual installments through March 1, 2043, bearing an interest rate of 3.50-4.00%.

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

7. LONG-TERM OBLIGATIONS (Continued)

As of June 30, 2025, principal and interest due on bonds outstanding is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 725,000	\$ 711,575	\$ 1,436,575
2027	755,000	686,200	1,441,200
2028	785,000	659,775	1,444,775
2029	815,000	632,300	1,447,300
2030	850,000	603,775	1,453,775
2030-2034	4,785,000	2,543,675	7,328,675
2035-2039	5,820,000	1,534,400	7,354,400
2040-2043	4,090,000	331,600	4,421,600
Total	<u>\$ 18,625,000</u>	<u>\$ 7,703,300</u>	<u>\$ 26,328,300</u>

As of June 30, 2025, 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, 2025, the District had no outstanding financed purchase obligations.

Leases Payable

The School District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On January 1, 2021, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2025, the lease liability was \$7,082. The School District is required to make monthly payments of \$1,188. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2025, was \$60,074 with accumulated amortization of \$53,399, resulting in a net book value of \$6,675.

On May 1, 2022, the School District entered a 60-month lease as lessee for the use of a postage meter. As of June 30, 2025, the lease liability was \$3,077. The School District is required to make quarterly payments of \$451. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2025, was \$8,403 with accumulated amortization of \$5,322, resulting in a net book value of \$3,081.

On May 1, 2022, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2025, the lease liability was \$3,659. The School District is required to make monthly payments of \$171. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2025, was \$9,524 with accumulated amortization of \$6,032, resulting in a net book value of \$3,492.

On May 1, 2022, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2025, the lease liability was \$3,072. The School District is required to make monthly payments of \$143. The lease has an interest rate of 3.00%. The value of the right to use asset as of June 30, 2025, was \$7,997 with accumulated amortization of \$5,065, resulting in a net book value of \$2,932.

On April 1, 2025, the School District entered a 60-month lease as lessee for the use of a copier. An initial lease liability was recorded in the amount of \$21,718. As of June 30, 2025, the lease liability was \$20,732. The School District is required to make monthly payments of \$143. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2025, was \$21,718 with accumulated amortization of \$1,086, resulting in a net book value of \$20,632.

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

7. LONG-TERM OBLIGATIONS (Continued)

Leases Payable (Continued)

As of June 30, 2025, the District had leases outstanding as follows:

<u>Purpose</u>	<u>Commencement Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Total Value</u>
Copiers	January 1, 2021	December 1, 2025	3.00%	\$ 7,082
Postage Meter	May 1, 2022	April 1, 2027	3.00%	3,077
Copier	May 1, 2022	April 1, 2027	3.00%	3,659
Copier	May 1, 2022	April 1, 2027	3.00%	3,072
Copier	April 1, 2025	March 31, 2030	4.00%	20,732
Total				<u>\$ 37,622</u>

The future annual lease obligations as of June 30, 2025, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 16,490	\$ 991	\$ 17,481
2026	8,653	623	9,276
2027	4,380	404	4,784
2028	4,559	225	4,784
2029	3,540	47	3,587
Total	<u>\$ 37,622</u>	<u>\$ 2,290</u>	<u>\$ 39,912</u>

8. 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 Empower (formerly 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 the following website: <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Teachers' Pension and Annuity Fund (TPAF)

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

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

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

8. PENSION PLANS (Continued)

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

The following represents the membership tiers for TPAF:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A.18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2024. 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, 2025 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, 2024, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2025 was \$2,170,356 and was paid by April 1, 2025. School District employee contributions to the pension plan during the fiscal year ended June 30, 2025 were \$569,811.

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

At June 30, 2025, 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, 2025, the School District recognized pension expense of (\$90,531) and revenue of (\$90,531) for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

8. PENSION PLANS (Continued)

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

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

	6/30/2024	6/30/2023
Collective deferred outflows of resources	\$ 1,108,112,477	\$ 2,413,548,676
Collective deferred inflows of resources	10,545,101,790	14,741,373,312
Collective net pension liability (Non-Employer – State of New Jersey)	49,492,072,325	51,109,961,824
State's portion of the net pension liability that was associated with the School District	24,817,654	25,270,171
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	0.0502126470%	0.0495176351%

Actuarial assumptions – The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

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:	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-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

8. PENSION PLANS (Continued)

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

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2024 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	28.00%	8.63%
Non-U.S. Developed Markets Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
	<u>100.00%</u>	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2024. 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, 2024, the pension plan's 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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	<u>29,499,295</u>	<u>24,817,654</u>	<u>20,874,827</u>
	<u>\$ 29,499,295</u>	<u>\$ 24,817,654</u>	<u>\$ 20,874,827</u>

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, 2025

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

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

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

The following represents the membership tiers for PERS:

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

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

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and require 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, 2024, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2025 was \$167,023 and was paid by April 1, 2025. School District employee contributions to the pension plan during the fiscal year ended June 30, 2025 were \$67,629.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

Fiscal Year	Normal Contributions	Accrued Liability	Non Contributory Life	Long Term Disability	Total Liability Paid by District
2025	\$ 28,942	\$ 130,924	\$ 7,157	\$ -	\$ 167,023
2024	29,812	131,072	7,092	-	167,976
2023	20,538	108,468	5,839	-	134,845

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, 2025, the School District reported a liability of \$1,667,858 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2025, the School District recognized pension expense of \$74,966. At June 30, 2025, the School District reported a liability of \$1,667,858 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	\$ 33,410	\$ 4,440
Changes of assumptions	2,072	18,976
Net Difference between projected and actual earnings on pension plan investments	-	77,334
Changes in proportion	237,438	67,175
District contributions subsequent to the measurement date	139,197	
Total	\$ 412,117	\$ 167,925

\$139,197 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction of the net liability in the year ended June 30, 2026.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

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

For the year ended:	Net Deferred Outflows (Inflows) of Resources
2026	\$ 17,578
2027	92,738
2028	30,650
2029	(16,185)
2030	(19,786)
Total	\$ 104,995

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2019	5.21	-
June 30, 2020	5.16	-
June 30, 2021	-	5.13
June 30, 2022	-	5.04
June 30, 2023	5.08	-
June 30, 2024	5.08	-
Changes of assumptions		
June 30, 2019	-	5.21
June 30, 2020	-	5.16
June 30, 2021	5.13	-
June 30, 2022	-	5.04
June 30, 2023	-	-
June 30, 2024	-	-
Differences between projected and actual investment earnings on pension plan investments		
June 30, 2019	5.00	-
June 30, 2020	5.00	-
June 30, 2021	-	5.00
June 30, 2022	-	5.00
June 30, 2023	-	5.00
June 30, 2024	-	5.00

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2024 and 2023 are as follows:

	6/30/2024	6/30/2023
Collective deferred outflows of resources	\$ 1,079,580,780	\$ 1,080,204,730
Collective deferred inflows of resources	1,611,322,898	1,780,216,457
Collective net pension liability	13,588,045,796	14,484,374,047
 School District's Proportion	 0.0122744534%	 0.0125680190%

Actuarial assumptions - The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

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:	 2.75 - 6.55%
	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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	28.00%	8.63%
Non-U.S. Developed Market Equity	12.75%	8.85%
International Small Cap Equity	1.25%	8.85%
Emerging Markets Equity	5.50%	10.66%
Private Equity	13.00%	12.40%
Real Estate	8.00%	10.95%
Real Assets	3.00%	8.20%
High Yield	4.50%	6.74%
Private Credit	8.00%	8.90%
Investment Grade Credit	7.00%	5.37%
Cash Equivalents	2.00%	3.57%
U.S. Treasuries	4.00%	3.57%
Risk Mitigation Strategies	3.00%	7.10%
Total	100.00%	

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2024. 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 100% 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, 2024, 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 2,216,173	\$ 1,667,858	\$ 1,201,245

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

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

8. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program is a cost-sharing multiple-employer defined contribution pension plan which was established on July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Divisions of Pensions and Benefits by Empower (formerly 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 Empower 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:

Fiscal Year	Total Liability	Paid by School District
2025	\$ 26,871	\$ 26,871
2024	17,147	17,147
2023	16,403	16,403

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description and Benefits Provided

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

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

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

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

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Contributions

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey (the “State”) in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32F, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the 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.

Plan Membership

As of June 30, 2024, the program membership consisted of the following:

Active Plan Members	219,185
Retirees	<u>153,556</u>
	<u><u>372,741</u></u>

Total Non-Employer OPEB Liability

The State of New Jersey, a non-employer 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. The following OPEB liability note information is reported at the State’s level and is not specific to the Board of Education. 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. The State, as a nonemployer contributing entity, reported a Fiscal Year 2024 total OPEB liability of \$59,650,630,530 for this special funding situation.

Actuarial assumptions and other imputes - The total OPEB liability in the June 30, 2024 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.

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

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases	2.75 – 5.65% based on service years	2.75 – 6.55% based on service years	3.25 – 16.25% based on service years

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 Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality 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, 2025

9. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total Non-Employer OPEB Liability (Continued)

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Health Care Trend Assumptions - For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% 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 used to measure the total OPEB liability was 3.93%. 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, 2023	\$ 29,102,675
Changes for the years'	
Service Cost	1,117,246
Interest	1,092,866
Changes of benefit terms	-
Differences between expected and actual experience	209,487
Changes in assumptions	2,483,803
Gross Benefit Payments	(834,639)
Contributions from the Non-employer	N/A
Contributions from the Member	28,579
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ 4,097,342
Balance at 06/30/2024	<u>\$ 33,200,017</u>

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, 2024, 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 (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 38,884,330	\$ 33,200,017	\$ 28,628,649

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

9. 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, 2024 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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 27,655,856	\$ 33,200,017	\$ 40,421,653

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

For the year ended June 30, 2025, the School District recognized \$837,369 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, 2024 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, 2024, 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	\$ 563,682	\$ (1,074,580)
Differences between expected and actual experience	3,550,351	(6,200,076)
Changes of assumptions	5,568,515	(6,491,110)
Total	\$ 9,682,548	\$ (13,765,766)

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:	
2026	\$ (1,346,065)
2027	(1,128,683)
2028	(536,089)
2029	140,893
2030	(978,260)
Thereafter	(235,014)
Total	\$ (4,083,218)

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, 2025

10. ON-BEHALF PAYMENTS

For the fiscal year ended June 30, 2025, 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 \$2,107,947, \$615,944, and \$1,232 respectively. In addition, \$544,659 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.

11. 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.

12. 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, 2025**

13. COMPENSATED ABSENCES

The School District provides vacation and sick leave to its employees in accordance with collective bargaining agreements and School District policies. Unused leave may be carried forward, and certain amounts are paid upon separation or retirement.

Effective for the year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences, which requires recognition of a liability for leave that has been used but not yet paid and for unused leave that is more likely than not to be used or paid. The liability is measured at current pay rates and includes applicable salary-related amounts.

A liability for compensated absences is reported in the government-wide financial statements. Expenditures are recognized in governmental funds when the liability is due and payable.

As of June 30, 2025, the liability for compensated absences in the governmental activities was \$488,198

14. 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, 2026. The following interfund balances were recorded on the various balance sheets as of June 30, 2025:

Fund	Interfunds Receivable	Interfunds Payable
General Fund	\$ 44,602	\$ -
Special Revenue Fund	-	9,045
Capital Projects Fund	100,054	886,928
Debt Service Fund	886,928	100,054
Proprietary Fund	-	35,557
	<u>\$ 1,031,584</u>	<u>\$ 1,031,584</u>

15. 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, 2025, 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.

16. 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, 2025**

16. 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>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2024-2025	\$ -	33,519	\$ 33,510	\$ 286
2023-2024	-	28,944	30,087	277
2022-2023	-	34,119	37,952	1,420

17. 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 \$52,740 from the annual service charge in lieu of payment of taxes in 2024. The assessed value on these tax exemption properties amounted to \$3,002,300 which would have resulted in 2024 taxes billed in full of \$104,090. Of this amount, \$33,205 would have been allocated to the District.

18. DEFICIT UNASSIGNED FUND BALANCE

The School District has a deficit unassigned fund balance of \$300,657 in the General Fund and \$207,525 in the Special Revenue Fund as of June 30, 2025 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 and Special Revenue fund balance deficits do not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned General Fund and Special Revenue 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 \$300,657 in the General Fund and \$207,525 in the Special Revenue Fund is equal to or less than the June state aid payments.

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

19. DEFICIT UNRESTRICTED NET POSITION

As of June 30, 2025, a deficit of \$2,692,162 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, 2025:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Fund Balance - Unassigned	\$ (508,182)
Fund Balance - Assigned	104,273
Liabilities:	
Accrued Interest Payable	(237,192)
Net Pension Differences	(1,562,863)
Compensated Absences	(488,198)
Unrestricted Net Position (Deficit)	<u>\$ (2,692,162)</u>

20. FUND BALANCES

RESTRICTED

General Fund:

Excess Surplus – In accordance with N.J.S.A. 18A:7F-7, as amended, the designation of restricted fund balance - excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict general fund, fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2025 is \$440,075 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$393,644 of excess fund balance generated during the 2023-2024 fiscal year has been restricted and designated for utilization in the 2025-2026 budget.

Capital Reserve – As of June 30, 2025, the balance in the capital reserve account is \$1,503,066. Of this amount \$75,000 has been appropriated in the 2025-2026 Budget. The remaining balance is restricted for future capital outlay expenditures for capital projects in the School District's approved Long-Range Facilities Plan.

Maintenance Reserve Account – As of June 30, 2025, the balance in the maintenance reserve account is \$580,942 which is 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, 2025, the balance in student activities is \$37,121.

Capital Projects Fund – As of June 30, 2025, the balance in the Capital Projects Fund is \$17,118.

Debt Service Fund – As of June 30, 2025, the balance in the Debt Service Fund is \$196,914.

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

20. FUND BALANCES (Continued)

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:

Reserve for Encumbrances – As of June 30, 2025, the School District has \$48,621 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2026, \$55,652 in general fund balance.

Capital Projects Fund:

Reserve for Encumbrances – As of June 30, 2025, the School District has \$977,394 of encumbrances outstanding for purchase orders and contracts signed by the School District, but not completed, as of the close of the fiscal year.

Debt Service Fund:

Designated for Subsequent Year's Expenditures – The School District has appropriated and included as an anticipated revenue for the fiscal year ending June 30, 2026, \$690,014 in debt service fund balance.

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, 2025, the unassigned fund balance of the general fund is a deficit of \$300,657. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

Special Revenue Fund – As of June 30, 2025, the unassigned fund balance of the special revenue fund is a deficit of \$207,525. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 18).

21. RESTATEMENT OF NET POSITION – ENTERPRISE FUND

During the fiscal year ended June 30, 2025, the School District determined that a reallocation of net position among the Enterprise Fund programs was necessary to properly reflect activity by program. This restatement had no effect on total net position of the Enterprise Fund but resulted in a reclassification among the individual programs. The Food Service Fund was not affected by this change.

The effect of the restatement on beginning net position is as follows:

<u>Program</u>	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Protect all Latchkey Students (PALS)	\$ 204,150	\$ (189,000)	\$ 15,150
Community Education & Recreation	120,046	189,000	309,046
Total Enterprise Fund	<u>\$ 324,196</u>	<u>\$ -</u>	<u>\$ 324,196</u>

**Berlin Borough School District
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

22. ARBITRAGE REBATE LIABILITY

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income at yields that exceed the issuer's tax-exempt borrowing rates. The Treasury requires that rebatable arbitrage be calculated for tax purposes every fifth year that a debt issue is outstanding and at maturity. In the District's government-wide statements, a liability must be recognized as soon as rebatable arbitrage occurs. However, in the fund financial statements, consistent with the modified accrual basis of accounting, no liability is recognized until due and payable. The District estimates and updates its liability annually for all tax-exempt issuances. As of June 30, 2025, the District has an arbitrage rebate liability in the amount of \$340,642.

Required Supplementary Information - Part II

Budgetary Comparison Schedules

BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 8,140,005	\$ -	\$ 8,140,005	\$ 8,140,005	\$ -
Tuition from other LEA's within state	20,000	-	20,000		(20,000)
Rents and royalties	48,000	(48,000)		48,000	48,000
Maintenance Reserve interest	4,200	(4,200)		15,335	15,335
Capital Reserve interest	65,000	(65,000)		34,587	34,587
Unrestricted miscellaneous revenue	38,680	117,200	155,880	163,030	7,150
Total local sources	8,315,885	-	8,315,885	8,400,957	85,072
State sources:					
Categorical Special Education aid	968,251	-	968,251	968,251	-
Equalization aid	5,405,079	-	5,405,079	5,405,079	-
Categorical Security Aid	120,922	-	120,922	120,922	-
Transportation Aid	308,976	-	308,976	308,976	-
Extraordinary Aid		-		61,795	61,795
Additional Nonpublic Transportation aid		-		5,874	5,874
On-behalf TPAF pension contributions (non-budgeted)				2,107,947	2,107,947
On-behalf TPAF pension post medical contributions (non-budgeted)				615,944	615,944
On-behalf TPAF - LTDL (non-budgeted)				1,232	1,232
Reimbursed TPAF social security contributions (non-budgeted)				544,659	544,659
Total state sources	6,803,228	-	6,803,228	10,140,679	3,337,451
Federal sources:					
Medicaid reimbursement	22,708	-	22,708	-	(22,708)
Total federal sources	22,708	-	22,708	-	(22,708)
TOTAL REVENUES	15,141,821	-	15,141,821	18,541,636	3,399,815
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	317,490	1,670	319,160	319,160	-
Grades 1-5	1,936,260	(153,681)	1,782,579	1,731,706	50,873
Grades 6-8	1,359,809	33,639	1,393,448	1,393,448	-
Total Instruction	3,613,559	(118,372)	3,495,187	3,444,314	50,873
Regular Programs - Home Instruction:					
Salaries of teachers	10,000	(2,608)	7,392	7,392	
Purchased prof. and educational services	1,000	14,863	15,863	15,863	-
Total Home Instruction	11,000	12,255	23,255	23,255	-
Regular Programs - Undistributed Instruction:					
Purchased prof. and educational services	257,714	26,851	284,565	284,106	459
Other purchased services	97,000	2,307	99,307	84,307	15,000
General supplies	135,959	118,621	254,580	254,224	356
Textbooks	56,524	(4,523)	52,001	52,000	1
Other objects	-	444	444	444	-
Total Undistributed Instruction	547,197	143,700	690,897	675,081	15,816
Total - Regular Programs - Instruction	4,171,756	37,583	4,209,339	4,142,650	66,689
Special Educ Instruction: Learning and/or Lang. Disabilities					
Salaries of teachers	73,348	(68,918)	4,430	4,430	-
Other salaries for instruction	20,212	(13,181)	7,031	7,031	-
Purchased prof. and educational services	22,000	(22,000)	-	-	-
Other purchased services	800	(610)	190	190	-
General Supplies	2,500	(1,500)	1,000	999	1
Total Learning and/or Language Disabilities	118,860	(106,209)	12,651	12,650	1

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

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BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	\$ 159,246	\$ 50,120	\$ 209,366	\$ 209,348	\$ 18
Other salaries for instruction	41,486	50,076	91,562	91,562	-
Purchased prof. and educational services	3,588	26,777	30,365	30,364	1
General Supplies	5,500	(4,234)	1,266	1,266	-
Total Multiple Disabilities	209,820	122,739	332,559	332,540	19
Special Educ Instruction: Resource Room/Resource Center					
Salaries of teachers	1,355,200	(60,960)	1,294,240	1,294,240	-
Other salaries for instruction	108,314	43,749	152,063	152,063	-
Purchased prof. and educational services	42,000	67,659	109,659	109,658	1
Other purchased services	8,000	(13)	7,987	7,987	-
General Supplies	9,040	(4,269)	4,771	4,771	-
Total Resource Room/Resource Center	1,522,554	46,166	1,568,720	1,568,719	1
Special Educ Instruction: Preschool Disabilities - PT					
Salaries of teachers	123,578	(123,578)	-	-	-
Other salaries for instruction	44,812	(44,812)	-	-	-
Purchased prof. and educational services	2,500	(2,500)	-	-	-
General Supplies	4,000	(4,000)	-	-	-
Total Preschool Disabilities - Part-Time	174,890	(174,890)	-	-	-
Special Educ Instruction: Preschool Disabilities - FT					
Salaries	-	75,130	75,130	75,129	1
Other salaries for instruction	-	66,693	66,693	66,639	54
Purchased prof. and educational services	-	4,431	4,431	3,359	1,072
General supplies	4,785	4,446	9,231	9,231	-
Total Preschool Disabilities - Full-Time	4,785	150,700	155,485	154,358	1,127
Special Education Home Instruction:					
Purchased prof. and educational services	22,000	16,801	38,801	36,823	1,978
Total Special Education - Home Instruction	22,000	16,801	38,801	36,823	1,978
Total Special Education - Instruction	2,052,909	55,307	2,108,216	2,105,090	3,126
Basic Skills/Remedial - Instruction					
Salaries of teachers	810,160	(19,444)	790,716	790,716	-
Other purchased services	8,100	(7,138)	962	962	-
General supplies	11,805	5,411	17,216	17,216	-
Total Basic Skills/Remedial - Instruction	830,065	(21,171)	808,894	808,894	-
Bilingual Education - Instruction					
Salaries of teachers	29,262	(14,652)	14,610	14,231	379
General supplies	2,099	(2,099)	-	-	-
Total Bilingual Education - Instruction	31,361	(16,751)	14,610	14,231	379
School-Sponsored Cocurricular Act - Inst.					
Salaries	80,367	(12,000)	68,367	66,150	2,217
Purchased services	12,300	(10,902)	1,398	1,398	-
Supplies and materials	7,500	3,885	11,385	2,451	8,934
Total School-Sponsored Cocurr. Act. - Inst	100,167	(19,017)	81,150	69,999	11,151
School-Sponsored Athletics - Inst.					
Salaries	58,759	(13,774)	44,985	38,568	6,417
Supplies and materials	29,000	(11,219)	17,781	10,970	6,811
Other objects	7,655	21,978	29,633	29,583	50
Total School-Sponsored Athletics - Inst	95,414	(3,015)	92,399	79,121	13,278

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

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BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction					
Tuition to other LEAS regular w/i state - regular	\$ 71,444	\$ -	\$ 71,444	\$ 31,852	\$ 39,592
Tuition to other LEAS spec. ed. w/i state - special	12,500	(12,500)			-
Tuition to CSSD & reg. day schools	12,500	(3,000)	9,500	-	9,500
Tuition to priv. sch. for the disabled w/i state	577,357	-	577,357	526,711	50,646
<u>Total Undistributed Expenditures - Instruction</u>	<u>673,801</u>	<u>(15,500)</u>	<u>658,301</u>	<u>558,563</u>	<u>99,738</u>
Undist. Expend. - Attendance and Social Work Services					
Other Purchased Services	12,000	-	12,000	12,000	-
<u>Total - Undist. Expend. - Attendance and Social Work Services</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Undistributed Expenditures - Health Services					
Salaries	200,232	-	200,232	189,302	10,930
Purchased professional & tech. services	10,600	(5,604)	4,996	2,500	2,496
Supplies and materials	3,360	-	3,360	2,616	744
Supplies and materials - menstrual products	-	187	187	186	1
Other objects	1,025	-	1,025	344	681
<u>Total Undistributed Expenditures - Health Svcs.</u>	<u>215,217</u>	<u>(5,417)</u>	<u>209,800</u>	<u>194,948</u>	<u>14,852</u>
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	309,523	-	309,523	295,703	13,820
Purchased prof. and educational services	192,932	-	192,932	106,101	86,831
Supplies and Materials	3,000	-	3,000	2,483	517
<u>Total Undst. Expend. - Speech, OT, PT & Related Services</u>	<u>505,455</u>	<u>-</u>	<u>505,455</u>	<u>404,287</u>	<u>101,168</u>
Undist. Expend. - Other Supp. Serv. Stud. - Extra. Serv.					
Salaries	199,811	(119,646)	80,165	80,164	1
Purchased professional & educ. services	30,550	(10,000)	20,550	6,731	13,819
Supplies and Materials	1,500	(1,454)	46	46	-
<u>Total Undst. Expend. - Other Supp. Serv. Stud. - Extra. Serv.</u>	<u>231,861</u>	<u>(131,100)</u>	<u>100,761</u>	<u>86,941</u>	<u>13,820</u>
Undist. Expend. - Other Supp. Serv. Stud. - Guidance					
Salaries of other professional staff	132,547	-	132,547	131,222	1,325
Purchased professional & educ. services	1,200	-	1,200	500	700
Supplies and Materials	4,468	-	4,468	2,286	2,182
<u>Total Undst. Expend. - Other Supp. Serv. Stud. - Guidance</u>	<u>138,215</u>	<u>-</u>	<u>138,215</u>	<u>134,008</u>	<u>4,207</u>
Undist. Expend. - Other Supp. Serv. Stud. - Child Study Teams					
Salaries of other professional staff	282,354	(8,750)	273,604	261,904	11,700
Salaries of secretarial and clerical assistants	47,948	2,000	49,948	47,947	2,001
Purchased professional & educ. services	232,130	(16,801)	215,329	170,498	44,831
Other purchased prof. and tech. services	10,000	(3,000)	7,000	2,910	4,090
Other purchased services	3,050	4,210	7,260	5,510	1,750
Supplies and materials	7,600	(963)	6,637	6,134	503
Other Objects	1,750	1,000	2,750	1,526	1,224
<u>Total Undst. Exp. - Other Supp. Serv. Stud. - Child Study Teams</u>	<u>584,832</u>	<u>(22,304)</u>	<u>562,528</u>	<u>496,429</u>	<u>66,099</u>
Undist. Expend. - Improvement of Instr. Services					
Salaries of supervisor of instruction	109,200	2,485	111,685	111,685	-
Salaries of other professional staff	10,000	-	10,000	4,400	5,600
Purchased prof. and educational services	1,000	(385)	615		615
Other purchased services	300	(300)	-		-
Supplies and materials	1,500	(1,500)	-		-
Other objects	300	(300)	-		-
<u>Total Undst. Expend. - Improvement of Instr. Services</u>	<u>122,300</u>	<u>-</u>	<u>122,300</u>	<u>116,085</u>	<u>6,215</u>

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

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BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	\$ 21,959	\$ (9,396)	\$ 12,563	\$ 11,767	\$ 796
Salaries of Technology Coordinators	85,650	9,397	95,047	95,047	-
Purchased professional & tech. services	54,540	(18,499)	36,041	31,112	4,929
Other purchased services	167,510	4,376	171,886	154,696	17,190
Supplies and materials	9,100	4,217	13,317	6,821	6,496
Other Objects	1,200	(700)	500	500	-
Total Undst. Expend. - Educ. Media Serv./Sch. Library	<u>339,959</u>	<u>(10,605)</u>	<u>329,354</u>	<u>299,943</u>	<u>29,411</u>
Undist. Expend. - Instructional Staff Training Services					
Salaries of other professional staff	10,000	-	10,000	-	10,000
Purchased prof. and educational services	7,500	-	7,500	5,295	2,205
Other purchased services	6,000	-	6,000	103	5,897
Total Undst. Expend. - Instructional Staff Training Services	<u>23,500</u>	<u>-</u>	<u>23,500</u>	<u>5,398</u>	<u>18,102</u>
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	226,040	-	226,040	222,073	3,967
Unused Vacation Payment to Terminated/Retired Staff	5,000	-	5,000	-	5,000
Legal services	92,000	-	92,000	34,410	57,590
Audit fees	25,000	2,000	27,000	21,900	5,100
Architectural/Engineering Fees	3,500	-	3,500	-	3,500
Other purchased professional services	13,000	-	13,000	9,790	3,210
Purchased technical services	-	-	-	-	-
Communications / telephone	24,652	-	24,652	23,623	1,029
BOE Other purchased services	1,800	-	1,800	1,800	-
Miscellaneous purchased services	15,325	(1,207)	14,118	11,004	3,114
General supplies	5,100	-	5,100	2,715	2,385
BOE In-House Training/Meeting Supplies	200	-	200	-	200
Miscellaneous expenditures	3,500	1,207	4,707	4,193	514
BOE Membership Dues and Fees	5,400	-	5,400	5,400	-
Total Undst. Expend. - Supp. Serv. General Admin.	<u>420,517</u>	<u>2,000</u>	<u>422,517</u>	<u>336,908</u>	<u>85,609</u>
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	233,369	1,237	234,606	234,606	-
Salaries of secretarial and clerical assistants	86,112	(1,237)	84,875	80,803	4,072
Purchased professional & tech. services	5,500	(3,500)	2,000	-	2,000
Purchased prof. and educational services		3,500	3,500	2,000	1,500
Other purchased services	3,450	132	3,582	3,157	425
Supplies and materials	3,200	3,482	6,682	5,495	1,187
Other objects	3,440	(475)	2,965	2,235	730
Total Undst. Expend. - Supp. Serv. School Admin.	<u>335,071</u>	<u>3,139</u>	<u>338,210</u>	<u>328,296</u>	<u>9,914</u>
Undist. Expend. - Central Services					
Salaries	294,951	1	294,952	281,672	13,280
Unused Vacation Payment to Terminated/Retired Staff	5,000	(1)	4,999	-	4,999
Purchased technical services	68,800	-	68,800	58,743	10,057
Other purchased services	2,000	450	2,450	2,417	33
Supplies and materials	2,300	1,550	3,850	2,419	1,431
Miscellaneous expenditures	1,500	-	1,500	1,061	439
Total Undst. Expend. - Central Services	<u>374,551</u>	<u>2,000</u>	<u>376,551</u>	<u>346,312</u>	<u>30,239</u>
Undist. Expend. - Information Technology					
Purchased technical services	-	-	-	-	-
Total Undst. Expend. - Information Technology	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	158,467	-	158,467	150,120	8,347
Cleaning, repair, and maintenance services	97,400	(10,931)	86,469	50,628	35,841
General supplies	21,200	-	21,200	15,402	5,798
Other objects	1,668	-	1,668	1,319	349
Total Undst. Expend. - Required Maint. Sch. Facilities	<u>278,735</u>	<u>(10,931)</u>	<u>267,804</u>	<u>217,469</u>	<u>50,335</u>

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

(CONTINUED TO NEXT PAGE)

BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 200,053	\$ -	\$ 200,053	\$ 156,066	\$ 43,987
Salaries of Non-Instructional Aides	61,348	-	61,348	42,562	18,786
Unused Vacation Payment to Terminated/Retired Staff	-	-	-	-	-
Purchased professional & tech. services	38,020	-	38,020	35,362	2,658
Cleaning, repair, and maintenance services	8,200	23,046	31,246	17,011	14,235
Other purchased property services	30,000	44,307	74,307	74,307	-
Insurance	131,980	-	131,980	127,822	4,158
Miscellaneous Purchased Services	4,300	(332)	3,968	659	3,309
General supplies	34,000	782	34,782	34,782	-
Energy (Natural Gas)	90,000	(39,238)	50,762	35,319	15,443
Energy (Electricity)	60,000	(29,906)	30,094		30,094
Other objects	570	-	570	310	260
Total Undst. Expend. - Other oper. & Maint. of Plant	658,471	(1,341)	657,130	524,200	132,930
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, repair, and maintenance services	20,700	(900)	19,800	12,614	7,186
General supplies	7,900	-	7,900	3,895	4,005
Total Undst. Expend. - Care & Upkeep of Grounds	28,600	(900)	27,700	16,509	11,191
Undist. Expend. - Security					
Purchased professional & tech. services	80,000	25,743	105,743	103,359	2,384
Cleaning, repair, and maintenance services	1,000	(840)	160	160	-
General supplies	2,000	657	2,657	2,656	1
Total Undst. Expend. - Security	83,000	25,560	108,560	106,175	2,385
Total Undst. Expend. - Oper. & Maint. of Plant Services	1,048,806	12,388	1,061,194	864,353	196,841
Undist. Expend. - Student Trans. Services					
Contr. serv. - aid in lieu of payments - nonpublic	21,462	(4,660)	16,802	16,802	-
Contr. serv. - aid in lieu of payments - choice school	-	-	-	-	-
Contr. serv. (bet. home & sch.) - vendors	431,580	1,491	433,071	433,071	-
Contr. serv. (other than bet. home & sch.) - vendors	52,905	(34,964)	17,941	17,769	172
Contr. serv. (bet. home & sch.) - joint agreements	25,000	(24,584)	416	-	416
Contr. serv. (sp ed stds) - vendors	-	8,160	8,160	8,160	-
Contr. serv. (sp ed stds) - ESCs & CTSA's	195,295	17,012	212,307	212,307	-
Misc. Purchased Services - Transportation	-	-	-	-	-
Total Undst. Expend. - Student Trans. Services	726,242	(37,545)	688,697	688,109	588
Unallocated Benefits - Employee Benefits					
Social security contributions	165,000	39,822	204,822	149,981	54,841
Other retirement contributions - PERS	170,000	-	170,000	167,023	2,977
Other retirement contributions - Regular	21,000	(21,000)	-	-	-
Other retirement contributions - DCRP		25,735	25,735	25,542	193
Unemployment compensation	35,000	(6,489)	28,511	28,511	-
Workmen's compensation	118,000	(39,606)	78,394	78,394	-
Health benefits	1,704,251	(62,073)	1,642,178	1,607,437	34,741
Tuition reimbursement	35,412	(6,147)	29,265	29,265	-
Other employee benefits	90,000	64,292	154,292	154,292	-
Unused Sick Payment to Terminated/Retired Staff	17,500	(2,000)	15,500	-	15,500
Total Unallocated Benefits - Employee Benefits	2,356,163	(7,466)	2,348,697	2,240,445	108,252
On-behalf TPAF pension contributions (non-budgeted)				2,107,947	(2,107,947)
On-behalf TPAF pension Post Medical contributions (non-budgeted)				615,944	(615,944)
On-behalf TPAF - LTDL (non-budgeted)				1,232	(1,232)
Reimbursed TPAF social security contributions (non-budgeted)				544,659	(544,659)
Total Undistributed Expenditures - TPAF	-	-	-	3,269,782	(3,269,782)
Total Undistributed Expenditures	8,108,490	(210,410)	7,898,080	10,382,807	(2,484,727)
Total General Current Expense	15,390,162	(177,474)	15,212,688	17,602,792	(2,390,104)

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

(CONTINUED TO NEXT PAGE)

BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2025

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY:					
Equipment:					
Undistributed - Instruction	\$ -	\$ -	\$ -	\$ -	\$ -
Undistributed Expenditures - Non-Instructional Services	-	9,933	9,933	2,127	7,806
Total Equipment	-	9,933	9,933	2,127	7,806
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	450,000	(328,755)	121,245	99,295	21,950
Construction Services	310,000	328,755	638,755	638,755	-
Assessment for debt service on SDA funding	35,770	-	35,770	35,770	-
Total Facilities Acquisition and Construction Services	795,770	-	795,770	773,820	21,950
Assets acquired under capital leases (non-budgeted):					
Equipment					
Instructional					-
Non-Instructional	-	-	-		-
Total Facilities Acquisition and Construction Services				-	-
Total Capital Outlay	795,770	9,933	805,703	775,947	29,756
Total Expenditures	16,185,932	(167,541)	16,018,391	18,378,739	(2,360,348)
Excess (Deficiency) of Revenues Over (Under) Expenditures:	(1,044,111)	167,541	(876,570)	162,897	1,039,467
Other Financing Sources (Uses):					
Operating Transfer Out - Transfer to Special Revenue	-	(167,541)	(167,541)	(167,541)	
Total Other Financing Sources (Uses):	-	(167,541)	(167,541)	(167,541)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(1,044,111)	-	(1,044,111)	(4,644)	1,039,467
Fund Balance, July 1	3,399,843		3,399,843	3,399,843	
Fund Balance, June 30	\$ 2,355,732	\$ -	\$ 2,355,732	\$ 3,395,199	\$ 1,039,467
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 75,000	
Capital Reserve				1,428,066	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures					
Maintenance Reserve				580,942	
Excess Surplus:					
Current Year				440,075	
Designated for Subsequent Year's Expenditures				393,644	
Assigned:					
Year-end encumbrances				48,621	
Designated for Subsequent Year's Expenditures				55,652	
Unassigned				373,199	
				3,395,199	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				(673,856)	
Fund Balance per Government Fund (GAAP)				\$ 2,721,343	

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, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources	\$ 6,450	\$ (2,534)	\$ 3,916	\$ 92,055	\$ 88,139
State sources	227,263	1,828,929	2,056,192	1,531,020	(525,172)
Federal sources	391,721	79,987	471,708	433,244	(38,464)
Total revenues	625,434	1,906,382	2,531,816	2,056,319	(475,497)
EXPENDITURES:					
Instruction:					
Salaries of teachers	72,895	594,974	667,869	531,810	136,059
Other salaries for instruction	8,987	203,538	212,525	164,613	47,912
Purchased prof. and educational services	2,649	-	2,649	-	2,649
Purchased professional - tech. services	94,702	15,290	109,992	82,273	27,719
Tuition	190,100		190,100	190,093	7
General supplies	25,061	174,502	199,563	196,305	3,258
Textbooks	8,498	(827)	7,671	7,670	1
Other objects		19,451	19,451	19,066	385
Total instruction	402,892	1,006,928	1,409,820	1,191,830	217,990
Support services:					
Salaries	9,408	2,837	12,245	3,789	8,456
Salaries of program directors		31,096	31,096	31,096	-
Salaries of other professional staff		49,500	49,500	31,623	17,877
Salaries of secretarial and clerical assistants		8,611	8,611	8,611	-
Other salaries		25,354	25,354	24,612	742
Salaries of community parent involvement spec.		64,465	64,465	37,897	26,568
Personal services-employee benefits	6,259	180,475	186,734	176,358	10,376
Purchased prof. and educational services	42,401	195,850	238,251	222,609	15,642
Purchased professional and technical services	159,061	615	159,676	122,992	36,684
Cleaning, repair, and maintenance services		13,812	13,812	10,316	3,496
Contracted service - trans. (bet. home and school)		69,698	69,698	32,052	37,646
Other purchased services (400-500)	5,413	800	6,213	6,211	2
Supplies and materials		32,075	32,075	20,483	11,592
Other objects		34,133	34,133	33,840	293
Student activities		-	-	96,240	(96,240)
Total support services	222,542	709,321	931,863	858,729	73,134
Facilities acquisition and construction services:					
Instructional equipment		171,183	171,183	162,437	8,746
Noninstructional equipment		18,950	18,950	18,950	-
Total facilities acq. and const. services	-	190,133	190,133	181,387	8,746
Total expenditures	625,434	1,906,382	2,531,816	2,231,946	299,870
Other Financing Sources (Uses)					
Transfer in from General Fund	-	-	-	167,541	167,541
Total Other Financing Sources (Uses)	-	-	-	167,541	167,541
Total outflows	625,434	1,906,382	2,531,816	2,064,405	467,411
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	(8,086)	(8,086)
Fund Balance, July 1				45,207	
Fund Balance, June 30				<u>\$ 37,121</u>	
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 37,121</u>	
Total Fund Balance				<u>\$ 37,121</u>	

Berlin Borough School District
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2025

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 18,541,636	\$ 2,056,319
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	-	(171,452)
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	611,174	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(673,856)</u>	<u>(207,525)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 18,478,954</u></u>	<u><u>\$ 1,677,342</u></u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 18,378,739	\$ 2,064,405
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.		(171,452)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>-</u>	<u>167,541</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 18,378,739</u></u>	<u><u>\$ 2,060,494</u></u>

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 Ten Fiscal Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability (asset)	0.0122744534%	0.0125680190%	0.0106930900%	0.0100650790%	0.0100079568%	0.0110452760%	0.0109888948%	0.0114920964%	0.0112403878%	0.0111440567%
District's proportionate share of the net pension liability (asset)	\$ 1,667,858	\$ 1,820,399	\$ 1,613,734	\$ 1,303,886	\$ 1,632,036	\$ 1,990,191	\$ 2,163,659	\$ 2,675,178	\$ 3,329,080	\$ 2,501,617
District's covered-employee payroll	893,716	878,565	978,161	828,828	769,553	791,012	704,593	716,393	760,334	800,775
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	186.62%	207.20%	164.98%	157.32%	212.08%	251.60%	307.08%	373.42%	437.84%	312.40%
Plan fiduciary net position as a percentage of the total pension liability	68.22%	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%

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

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	\$ 139,197	\$ 167,023	\$ 167,976	\$ 134,845	\$ 128,899	\$ 109,482	\$ 107,869	\$ 109,304	\$ 106,462	\$ 99,858
Contributions in relation to the contractually required contributions	(139,197)	(167,023)	(167,976)	(134,845)	(128,899)	(109,482)	(107,869)	(109,304)	(106,462)	(99,858)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 893,716	\$ 878,565	\$ 978,161	\$ 828,828	\$ 769,553	\$ 791,012	\$ 704,593	\$ 716,393	\$ 760,334	\$ 800,775
Contributions as a percentage of covered-employee payroll	15.58%	19.01%	17.17%	16.27%	16.75%	13.84%	15.31%	15.26%	14.00%	12.47%

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 Ten Fiscal Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability (asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 24,817,654	\$ 25,270,171	\$ 25,027,679	\$ 23,594,514	\$ 33,848,002	\$ 32,936,078	\$ 32,981,820	\$ 34,154,828	\$ 42,055,303	\$ 34,159,911
Total	<u>\$ 24,817,654</u>	<u>\$ 25,270,171</u>	<u>\$ 25,027,679</u>	<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>
District's covered-employee payroll	\$ 7,308,105	\$ 6,364,802	\$ 6,087,847	\$ 5,868,125	\$ 5,568,806	\$ 5,301,480	\$ 5,282,522	\$ 5,528,132	\$ 5,474,389	\$ 5,187,746
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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	37.99%	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	28.71%	28.71%

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 Eight Fiscal Years

	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability Associated with the School District								
Service Cost	\$ 1,117,246	\$ 1,113,254	\$ 1,367,025	\$ 1,673,889	\$ 971,249	\$ 922,380	\$ 1,026,490	\$ 1,241,705
Interest Cost	1,092,866	1,024,961	747,123	848,082	842,520	1,041,225	1,145,559	994,737
Change of Benefit Terms				(34,797)				
Difference between expected and actual experiences	209,487	(513,651)	1,664,443	(7,219,668)	6,500,148	(4,524,274)	(3,452,162)	
Changes of assumptions	2,483,803	58,659	(7,562,800)	32,254	6,948,470	349,180	(3,021,285)	(4,236,891)
Member Contributions	28,579	26,266	23,741	21,681	20,072	21,310	24,332	26,703
Benefit payments	(834,639)	(798,974)	(740,048)	(668,051)	(662,233)	(718,895)	(704,005)	(725,188)
Net Change in total OPEB Liability	\$ 4,097,342	\$ 910,515	\$ (4,500,516)	\$ (5,346,610)	\$ 14,620,226	\$ (2,909,074)	\$ (4,981,071)	\$ (2,698,934)
Total Non-Employer OPEB Liability - beginning	\$ 29,102,675	\$ 28,192,160	\$ 32,692,676	\$ 38,039,286	\$ 23,419,060	\$ 26,328,134	\$ 31,309,205	\$ 34,008,139
Total Non-Employer OPEB Liability - ending	\$ 33,200,017	\$ 29,102,675	\$ 28,192,160	\$ 32,692,676	\$ 38,039,286	\$ 23,419,060	\$ 26,328,134	\$ 31,309,205
District's covered-employee payroll	8,201,821	7,243,367	6,696,953	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	404.79%	401.78%	420.97%	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, 2025

Teacher's Pension and Annuity Fund (TPAF)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

Public Employees' Retirement System (PERS)

Changes of benefit term: There were none.

Changes of assumptions: There were none.

State Health Benefit Local Education Retired Employees Plan (OPEB)

Changes of benefit term: There were none.

Changes of assumptions: The discount rate changed from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

Health care trend rates – June 30, 2024: For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Health care trend rates – June 30, 2023: For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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, 2025

	Brought Forward (Exh. E-1a)	Brought Forward (Exh. E-1b)	Brought Forward (Exh. E-1c)	Total
REVENUES:				
Local sources	\$ -	\$ -	\$ 92,055	\$ 92,055
State sources	107,801	-	1,423,219	1,531,020
Federal sources	12,629	420,615	-	433,244
Total Revenues	120,430	420,615	1,515,274	2,056,319
EXPENDITURES:				
Instruction:				
Salaries of teachers	-	86,367	445,443	531,810
Other salaries for instruction	-	30,920	133,693	164,613
Purchased professional and technical services	65,264	13,927	3,082	82,273
Tuition	-	190,093	-	190,093
General supplies	7,174	23,005	166,126	196,305
Textbooks	-	-	7,670	7,670
Other objects	-	-	19,066	19,066
Total instruction	72,438	344,312	775,080	1,191,830
Support services:				
Salaries	2,837	952	-	3,789
Salaries of program directors	-	-	31,096	31,096
Salaries of other professional staff	-	-	31,623	31,623
Salaries of secretarial and clerical assistants	-	-	8,611	8,611
Other salaries	-	-	24,612	24,612
Salaries of community parent involvement spec.	-	-	37,897	37,897
Personal services-employee benefits	434	3,804	172,120	176,358
Purchased prof. and educational services	-	28,090	194,519	222,609
Purchased professional and technical services	42,537	34,697	45,758	122,992
Cleaning, repair, and maintenance services	-	-	10,316	10,316
Contracted service - trans. (bet. home and school)	-	-	32,052	32,052
Other purchased services (400-500)	-	6,211	-	6,211
Supplies and materials	2,184	2,549	15,750	20,483
Other objects	-	-	33,840	33,840
Student activities	-	-	96,240	96,240
Total support services	47,992	76,303	734,434	858,729
Facilities acquisition and const. serv.:				
Instructional equipment	-	-	162,437	162,437
Non-instructional equipment	-	-	18,950	18,950
Total facilities acquisition and const. serv.:	-	-	181,387	181,387
Total Expenditures	120,430	420,615	1,690,901	2,231,946
Other financing sources (uses):				
Transfer in from General Fund	-	-	167,541	167,541
Total other financing sources (uses)	-	-	167,541	167,541
Total outflows	120,430	420,615	1,523,360	2,064,405
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	(8,086)	(8,086)
Fund Balance, July 1	-	-	45,207	45,207
Fund Balance, June 30	\$ -	\$ -	\$ 37,121	\$ 37,121

BERLIN BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Statement of Revenues and Expenditures
Budgetary Basis
for the Fiscal Year Ended June 30, 2025

	Chapter 192 - Auxillary Services			Chapter 193 - Handicapped Services				ARP	ARP	Carried
	Comp. Education	Home Instruction	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification	ARP ESSER III	Accelerated Learning	NJTSS Mental Health	Forward (Exh. E-1A)
REVENUES:										
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	59,910	1,421	3,933	17,391	15,281	9,865				107,801
Federal sources							7,174	988	4,467	12,629
Total Revenues	59,910	1,421	3,933	17,391	15,281	9,865	7,174	988	4,467	120,430
EXPENDITURES:										
Instruction:										
Salaries of Teachers										-
Purchased professional and technical services	59,910	1,421	3,933							65,264
Purchased prof. and educational services										-
Other purchased services										-
General supplies							7,174			7,174
Total instruction	59,910	1,421	3,933	-	-	-	7,174	-	-	72,438
Support services:										
Salaries									2,837	2,837
Personal services-employee benefits									434	434
Purchased professional and technical services				17,391	15,281	9,865				42,537
Other purchased services (400-500)										-
Supplies and Materials								988	1,196	2,184
Total support services	-	-	-	17,391	15,281	9,865	-	988	4,467	47,992
Facilities acquisition and const. serv.:										
Instructional equipment										-
Non-instructional equipment										-
Total facilities acquisition and const. serv.:	-	-	-	-	-	-	-	-	-	-
Total Expenditures	59,910	1,421	3,933	17,391	15,281	9,865	7,174	988	4,467	120,430
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, 2025

	Every Student Succeeds Act (E.S.S.A.)			IDEA		High Impact Tuturing Grant	Carried Forward (Exh. E-1A)
	Title I Current Yr.	Title II - Part A Current Yr.	Title IV Current Yr.	Basic Current Yr.	Preschool Current Yr.		
REVENUES:							
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	96,904	21,199	6,392	224,790	9,675	61,655	420,615
Total Revenues	96,904	21,199	6,392	224,790	9,675	61,655	420,615
EXPENDITURES:							
Instruction:							
Salaries of teachers	45,104					41,263	86,367
Other salaries for instruction	21,933				8,987		30,920
Purchased professional and technical services						13,927	13,927
Tuition				190,093			190,093
General supplies	23,005						23,005
Total instruction	90,042	-	-	190,093	8,987	55,190	344,312
Support services:							
Salaries	952						952
Personal services-employee benefits					688	3,116	3,804
Purchased prof. and educational services	5,910	15,788	6,392				28,090
Purchased professional and technical services				34,697			34,697
Other purchased services (400-500)		5,411				800	6,211
Supplies and materials						2,549	2,549
Total support services	6,862	21,199	6,392	34,697	688	6,465	76,303
Facilities acquisition and const. serv.:							
Instructional equipment							-
Non-instructional equipment							-
Total facilities acquisition and const. serv.:							-
Total Expenditures	96,904	21,199	6,392	224,790	9,675	61,655	420,615
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, 2025

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Security	Nonpublic Technology	Preschool Education Aid	NJSIG Safety Grant	ICCA July 4th	Student Activity Fund	Carried Forward (Exh. E-1A)
REVENUES:									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,082	\$ 819	\$ 88,154	\$ 92,055
State sources	7,670	19,500	26,258	7,350	1,362,441				1,423,219
Federal sources									-
Total Revenues	7,670	19,500	26,258	7,350	1,362,441	3,082	819	88,154	1,515,274
EXPENDITURES:									
Instruction:									
Salaries of teachers					444,928		515		445,443
Other salaries for instruction					133,693				133,693
Purchased professional and technical services						3,082			3,082
General supplies				7,350	158,506		270		166,126
Textbooks	7,670								7,670
Other objects					19,066				19,066
Total instruction	7,670	-	-	7,350	756,193	3,082	785	-	775,080
Support services:									
Salaries of program directors					31,096				31,096
Salaries of other professional staff					31,623				31,623
Salaries of secretarial and clerical assistants					8,611				8,611
Other salaries					24,612				24,612
Salaries of community parent involvement spec.					37,897				37,897
Personal services-employee benefits					172,086		34		172,120
Purchased prof. and educational services					194,519				194,519
Purchased professional and technical services		19,500	26,258						45,758
Cleaning, repair, and maintenance services					10,316				10,316
Contracted service - trans. (bet. home and school)					32,052				32,052
Supplies and materials					15,750				15,750
Other objects					33,840				33,840
Student activities								96,240	96,240
Total support services	-	19,500	26,258	-	592,402	-	34	96,240	734,434
Facilities acquisition and const. serv.:									
Instructional equipment					162,437				162,437
Non-instructional equipment					18,950				18,950
Total facilities acquisition and const. serv.:	-	-	-	-	181,387	-	-	-	181,387
Total Expenditures	7,670	19,500	26,258	7,350	1,529,982	3,082	819	96,240	1,690,901
Other financing sources (used)									
Transfer in from General Fund					167,541				167,541
Total other financing sources (uses)	-	-	-	-	167,541	-	-	-	167,541
Total outflows	7,670	19,500	26,258	7,350	1,362,441	3,082	819	96,240	1,523,360
Excess (Deficiency) of revenues over (under)									
expenditures and other financing sources (uses)	-	-	-	-	-	-	-	(8,086)	(8,086)
Fund Balance, July 1	-	-	-	-	-	-	-	45,207	45,207
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,121	\$ 37,121

Berlin Borough School District
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ -	\$ 580,987	\$ 580,987	\$ 444,928	\$ 136,059
Other salaries for instruction		177,529	177,529	133,693	43,836
General supplies		159,277	159,277	158,506	771
Other objects		19,451	19,451	19,066	385
Total instruction	-	937,244	937,244	756,193	181,051
Support services:					
Salaries of program directors		31,096	31,096	31,096	-
Salaries of secretarial and clerical staff		8,611	8,611	8,611	-
Salaries of other professional staff		49,500	49,500	31,623	17,877
Other salaries		25,354	25,354	24,612	742
Salaries of Community Parent Involvement Spec.		64,465	64,465	37,897	26,568
Personal services-employee benefits		176,925	176,925	172,086	4,839
Purchased professional and educational services		202,394	202,394	194,519	7,875
Cleaning, Repair and Maintenance Services		13,812	13,812	10,316	3,496
Contracted Service - Transportation (Bet. Home & School)		69,698	69,698	32,052	37,646
Supplies & materials		24,355	24,355	15,750	8,605
Other objects		34,133	34,133	33,840	293
Total support services	-	700,343	700,343	592,402	107,941
Facilities acquisition and cont. serv:					
Instructional equipment		171,183	171,183	162,437	8,746
Non-instructional equipment		18,950	18,950	18,950	-
Total Facilities acquisition and cont. serv.	-	190,133	190,133	181,387	8,746
Contribution to Charter Schools					
					-
Transfer to General Fund					
					-
Total Expenditures	\$ -	\$ 1,827,720	\$ 1,827,720	\$ 1,529,982	\$ 297,738

CALCULATION OF BUDGET & CARRYOVER

Total 2024-25 PreK Aid Allocation	\$ 1,660,179
Add: Actual PreK/ECPA Aid Carryover June 30, 2024	-
Add: Budgeted Transfer From General Fund	167,541
Total Funds Available for 2024-25 Budget	1,827,720
Less: 2024-25 Budgeted PreK/ECPA (Including prior year budgeted carryover)	(1,827,720)
Available & Unbudgeted Funds as of June 30, 2025	-
Add: June 30, 2025 Unexpended PreK Aid	297,738
2025 - Actual Carryover - PreK Aid	\$ 297,738
2024-2025 PreK Aid Carryover Budgeted in 2025-2026	\$ -

Berlin Borough School District
Special Revenue Fund
Schedule of Preschool Education Aid Expenditures
Preschool - Full Day 3yr & 4 yr - Regular
Budgetary Basis
For the Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ -	\$ 580,987	\$ 580,987	\$ 444,928	\$ 136,059
Other salaries for instruction		177,529	177,529	133,693	43,836
General supplies		159,277	159,277	158,506	771
Other objects		19,451	19,451	19,066	385
Total instruction	-	937,244	937,244	756,193	181,051
Support services:					
Salaries of program directors		31,096	31,096	31,096	-
Salaries of secretarial and clerical staff		8,611	8,611	8,611	-
Salaries of other professional staff		49,500	49,500	31,623	17,877
Other salaries		25,354	25,354	24,612	742
Salaries of Community Parent Involvement Spec.		64,465	64,465	37,897	26,568
Personal services-employee benefits		176,925	176,925	172,086	4,839
Purchased professional and educational services		202,394	202,394	194,519	7,875
Cleaning, Repair and Maintenance Services		13,812	13,812	10,316	3,496
Contracted Service - Transportation (Bet. Home & School)		69,698	69,698	32,052	37,646
Supplies & materials		24,355	24,355	15,750	8,605
Other objects		34,133	34,133	33,840	293
Total support services	-	700,343	700,343	592,402	107,941
Facilities acquisition and cont. serv:					
Instructional equipment		171,183	171,183	162,437	8,746
Non-instructional equipment		18,950	18,950	18,950	-
Total Facilities acquisition and cont. serv.	-	190,133	190,133	181,387	8,746
Total Program Expenditures	\$ -	\$ 1,827,720	\$ 1,827,720	\$ 1,529,982	\$ 297,738

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, 2025

Revenues and Other Financing Sources:

Bond Proceeds	\$ -
Earnings on Investments	196,914
Total revenues and other financing sources	<u>196,914</u>

Expenditures and Other Financing (Uses):

Purchased professional services	\$ 372,248
Construction services	11,460,603
General supplies	-
Other objects	518,195
Transfer to Debt Service Fund	196,914
Total expenditures and other financing (uses)	<u>12,547,960</u>

Excess (deficiency) or revenues over (under) expenditures (12,351,046)

Fund Balance - July 1 13,345,558

Fund Balance - June 30 \$ 994,512

BERLIN BOROUGH SCHOOL DISTRICT
Capital Projects Fund
Statement of Project Revenues, Expenditures, Project Balance,
and Project Status - Budgetary Basis
Construction and Various Improvements to the District's Facilities
From Inception and for the Fiscal Year ended June 30, 2025

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources:				
Bond proceeds	\$ 19,699,000	\$ -	\$ 19,699,000	\$ 19,699,000
	<u>19,699,000</u>	<u>-</u>	<u>19,699,000</u>	<u>19,699,000</u>
Expenditures and Other Financing Uses:				
Purchased professional services	1,793,500	372,248	2,165,748	2,165,748
Construction services	4,510,096	11,460,603	15,970,699	15,970,699
General supplies	16,055		16,055	16,055
Other objects	33,791	518,195	551,986	551,986
	<u>6,353,442</u>	<u>12,351,046</u>	<u>18,704,488</u>	<u>18,704,488</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 13,345,558</u>	<u>\$ (12,351,046)</u>	<u>\$ 994,512</u>	<u>\$ 994,512</u>
Additional project information:				
Bond Authorization Date	12/13/22			
Bonds Authorized	\$ 19,699,000			
Bonds Issued	\$ -			
Original Authorized Cost	\$ 19,699,000			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 19,699,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage Completion	0.00%			
Original target completion date	09/30/25			
Revised target completion date	N/A			

BERLIN BOROUGH SCHOOL DISTRICT
Capital Projects Fund
Summary Statement of Project Expenditures
Year Ended June 30, 2025

Issue/Project Title	Appropriations	Expenditures to Date		Transfers	Balance
		Prior Years	Current Year		
Construction and Various Improvements to the District's Facilities	\$ 19,699,000	\$ 6,353,442	\$ 12,351,046	\$ -	\$ 994,512
	<u>\$ 19,699,000</u>	<u>\$ 6,353,442</u>	<u>\$ 12,351,046</u>	<u>\$ -</u>	<u>\$ 994,512</u>

Proprietary Funds

BERLIN BOROUGH SCHOOL DISTRICT
Enterprise Funds
Statement of Net Position
as of June 30, 2025

	Food Service	Protect all Latchkey Students (PALS)	Community Education and Recreation	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 167,840	\$ 12,827	\$ 272,347	\$ 453,014
Accounts receivable:				
State	574	-	-	574
Federal	12,898	-	-	12,898
Inventories	4,892	-	-	4,892
Total current assets	186,204	12,827	272,347	471,378
Fixed assets:				
Equipment	129,462	-	-	129,462
Less Accumulated depreciation	(91,207)	-	-	(91,207)
Total fixed assets	38,255	-	-	38,255
Total assets	224,459	12,827	272,347	509,633
LIABILITIES:				
Current liabilities:				
Accounts payable	29,354	-	-	29,354
Interfund payable	35,557	-	-	35,557
Unearned revenue	8,959	2,534	-	11,493
Total current liabilities	73,870	2,534	-	76,404
NET POSITION:				
Net investment in capital assets	38,255	-	-	38,255
Unrestricted	112,334	10,293	272,347	394,974
Total net position	\$ 150,589	\$ 10,293	\$ 272,347	\$ 433,229

BERLIN BOROUGH SCHOOL DISTRICT
Enterprise Funds

Comparative Statement of Revenues, Expenses and Changes in Net Position
for the Fiscal Year ended June 30, 2025

	<u>Food Service</u>	<u>Protect all Latchkey Students (PALS)</u>	<u>Community Education and Recreation</u>	<u>Total</u>
OPERATING REVENUES:				
Local sources:				
Daily sales-reimbursable programs:				
School lunch program	\$ 113,320	\$ -	\$ -	\$ 113,320
Total-daily sales-reimbursable programs	113,320	-	-	113,320
Daily sales non-reimbursable programs	54,318	-	-	54,318
Miscellaneous and special functions	25,018	-	-	25,018
Program Fees	-	167,082	68,265	235,347
Total operating revenue	<u>192,656</u>	<u>167,082</u>	<u>68,265</u>	<u>428,003</u>
OPERATING EXPENSES:				
Salaries	123,019	111,342	24,506	258,867
Employee Benefits	23,989	29,267	608	53,864
Supplies and materials	21,115	2,261	-	23,376
Depreciation	7,575	-	-	7,575
Purchased services	25,950	16,000	71,846	113,796
Cost of Sales - reimbursable programs	136,165	-	-	136,165
Cost of Sales - non-reimbursable programs	37,741	-	-	37,741
Miscellaneous	3,390	13,069	8,004	24,463
Direct Expenses	12,385	-	-	12,385
Repairs and maintenance	5,081	-	-	5,081
Total operating expenses	<u>396,410</u>	<u>171,939</u>	<u>104,964</u>	<u>673,313</u>
Operating income (loss)	<u>(203,754)</u>	<u>(4,857)</u>	<u>(36,699)</u>	<u>(245,310)</u>
Non-operating revenues:				
State sources:				
State school lunch program	4,808	-	-	4,808
State school breakfast program	106	-	-	106
NJEIE lunch	1,829	-	-	1,829
NJEIE breakfast	350	-	-	350
Summer-EBT, state portion	321	-	-	321
Federal sources:				
National school lunch program	136,440	-	-	136,440
National school breakfast program	27,739	-	-	27,739
Supply chain assistance	-	-	-	-
Summer P-EBT	322	-	-	322
Local food for schools	1,005	-	-	1,005
U.S.D.A. commodities	29,810	-	-	29,810
Board subsidy	-	-	-	-
Total non-operating revenues	<u>202,730</u>	<u>-</u>	<u>-</u>	<u>202,730</u>
Net income (loss)	(1,024)	(4,857)	(36,699)	(42,580)
Net position - July 1 (as restated)	<u>151,613</u>	<u>15,150</u>	<u>309,046</u>	<u>475,809</u>
Net position - June 30	<u>\$ 150,589</u>	<u>\$ 10,293</u>	<u>\$ 272,347</u>	<u>\$ 433,229</u>

BERLIN BOROUGH SCHOOL DISTRICT
Enterprise Funds
Statement of Cash Flows
for the Fiscal Year ended June 30, 2025

	Food Service	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 195,560	\$ 162,646	\$ 68,265	\$ 426,471
Cash payments to employees for services	(129,539)	(140,609)	(25,114)	(295,262)
Cash payments to suppliers for goods and services	(223,980)	(15,810)	(95,370)	(335,160)
Net cash used by operating activities	(157,959)	6,227	(52,219)	(203,951)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	165,526	-	-	165,526
Board subsidy	-	-	-	-
Net cash provided by noncapital financing activities	165,526	-	-	165,526
Cash flows from capital financing activities:				
Purchases of fixed assets	-	-	-	-
Net cash used by capital financing activities	-	-	-	-
Cash flows from investing activities:				
Interest on investments	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	7,567	6,227	(52,219)	(38,425)
Cash and cash equivalents, July 1 (as restated)	160,273	6,600	324,566	491,439
Cash and cash equivalents, June 30	<u>\$ 167,840</u>	<u>\$ 12,827</u>	<u>\$ 272,347</u>	<u>\$ 453,014</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (203,754)	\$ (4,857)	\$ (36,699)	\$ (245,310)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	7,575	-	-	7,575
Federal commodities	29,810	-	-	29,810
Change in assets and liabilities:				
(Increase)/decrease in inventory	(335)	-	-	(335)
Increase/(decrease) in unearned revenue	2,645	(4,436)	-	(1,791)
Increase/(decrease) in interfunds payable	-	15,520	(15,520)	-
Increase/(decrease) in accounts payable	6,100	-	-	6,100
Net cash used by operating activities	<u>\$ (157,959)</u>	<u>\$ 6,227</u>	<u>\$ (52,219)</u>	<u>\$ (203,951)</u>

Long-Term Debt Schedules

BERLIN BOROUGH SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2025

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2024	Issued	Retired	Balance June 30, 2025
			Date	Amount					
2023 School Bonds	3/15/2023	\$ 19,699,000	3/1/2026	\$ 725,000	3.500%	\$ 19,699,000	\$ -	\$ 1,074,000	\$ 18,625,000
			3/1/2027	755,000	3.500%				
			3/1/2028	785,000	3.500%				
			3/1/2029	815,000	3.500%				
			3/1/2030	850,000	3.500%				
			3/1/2031	880,000	3.500%				
			3/1/2032	920,000	3.500%				
			3/1/2033	955,000	3.500%				
			3/1/2034	995,000	3.500%				
			3/1/2035	1,035,000	4.000%				
			3/1/2036	1,075,000	4.000%				
			3/1/2037	1,120,000	4.000%				
			3/1/2038	1,160,000	4.000%				
			3/1/2039	1,210,000	4.000%				
			3/1/2040	1,255,000	4.000%				
			3/1/2041	1,310,000	4.000%				
			3/1/2042	1,360,000	4.000%				
			3/1/2043	1,420,000	4.000%				
				<u>\$ 18,625,000</u>					
Total						<u>\$ 19,699,000</u>	<u>\$ -</u>	<u>\$ 1,074,000</u>	<u>\$ 18,625,000</u>

BERLIN BOROUGH SCHOOL DISTRICT
General Long-Term Debt Account Group
Schedule of Obligations Under Leases
June 30, 2025

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2024	Issued Current Year	Retired Current Year	Balance June 30, 2025
Copiers	3.00%	\$ 60,074	\$ 20,931	\$ -	\$ 13,849	\$ 7,082
Postage Meter	3.00%	8,403	4,765		1,688	3,077
Copier	3.00%	9,524	5,571		1,912	3,659
Copier	3.00%	7,998	4,679	-	1,607	3,072
Copiers	4.00%	21,718	-	21,718	986	20,732
			<u>\$ 35,946</u>	<u>\$ 21,718</u>	<u>\$ 20,042</u>	<u>\$ 37,622</u>

BERLIN BOROUGH SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2025

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 794,232	\$ -	\$ 794,232	\$ 794,232	\$ -
Total revenues - local sources	794,232		794,232	794,232	-
State sources:					
State aid	864,686		864,686	864,686	
Total revenues - state sources	864,686	-	864,686	864,686	
Total Revenues	1,658,918		1,658,918	1,658,918	
EXPENDITURES:					
Regular debt service:					
Redemption of principal	1,074,000		1,074,000	1,074,000	-
Interest on bonds	749,165		749,165	749,165	-
Total Expenditures	1,823,165		1,823,165	1,823,165	
Excess (Deficiency) of revenues over (under) expenditures	(164,247)		(164,247)	(164,247)	
Other Financing Sources:					
Operating Transfer In - Capital Projects				196,914	196,914
Total Other Financing Sources				196,914	196,914
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	(164,247)		(164,247)	32,667	196,914
Fund Balances, July 1	854,261		854,261	854,261	
Fund Balances, June 30	\$ 690,014	\$ -	\$ 690,014	\$ 886,928	\$ 196,914

Statistical Section

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

EXHIBIT J-1

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities:										
Net investment in capital assets	\$ (789,369)	\$ (676,120)	\$ (497,008)	\$ (530,608)	\$ (88,260)	\$ 134,051	\$ 1,427,528	\$ (16,645,992)	\$ (11,026,294)	\$ 2,075,027
Restricted for:										
Capital projects	537,626	745,626	802,057	903,060	1,075,938	1,476,276	1,066,512	20,255,522	15,152,086	2,497,578
Special revenue	-	-	-	-	-	27,559	28,831	48,206	45,207	37,121
Debt service	439,958	440,288	1,904	-	-	-	-	164,247	854,261	886,928
Other purposes	348,991	473,237	546,376	600,157	679,237	468,797	473,414	852,006	1,184,560	1,414,661
Unrestricted	(2,814,398)	(3,130,141)	(3,106,556)	(3,248,186)	(3,211,694)	(2,855,359)	(2,355,468)	(2,387,192)	(2,567,168)	(2,692,162)
Total governmental activities net position	<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>	<u>\$ 2,286,797</u>	<u>\$ 3,642,652</u>	<u>\$ 4,219,153</u>
Business-type activities:										
Net investment in capital assets	\$ 16,758	\$ 11,151	\$ 7,429	\$ 14,559	\$ 12,763	\$ 10,967	\$ 19,406	\$ 53,405	\$ 45,830	\$ 38,255
Unrestricted	360,014	425,947	515,313	588,822	491,403	333,813	470,725	394,239	429,979	394,974
Total business-type activities net position	<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>	<u>\$ 447,644</u>	<u>\$ 475,809</u>	<u>\$ 433,229</u>
District-wide:										
Net investment in capital assets	\$ (772,611)	\$ (664,969)	\$ (489,579)	\$ (516,049)	\$ (75,497)	\$ 145,018	\$ 1,446,934	\$ (16,592,587)	\$ (10,980,464)	\$ 2,113,282
Restricted:										
Capital projects	537,626	745,626	802,057	903,060	1,075,938	1,476,276	1,066,512	20,255,522	15,152,086	2,497,578
Special revenue	-	-	-	-	-	27,559	28,831	48,206	45,207	37,121
Debt service	439,958	440,288	1,904	-	-	-	-	164,247	854,261	886,928
Other purposes	348,991	473,237	546,376	600,157	679,237	468,797	473,414	852,006	1,184,560	1,414,661
Unrestricted	(2,454,384)	(2,704,194)	(2,591,243)	(2,659,364)	(2,720,291)	(2,521,546)	(1,884,743)	(1,992,953)	(2,137,189)	(2,297,188)
Total district net position	<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>	<u>\$ 2,734,441</u>	<u>\$ 4,118,461</u>	<u>\$ 4,652,382</u>

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

EXHIBIT J-2

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental activities:										
Instruction:										
Regular	\$ 3,862,378	\$ 3,899,824	\$ 3,926,329	\$ 4,126,216	\$ 3,959,299	\$ 4,370,056	\$ 4,259,882	\$ 4,482,556	\$ 4,492,077	\$ 5,211,749
Special education	1,319,458	1,440,240	1,471,887	1,382,431	1,575,854	1,693,007	1,701,739	1,802,967	2,005,831	2,304,170
Other instruction	144,225	158,676	168,315	225,487	318,169	110,016	453,946	608,592	735,517	972,245
Support Services:										
Tuition	-	5,404	214,414	294,139	262,677	328,153	120,228	218,339	455,953	558,563
Student & instruction related services	1,293,235	1,339,796	1,418,627	1,538,073	1,639,730	1,393,917	2,031,321	1,972,025	2,199,447	2,432,410
School administrative services	347,100	325,210	351,533	347,415	215,852	322,798	327,630	302,332	293,253	328,296
General and business administrative services	577,735	645,357	625,831	665,156	601,908	571,466	610,870	668,611	716,729	687,482
Plant operations and maintenance	1,244,194	1,209,023	1,058,540	1,287,112	911,162	1,055,595	861,388	516,328	970,219	1,855,478
Pupil transportation	357,586	324,335	350,106	479,394	565,661	498,116	507,618	632,548	649,873	688,109
Unallocated employee benefits	3,467,551	3,799,889	8,221,117	7,056,137	6,217,821	7,838,695	6,528,109	5,919,073	6,399,207	6,416,333
Charter School	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	169,488	154,323	116,162	105,583	81,500	65,500	49,500	246,799	739,454	736,635
Unallocated depreciation	49,009	46,234	19,743	18,473	14,116	11,264	25,225	69,558	71,509	65,961
Total governmental activities expenses	<u>12,831,959</u>	<u>13,348,311</u>	<u>17,942,604</u>	<u>17,525,616</u>	<u>16,363,749</u>	<u>18,258,583</u>	<u>17,477,456</u>	<u>17,439,728</u>	<u>19,729,069</u>	<u>22,257,431</u>
Business-type activities:										
Community Education	291,062	147,875	109,831	146,638	139,194	117,913	149,544	174,730	157,209	104,964
Latchkey	-	114,234	126,034	111,372	133,703	127,620	135,819	143,084	165,081	171,939
Food service	245,606	308,482	281,097	240,202	246,551	129,798	278,334	381,827	385,543	396,410
Shared Services	93,431	59,246	15,000	-	-	-	-	-	-	-
Total business-type activities expense	<u>630,099</u>	<u>629,837</u>	<u>531,962</u>	<u>498,212</u>	<u>519,448</u>	<u>375,331</u>	<u>563,697</u>	<u>699,641</u>	<u>707,833</u>	<u>673,313</u>
Total district expenses	<u>\$ 13,462,058</u>	<u>\$ 13,978,148</u>	<u>\$ 18,474,566</u>	<u>\$ 18,023,828</u>	<u>\$ 16,883,197</u>	<u>\$ 18,633,914</u>	<u>\$ 18,041,153</u>	<u>\$ 18,139,369</u>	<u>\$ 20,436,902</u>	<u>\$ 22,930,744</u>
Program Revenues:										
Governmental activities:										
Operating grants and contributions	\$ 1,953,661	\$ 2,079,522	\$ 6,677,339	\$ 5,474,950	\$ 4,882,557	\$ 6,684,628	\$ 7,069,784	\$ 5,195,948	\$ 5,296,784	\$ 5,756,216
Capital grants and contributions	-	-	-	-	-	-	-	-	-	12,712
Charges for services	-	-	-	-	-	14,761	-	27,884	-	-
Total governmental activities program revenues	<u>1,953,661</u>	<u>2,079,522</u>	<u>6,677,339</u>	<u>5,474,950</u>	<u>4,882,557</u>	<u>6,699,389</u>	<u>7,069,784</u>	<u>5,223,832</u>	<u>5,296,784</u>	<u>5,768,928</u>

(Continued)

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities:										
Charges for services:										
Community education	\$ 345,380	\$ 212,009	\$ 168,351	\$ 161,190	\$ 99,030	\$ 42,821	\$ 154,919	\$ 163,532	\$ 168,866	\$ 68,265
Latchkey	-	151,409	181,753	171,002	130,323	42,388	113,591	145,907	186,331	167,082
Food service	163,191	169,223	157,592	159,067	122,408	2,072	31,037	188,852	190,501	192,656
Shared Services	93,431	59,246	15,000	-	-	-	-	-	-	-
Operating grants and contributions	99,513	98,276	94,910	87,592	68,472	80,664	409,501	158,863	190,300	202,730
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	701,515	690,163	617,606	578,851	420,233	167,945	709,048	657,154	735,998	630,733
Total district program revenues	<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>	<u>\$ 5,880,986</u>	<u>\$ 6,032,782</u>	<u>\$ 6,399,661</u>
Net (Expense)/Revenue:										
Governmental activities	\$ (10,878,298)	\$ (11,268,789)	\$ (11,265,265)	\$ (12,050,666)	\$ (11,481,192)	\$ (11,559,194)	\$ (10,407,672)	\$ (12,215,896)	\$ (14,432,285)	\$ (16,488,503)
Business-type activities	71,416	60,326	85,644	80,639	(99,215)	(207,386)	145,351	(42,487)	28,165	(42,580)
Total district-wide net expense	<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>	<u>\$ (12,258,383)</u>	<u>\$ (14,404,120)</u>	<u>\$ (16,531,083)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 6,801,973	\$ 6,938,012	\$ 7,133,340	\$ 7,334,466	\$ 7,491,155	\$ 7,640,978	\$ 7,793,798	\$ 7,919,997	\$ 7,980,397	\$ 8,140,005
Taxes levied for debt service	615,236	623,117	196,687	592,721	572,500	558,750	544,500	519,750	720,031	794,232
Unrestricted grants and contributions	3,663,142	3,699,940	3,729,064	3,922,371	4,029,199	4,089,850	3,295,647	5,129,905	6,217,518	7,672,901
Tuition	-	-	-	97,873	33,289	-	-	292,850	-	-
Investment earnings	602	-	-	-	-	-	-	-	44,960	49,922
Miscellaneous income	61,062	137,802	100,057	80,885	85,847	86,280	163,220	-	825,234	407,944
Transfers	-	-	-	-	-	(48,000)	-	-	-	-
Total governmental activities	<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>	<u>13,862,502</u>	<u>15,788,140</u>	<u>17,065,004</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	48,000	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<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>	<u>\$ 13,862,502</u>	<u>\$ 15,788,140</u>	<u>\$ 17,065,004</u>
Change in Net Position:										
Governmental activities	\$ 263,717	\$ 130,082	\$ (106,117)	\$ (22,350)	\$ 730,798	\$ 768,664	\$ 1,389,493	\$ 1,646,606	\$ 1,355,855	\$ 576,501
Business-type activities	71,416	60,326	85,644	80,639	(99,215)	(159,386)	145,351	(42,487)	28,165	(42,580)
Total district-wide	<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>	<u>\$ 1,604,119</u>	<u>\$ 1,384,020</u>	<u>\$ 533,921</u>

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

EXHIBIT J-3

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Reserved	\$ 788,588	\$ 1,122,226	\$ 1,348,433	\$ 1,503,217	\$ 1,755,175	\$ 1,945,073	\$ 1,861,193	\$ 2,348,751	\$ 3,019,087	\$ 3,022,000
Unassigned	(109,938)	(115,234)	(84,642)	(115,901)	(107,475)	122,596	(10,674)	(183,671)	(230,418)	(300,657)
Total general fund	<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>	<u>\$ 2,165,080</u>	<u>\$ 2,788,669</u>	<u>\$ 2,721,343</u>
All Other Governmental Funds										
Reserved:										
Debt service reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Fund	-	-	-	-	-	27,559	28,831	48,206	45,207	(170,404)
Capital projects fund	96,637	96,637	-	-	-	-	-	19,080,044	13,345,558	994,512
Debt service fund	438,384	1,904	-	-	-	-	-	164,247	854,261	886,928
Designated for subsequent year's expenditures	2,966	438,384	1,904	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 537,987</u>	<u>\$ 536,925</u>	<u>\$ 1,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,559</u>	<u>\$ 28,831</u>	<u>\$ 19,292,497</u>	<u>\$ 14,245,026</u>	<u>\$ 1,711,036</u>

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

EXHIBIT J-4

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Tax levy	\$ 7,417,209	\$ 7,561,129	\$ 7,330,027	\$ 7,927,187	\$ 8,063,655	\$ 8,199,728	\$ 8,338,298	\$ 8,439,747	\$ 8,700,428	\$ 8,934,237
Tuition charges	20,920	85,483	42,802	20,416	33,289	14,761	36,729	27,884	-	-
Interest earnings	-	-	-	-	-	-	-	-	44,960	49,922
Miscellaneous	40,744	52,319	63,980	167,423	93,665	86,280	126,491	292,850	825,234	407,944
Local sources	-	-	-	-	-	8,214	77,337	100,286	96,370	92,055
State sources	5,287,869	5,467,982	5,754,386	6,069,290	6,202,538	6,578,066	7,540,042	8,398,623	9,670,211	12,097,503
Federal sources	328,934	311,480	308,481	289,985	331,999	427,497	839,983	779,373	622,263	430,467
Total revenue	<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>	<u>18,038,763</u>	<u>19,959,466</u>	<u>22,012,128</u>
Expenditures										
Instruction										
Regular Instruction	3,865,073	3,887,806	3,980,273	3,994,455	3,922,002	4,348,173	4,239,758	4,524,994	4,471,900	5,132,623
Special education instruction	1,319,458	1,440,240	1,471,887	1,382,431	1,575,854	1,693,007	1,701,739	1,802,967	2,005,831	2,304,170
Other instruction	144,225	158,676	168,315	225,487	318,169	110,016	453,946	608,592	735,517	972,245
Support Services:										
Tuition	236,122	5,404	214,414	294,139	262,677	328,153	120,228	218,339	455,953	558,563
Student & instruction related services	1,293,235	1,339,796	1,418,627	1,538,073	1,639,730	1,393,917	2,031,321	1,972,025	2,199,447	2,432,410
School administrative services	347,100	325,210	351,533	347,415	215,852	322,798	327,630	302,332	293,253	328,296
General and business admin. services	311,180	634,991	615,465	655,480	593,787	562,666	608,877	664,592	712,500	683,220
Plant operations and maintenance	660,386	642,820	574,589	726,952	830,429	698,952	794,455	747,236	825,619	864,353
Pupil transportation	357,586	324,335	350,106	479,394	565,661	498,116	507,618	632,548	649,873	688,109
Employee benefits	3,421,927	3,491,352	3,797,097	4,035,982	3,880,587	4,201,373	4,935,540	5,150,752	5,423,443	5,686,585
Capital outlay	161,550	125,001	95,065	163,917	87,514	379,819	909,146	1,015,409	5,889,981	13,139,705
Charter School	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	590,000	620,000	650,000	485,000	475,000	485,000	495,000	495,000	-	1,074,000
Interest and other charges	178,611	155,482	133,322	109,625	97,500	73,750	49,500	24,750	720,031	749,165
Total expenditures	<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>	<u>18,159,536</u>	<u>24,383,348</u>	<u>34,613,444</u>
Excess (Deficiency) of revenues over (under) expenditures	209,223	327,280	(321,017)	35,951	260,384	218,806	(215,878)	(120,773)	(4,423,882)	(12,601,316)
Other Financing sources (uses)										
Proceeds from borrowing	-	-	-	-	-	249,283	-	19,699,000	-	-
Proceeds of Capital Lease	-	-	42,795	85,670	-	-	-	-	-	-
Transfers in	441,383	3,477	68,068	-	-	-	972,237	164,247	690,014	364,455
Transfers out	(441,383)	(3,477)	(68,068)	-	-	(48,000)	(972,237)	(164,247)	(690,014)	(364,455)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>42,795</u>	<u>85,670</u>	<u>-</u>	<u>201,283</u>	<u>-</u>	<u>19,699,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<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>	<u>\$ 19,578,227</u>	<u>\$ (4,423,882)</u>	<u>\$ (12,601,316)</u>
Debt service as a percentage of noncapital expenditures	6.04%	5.95%	5.71%	4.17%	3.98%	3.80%	3.35%	3.03%	3.89%	8.49%

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 Ending June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Other Refunds</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2023	9,622	27,884	48,000	10,917	47,457	361	144,241
2024	45,689	-	48,000	21,332	19,448	751	135,220
2025	55,619	-	48,000	70,463	36,902	46	211,030
	<u>\$ 126,772</u>	<u>\$ 359,741</u>	<u>\$ 411,000</u>	<u>\$ 210,909</u>	<u>\$ 135,546</u>	<u>\$ 102,166</u>	<u>\$ 1,346,134</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
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
2023	13,168,600	603,958,000	219,800	31,000	106,219,900	10,346,500	61,407,000	795,350,800	85	795,350,885	94,155,300	1.090	931,824,340
2024	12,932,600	606,156,500	219,800	32,700	113,775,400	10,346,500	61,407,000	804,870,500	79	804,870,579	86,993,600	1.106	1,008,312,605
2025	13,328,800	608,650,500	219,800	33,800	113,376,800	10,346,500	61,407,000	807,363,200	72	807,363,272	88,353,100	1.091	1,112,611,767

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
	General Obligation			Eastern			
	Basic Rate	Debt Service	Total Direct	Borough of Berlin	Regional High School	Camden County	
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
2023	0.999	0.091	1.090	0.861	0.636	0.793	3.380
2024	1.016	0.090	1.106	0.864	0.656	0.785	3.411
2025	1.068	0.023	1.091	0.879	0.722	0.780	3.472

Source: Municipal Tax Collector

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

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

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

EXHIBIT J-8

Taxpayer	2025		Taxpayer	2016	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Berlin Multi-Family, LLC	\$ 52,730,100	6.53%	Berlin Reality	\$ 6,700,000	0.90%
Berlin Property LLC	7,762,600	0.96%	Berlin Residences, LLC	5,570,000	0.75%
Berlin Farmers Market	6,730,400	0.83%	AC Berlin, LLC	5,100,000	0.69%
Berlin Residences LLC	5,570,000	0.69%	SINELNIK	4,648,800	0.63%
Evinos Corporation	5,123,000	0.63%	Evinos Corporation, Inc.	4,555,600	0.61%
1892 Broadway Associates, Inc.	3,415,000	0.42%	Hassbro, LLC	3,200,000	0.43%
Berlin Center LLC	3,400,000	0.42%	Berlin Center, LLC	3,200,000	0.43%
Hassbro LLC	3,200,000	0.40%	Berlin Equities, LLC	2,838,100	0.38%
Wawa, Inc	3,200,000	0.40%	Osborne Assoc % Rite Aid Corp	2,800,000	0.38%
Berlin Vant Realty LLC	3,154,200	0.39%	Public Storage	2,600,000	0.35%
Total	<u>\$ 94,285,300</u>	<u>11.68%</u>	Total	<u>\$ 41,212,500</u>	<u>5.56%</u>

Source: Municipal Tax Assessor

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

EXHIBIT J-9

Fiscal Year Ended June 30,	Taxes Levied for the Calendar Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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%	-
2023	8,439,747	8,439,747	100.00%	-
2024	8,700,428	8,700,428	100.00%	-
2025	8,934,237	8,934,237	100.00%	-

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

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

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

EXHIBIT J-10

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^b
	General Obligation Bonds	Financed Purchases/ Leases			
2016	\$ 2,880,000	\$ 1,030,527	\$ 3,910,527	1.07%	\$ 517
2017	2,665,000	512,313	3,177,313	0.84%	421
2018	2,435,000	28,248	2,463,248	0.63%	326
2019	1,950,000	69,892	2,019,892	0.50%	268
2020	1,475,000	28,531	1,503,531	0.35%	200
2021	990,000	179,535	1,169,535	0.26%	156
2022	495,000	164,148	659,148	0.14%	88
2023	19,699,000	75,938	19,774,938	4.04%	2,625
2024	19,699,000	35,946	19,734,946	c	2,592
2025	18,625,000	-	18,625,000	c	c

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

a Based on Per Capita Income for Camden County

b Based on School District Population as of July 1.

c Not available

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

EXHIBIT J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	66
2023	19,699,000	-	19,699,000	2.48%	2,615
2024	19,699,000	-	19,699,000	2.45%	c
2025	18,625,000	-	18,625,000	2.30%	c

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

a See Exhibit J-6 for property tax data.

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

c Not available.

**Berlin Borough School District
 Ratios of Overlapping Governmental Activities Debt
 As of December 31, 2024**

EXHIBIT J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Borough of Berlin	\$ 14,061,746	100.000%	\$ 14,061,746
Eastern Regional High School District	-	16.835%	-
Camden County General Obligation Debt	414,303,730	1.880%	7,788,910
Subtotal, overlapping debt			21,850,656
Berlin Borough School District Direct Debt			19,699,000
Total direct and overlapping debt			\$ 41,549,656

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)

EXHIBIT J-13

Legal Debt Margin Calculation for Fiscal Year 2025

												Equalized valuation basis									
												2022	\$ 897,129,078								
												2023	994,312,789								
												2024	1,106,959,840								
												[A]	\$ 2,998,401,707								
												Average equalized valuation of taxable property	[A/3] \$ 999,467,236								
												Debt limit (3% of average equalized valuation)	[B] 29,984,017								
												Net bonded school debt	[C] 18,625,000								
												Legal debt margin	[B-C] <u>\$ 11,359,017</u>								
												Fiscal Year									
												2016	2017	2018	2019	2020	2021	2021	2023	2024	2025
Debt limit												\$ 21,952,163	\$ 21,897,806	\$ 21,836,284	\$ 22,016,308	\$ 21,984,226	\$ 22,095,588	\$ 22,095,588	\$ 24,389,301	\$ 26,947,869	\$ 29,984,017
Total net debt applicable to limit												2,880,000	3,085,000	2,435,000	1,950,000	1,475,000	990,000	990,000	19,699,000	19,699,000	18,625,000
Legal debt margin												<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>\$ 21,105,588</u>	<u>\$ 4,690,301</u>	<u>\$ 7,248,869</u>	<u>\$ 11,359,017</u>
Total net debt applicable to the limit as a percentage of debt limit												13.12%	14.09%	11.15%	8.86%	6.71%	4.48%	4.48%	80.77%	73.10%	62.12%

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

Year	Population ^a	Personal Income ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2016	7,559	\$ 365,893,395	\$ 48,405	5.0%
2017	7,550	376,624,200	49,884	4.8%
2018	7,549	389,618,988	51,612	4.3%
2019	7,534	402,503,950	53,425	3.4%
2020	7,512	426,133,224	56,727	10.0%
2021	7,497	458,501,526	61,158	6.3%
2022	7,506	465,289,434	61,989	3.7%
2023	7,534	489,612,058	64,987	4.5%
2024	7,614	e	e	4.7%
2025	e	e	e	e

Source:

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

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

EXHIBIT J-16

Function/Program	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Instruction										
Regular	55	55	55	55	55	53	54	56	60	57
Special education	17	18	18	18	19	20	20	22	25	34
Other special education	15	20	20	20	24	19	18	17	19	19
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	12	10	10	10	6	10	10	11	11	13
School administrative services	9	11	11	11	7	7	6	6	5	5
General and business administrative services	5	4	4	4	7	7	7	7	7	7
Plant operations and maintenance	10	6	6	6	6	9	10	5	6	6
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	<u>123</u>	<u>124</u>	<u>124</u>	<u>124</u>	<u>124</u>	<u>124</u>	<u>125</u>	<u>124</u>	<u>133</u>	<u>141</u>

Source: District Personnel Records

**Berlin Borough School District
Operating Statistics,
Last Ten Fiscal Years**

EXHIBIT J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
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	3.26%	72	1:13	852.5	819.6	-1.04%	96.14%
2017	825	12,250,630	14,849	4.65%	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	6.73%	73	1:13	824.5	790.2	0.17%	95.84%
2020	812	13,804,748	17,001	1.78%	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%	74	1:13	816.0	715.9	-1.72%	87.73%
2023	847	16,624,377	19,627	1.00%	78	1:13	877.9	765.9	7.59%	87.24%
2024	843	17,773,336	21,083	7.42%	85	1:13	826.5	772.6	-5.85%	93.48%
2025	831	19,650,574	23,647	12.16%	91	1:13	878.0	800.4	6.23%	91.16%

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).

	Fiscal Year Ending June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<u>District Building</u>										
<u>Elementary</u>										
Berlin Community School (1952)										
Square Feet	118,066	118,066	118,066	118,066	118,066	118,066	118,066	118,066	118,066	118,066
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	853	828	823	824	814	830	816	878	826	878

Number of Schools at June 30, 2025
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

EXHIBIT J-19

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

	Fiscal Year Ending June 30,										
* School Facilities	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Total
Berlin Community School	\$ 150,294	\$ 192,108	\$ 181,147	\$ 236,540	\$ 337,860	\$ 211,676	\$ 229,226	\$ 277,782	\$ 254,333	\$ 217,469	\$ 2,288,435
Project # (s)											
Total School Facilities	<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>\$ 277,782</u>	<u>\$ 254,333</u>	<u>\$ 217,469</u>	<u>\$ 2,288,435</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, 2025**

EXHIBIT J-20

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy (1)		
Property	\$ 500,000,000	\$ 2,500
General and Auto Liability	5,000,000	
Comprehensive Crime Coverage		
Employee Dishonesty	100,000/500,000	
Boiler and Machinery	100,000,000	2,500
School Leaders Professional	1,000,000 / 10,000,000	
Excess Liability	1,000,000 / 10,000,000	
Environmental Impairment Liability	1,000,000 / 10,000,000	
Workers Compensation (2)		
Bodily Injury by Accident	3,000,000	
Bodily Injury by Disease	3,000,000	
Supplemental Indemnity (2)	2,000,000	
Errors and Omissions Liability (2)		
Coverage A	5,000,000	5,000
Coverage B	100,000 / 300,000	5,000
Student Accident (3)		
School Time Compulsory Student Accident Coverage		
Maximum Benefit	1,000,000	
Surety Bonds (4)		
Board Secretary	210,000	

(1) School Alliance Insurance Fund

(2) NJ Schools Insurance Group

(3) Public Risk Group

(4) RLI Insurance Company - TC Irons Agency

Source: District records

Single Audit Section

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

INDEPENDENT AUDITOR'S REPORT

The Honorable President and Members
 of the Board of Education
 Berlin Borough School District
 County of Camden
 Berlin 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated October 27, 2025.

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
October 27, 2025

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, 2025. 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, 2025.

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.

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
October 27, 2025

BERLIN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2025

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, 2024			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2025		
						Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Unearned Revenue	Due to Grantor at
U.S. Department of Education															
Passed-through State Department of Education:															
Special Revenue Fund:															
Every Student Succeeds Act (E.S.S.A.)															
Title I	84.010	S010A240030	ESSA-0330-25	\$ 117,264	7/1/24 - 9/30/25	\$ -	\$ -	\$ -	\$ -	\$ 76,693	\$ (93,123)	\$ -	\$ (16,430)	\$ -	\$ -
Title I	84.010	S010A230030	ESSA-0330-24	116,458	7/1/23 - 9/30/24	(71,255)				75,036	(3,781)				
Title IIA	84.367A	S367A240029	ESSA-0330-25	19,131	7/1/24 - 9/30/25					15,657	(19,129)		(3,472)		
Title IIA	84.367A	S367A230029	ESSA-0330-24	23,512	7/1/23 - 9/30/24	(2,367)				4,437	(2,070)		-		
Title IV	84.424	S424A240031	ESSA-0330-25	10,320	7/1/24 - 9/30/25					5,352	(6,392)		(1,040)		
Title IV	84.424	S424A230031	ESSA-0330-24	11,949	7/1/23 - 9/30/24	(149)				149			-		
Individuals With Disabilities Act (I.D.E.A.)															
Part B - Basic - Current Year	84.027A	H027A240100	IDEA-0330-25	229,481	7/1/24 - 9/30/25					200,429	(224,790)		(24,361)		
Part B - Basic - Prior Year	84.027A	H027A230100	IDEA-0330-24	232,211	7/1/23 - 9/30/24	(24,753)				23,392		1,361			
Part B - Preschool - Current Year	84.173A	H173A240114	IDEA-0330-25	9,675	7/1/24 - 9/30/25					9,675	(9,675)		-		
Part B - Preschool - Prior Year	84.173A	H173A230114	IDEA-0330-24	9,995	7/1/23 - 9/30/24	(1,853)				1,853			-		
American Rescue Plan:															
ARP - ESSER III	84.425U	S425U210027	N/A	593,887	3/13/20 - 9/30/24	(30,800)				37,974	(7,174)		-		
ARP - Accelerated Learning	84.425U	S425U210027	N/A	69,656	3/13/20 - 9/30/24					988	(988)		-		
ARP - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24								-		
ARP - Mental Health	84.425U	S425U210027	N/A	45,000	3/13/20 - 9/30/24	(1,949)				6,416	(4,467)		-		
ARP - New Jersey High Impact Tutoring	84.425V	S425V210031	N/A	81,332	3/20/24 - 12/31/24	(19,677)				19,677	(61,655)		(61,655)		
Total Special Revenue Fund						\$ (152,803)	\$ -	\$ -	\$ -	\$ 477,728	\$ (433,244)	\$ 1,361	\$ (106,958)	\$ -	\$ -
U.S. Department of Agriculture															
Passed-through State Department of Agriculture:															
Enterprise Fund:															
Food Distribution Program	10.555	251NJ304N1199	N/A	29,810	10/1/24 - 9/30/25					29,810	(29,810)				
School Breakfast Program	10.553	251NJ304N1199	N/A	27,739	10/1/24 - 9/30/25					25,411	(27,739)		(2,328)		
School Breakfast Program	10.553	241NJ304N1199	N/A	11,061	10/1/23 - 9/30/24	(795)				795					
National School Lunch Program	10.555	251NJ304N1199	N/A	136,440	10/1/24 - 9/30/25					125,870	(136,440)		(10,570)		
National School Lunch Program	10.555	241NJ304N1199	N/A	87,708	10/1/23 - 9/30/24	(4,948)				4,948					
Summer-EBT Administrative Cost	10.649	202424N180341	N/A	322	10/1/24 - 9/30/25					322	(322)				
Local Food for Schools	10.185	AM22LFS000C015	N/A	1,005	10/1/24 - 9/30/25					1,005	(1,005)				
Total Enterprise Fund						(5,743)				188,161	(195,316)		(12,898)		
Total Federal Awards						\$ (158,546)	\$ -	\$ -	\$ -	\$ 665,889	\$ (628,560)	\$ 1,361	\$ (119,856)	\$ -	\$ -

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, 2025

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Local Share	Grant Period	June 30, 2024			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2025		
					Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Education														
General Fund:														
Special Education Categorical Aid	25-495-034-5120-089	\$ 968,251		7/1/24 - 6/30/25	\$ -	\$ -	\$ -	\$ -	\$ 872,346	\$ (968,251)	\$ -	\$ (95,905)	\$ -	\$ -
Special Education Categorical Aid	24-495-034-5120-089	628,719		7/1/23 - 6/30/24	(61,801)				61,801					
Equalization Aid	25-495-034-5120-078	5,405,079		7/1/24 - 6/30/25					4,869,709	(5,405,079)		(535,370)		
Equalization Aid	24-495-034-5120-078	5,235,702		7/1/23 - 6/30/24	(514,657)				514,657					
Transportation Aid	25-495-034-5120-014	308,976		7/1/24 - 6/30/25					278,372	(308,976)		(30,604)		
Transportation Aid	24-495-034-5120-014	254,835		7/1/23 - 6/30/24	(25,050)				25,050					
Security Aid	25-495-034-5120-084	120,922		7/1/24 - 6/30/25					108,945	(120,922)		(11,977)		
Security Aid	24-495-034-5120-084	98,331		7/1/23 - 6/30/24	(9,666)				9,666					
Additional Nonpublic Transportation Aid	25-495-034-5120-014	5,874		7/1/24 - 6/30/25						(5,874)		(5,874)		
Additional Nonpublic Transportation Aid	24-495-034-5120-014	7,732		7/1/23 - 6/30/24	(7,732)				7,732					
Extraordinary Aid	25-495-034-5120-044	61,795		7/1/24 - 6/30/25						(61,795)		(61,795)		
Extraordinary Aid	24-495-034-5120-044	97,934		7/1/23 - 6/30/24	(97,934)				97,934					
On Behalf TPAF - Pension	25-495-034-5094-002	2,107,947		7/1/24 - 6/30/25					2,107,947	(2,107,947)				
On Behalf TPAF - Post Retirement Medical	25-495-034-5094-001	615,944		7/1/24 - 6/30/25					615,944	(615,944)				
On Behalf TPAF - LTDI	25-495-034-5094-004	1,232		7/1/24 - 6/30/25					1,232	(1,232)				
Reimbursed TPAF Social Security Contributions	25-495-034-5094-003	544,659		7/1/24 - 6/30/25					544,659	(544,659)		-		
Total General Fund					(716,840)	-	-	-	10,115,994	(10,140,679)	-	(741,525)	-	-
Special Revenue Fund														
Preschool Education Expansion Aid	25-495-034-5120-086	1,660,179	167,541	7/1/24 - 6/30/25					1,620,195	(1,529,982)		(207,525)	297,738	
N.J. Nonpublic Aid:														
Textbook Aid	25-100-034-5120-064	7,671		7/1/24 - 6/30/25					7,671	(7,670)				1
Nursing Aid	25-100-034-5120-070	19,500		7/1/24 - 6/30/25					19,500	(19,500)				-
Technology Aid	25-100-034-5120-373	7,350		7/1/24 - 6/30/25					7,350	(7,350)				-
Technology Aid	24-100-034-5120-373	7,203		7/1/23 - 6/30/24			19				(19)			-
Security Aid	25-100-034-5120-509	30,750		7/1/24 - 6/30/25					30,750	(26,258)				4,492
Security Aid	24-100-034-5120-509	30,135		7/1/23 - 6/30/24			1,029				(1,029)			-
Auxiliary Services:														
Compensatory Education	25-100-034-5120-067	71,959		7/1/24 - 6/30/25					71,959	(59,910)				12,049
Compensatory Education	24-100-034-5120-067	72,826		7/1/23 - 6/30/24			11,424				(11,424)			
ESL	25-100-034-5120-067	2,649		7/1/24 - 6/30/25					2,649					2,649
ESL	24-100-034-5120-067	2,655		7/1/23 - 6/30/24			1,831				(1,831)			-
Transportation	25-100-034-5120-067	17,127		7/1/24 - 6/30/25					17,127	(3,933)				13,194
Transportation	24-100-034-5120-067	16,916		7/1/23 - 6/30/24			11,447				(11,447)			
Home Instruction	25-100-034-5120-067	1,421		7/1/24 - 6/30/25						(1,421)		(1,421)		
Handicapped Services:														
Examination & Classification	25-100-034-5120-066	26,353		7/1/24 - 6/30/25					26,353	(9,865)				16,488
Examination & Classification	24-100-034-5120-066	34,128		7/1/23 - 6/30/24			5,123				(5,123)			
Corrective Speech	25-100-034-5120-066	21,390		7/1/24 - 6/30/25					21,390	(17,391)				3,999
Corrective Speech	24-100-034-5120-066	21,855		7/1/23 - 6/30/24			4,464				(4,464)			
Supplemental Instruction	25-100-034-5120-066	22,302		7/1/24 - 6/30/25					22,302	(15,281)				7,021
Supplemental Instruction	24-100-034-5120-066	22,137		7/1/23 - 6/30/24			3,056				(3,056)			
Total Special Revenue Fund					-	-	38,393	-	1,847,246	(1,698,561)	(38,393)	(208,946)	297,738	59,893

Continued

BERLIN BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2025

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Local Share	Grant Period	June 30, 2024			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2025		
					Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
Debt Service Fund														
Debt Service Aid Type II	25-495-034-5120-017	\$ 864,686		7/1/24 - 6/30/25	\$ -	\$ -	\$ -	\$ -	\$ 864,686	\$ (864,686)	\$ -	\$ -	\$ -	\$ -
Total Debt Service Fund					-	-	-	-	864,686	(864,686)	-	-	-	-
State Department of Agriculture														
Enterprise Fund:														
State Breakfast Program	25-100-010-3350-023	456		7/1/24 - 6/30/25					414	(456)		(42)		
State Breakfast Program	24-100-010-3350-023	155		7/1/23 - 6/30/24	(5)				5					
State School Lunch Program	25-100-010-3350-023	6,636		7/1/24 - 6/30/25					6,105	(6,637)		(532)		
State School Lunch Program	24-100-010-3350-023	5,865		7/1/23 - 6/30/24	(330)				330			-		
Summer-EBT Administrative Cost - State Share	N/A	321		7/1/24 - 6/30/25					321	(321)		-		
Total Enterprise Fund					(335)	-	-	-	7,175	(7,414)	-	(574)	-	-
Total State Financial Assistance					<u>\$ (717,175)</u>	<u>\$ -</u>	<u>\$ 38,393</u>	<u>\$ -</u>	<u>\$ 12,835,101</u>	<u>\$ (12,711,340)</u>	<u>\$ (38,393)</u>	<u>\$ (951,045)</u>	<u>\$ 297,738</u>	<u>\$ 59,893</u>
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:														
On-Behalf (Non-Budgeted):														
TPAF Contribution - Pension	25-495-034-5094-002	2,107,947		7/1/24 - 6/30/25						(2,107,947)				
TPAF Contribution - Post-Retirement Medical	25-495-034-5094-001	615,944		7/1/24 - 6/30/25						(615,944)				
TPAF Contribution - LTDI	25-495-034-5094-004	1,232		7/1/24 - 6/30/25						(1,232)				
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08										<u>\$ (9,986,217)</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, 2025

1. 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 (\$62,682) for the general fund and (\$546,518) 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.

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

Fund	Federal	State	Total
General	\$ -	\$ 10,077,997	\$ 10,077,997
Special Revenue	430,467	1,154,820	1,585,287
Debt Service	-	864,686	864,686
Food Service	195,316	7,414	202,730
Total	<u>\$ 625,783</u>	<u>\$ 12,104,917</u>	<u>\$ 12,730,700</u>

**Berlin Borough School District
Notes to the Schedules of Expenditures
of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2025
(Continued)**

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, 2025. 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, 2025.

6. MAJOR PROGRAMS

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

Financial Statements

Internal control over financial reporting:

Noncompliance material to basic financial statements noted?	yes	X	no
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Not Applicable

Internal Control over major programs:

1) Material weakness(es) identified?	_____	yes	_____	no
2) Significant deficiencies identified?		yes		none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) ?	yes	no
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Identification of major programs:

[illegible]

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee?	yes	no
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State Awards Section

Identification of major programs:

Name of State Program

State Aid Public Cluster:

Security Aid

**BERLIN BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, 2025**

**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:

No findings identified.

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

There were no prior year findings.

STATE AWARDS

There were no prior year findings.