

**SCHOOL DISTRICT  
OF**

**BERLIN  
BOROUGH**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024**

# **Annual Comprehensive Financial Report**

**of the**

## **Berlin Borough Board of Education**

**Berlin, New Jersey**

**For the Fiscal Year Ended June 30, 2024**

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

# BERLIN BOROUGH SCHOOL DISTRICT

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## **Introductory Section**

# BERLIN BOROUGH SCHOOL DISTRICT

*"Where Students Discover Their Potential"*



*Dr. Brenda Harring  
Interim-Superintendent*

*Kristen Mari  
School Business Administrator/  
Board Secretary*

November 27, 2024

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, 2024 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 PSD/K through 8. These include regular as well as special education for disabled students.

The District completed the 2023-2024 school year with an average daily enrollment of 851 students as of June 30, 2024. 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
2023-2024	903	+2.84
2022-2023	878	+7.59
2021-2022	816	-1.69
2020-2021	830	+1.97
2019-2020	814	-1.23
2018-2019	824	+0.12
2017-2018	823	-0.60
2016-2017	828	-2.93
2015-2016	853	-1.04
2014-2015	862	-1.03

## 2. ECONOMIC CONDITION AND OUTLOOK

According to Wikipedia, the [2020 United States Census](#) counted 7,489 people, 2,840 households, and 1,754 families in the borough. The population density was 2,373.7 inhabitants per square mile (816.6/km<sup>2</sup>). There were 2,949 housing units at an average density of 821.9 per square mile (317.3/km<sup>2</sup>). The racial makeup was 82.6% White, 8.0% Black or African American, 0.00% Native American, 0.5% Asian, 0.00% Pacific Islander, 4.4% from other races, and 4.6% from two or more races. Hispanic or Latino of any race were 5.5% of the population.<sup>[a]</sup>

Of the 2,840 households, 33.7% had children under the age of 18; 41.6% were married couples living together; 14.6% had a female householder with no husband present and 38.2% were non-families. Of all households, 33.3% were made up of individuals and 19.8% had someone living alone who was 65 years of age or older. The average household size was 2.6 and the average family size was 3.39.<sup>[a]</sup> 21.8% of the population were under the age of 18, 9.4% from 18 to 24, 21.4% from 25 to 44, 30.1% from 45 to 64, and 17.3% who were 65 years of age or older. The median age was 41.7 years. The Borough was 46.8% female and 53.2% male.

The 2020 United States Census showed that (in 2020 inflation-adjusted dollars) the median household income was \$103,634 (with a margin of error of +/- \$17,598) and the median family income was \$127,917 (+/- \$32,928). Males had a median income of \$56,201 (+/- \$21,318) versus \$21,928 (+/- \$3,876) for females. The per capita income for the borough was \$43,074 (+/- \$3,968). About 2.2% of the population were below the poverty line, including 1.8% of those under age 18 and 3.2% of those age 65 or over.



BERLIN BOROUGH SCHOOL DISTRICT

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### 3. MAJOR INITIATIVES

- Curriculum
  - o ELA & Math Curricula Aligned to NJ Student Learning Standards
  - o Updated Comprehensive Physical Education and Health Standard alignment
  - Professional development for staff in all new curricula
  - Full Day preschool program
- Professional Development Initiatives
  - o Job-embedded PLCs to ensure continuous PD and student achievement
  - o Contracted Curriculum Coaches
  - o Daily morning teacher collaboration time
- Embedding technology in the classroom
  - Continue to support 1:1 iPad initiative in grades K-8
  - Interactive Panels installed in 15 classrooms
  - Technology Network Upgrades
- Character Education & Cultural Proficiency/Equity
  - o Continue support and initiatives
  - o Annual Theme selected by parents, staff and students
  - o Mental Health Support for students and families

TECHNOLOGY - Each year the district continues its' five-year computer upgrade and replacement program and is committed to integrating technology throughout the curriculum as our students learn the skills needed to be successful as twenty-first-century learners. The district has a 1:1 iPad initiative in Kindergarten through 8th grade. Our computer labs are set up for STEAM instruction with the necessary infrastructure. The district is replacing all classroom SMART Boards with Interactive Panels.

### 4) INTERNAL ACCOUNTING CONTROLS

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



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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, 2024.

## 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.



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## 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.

## 10) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Berlin Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

*Dr. Brenda Harring*

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Brenda Harring, Ed.D.  
Chief School Administrator

*Kristen Mari*

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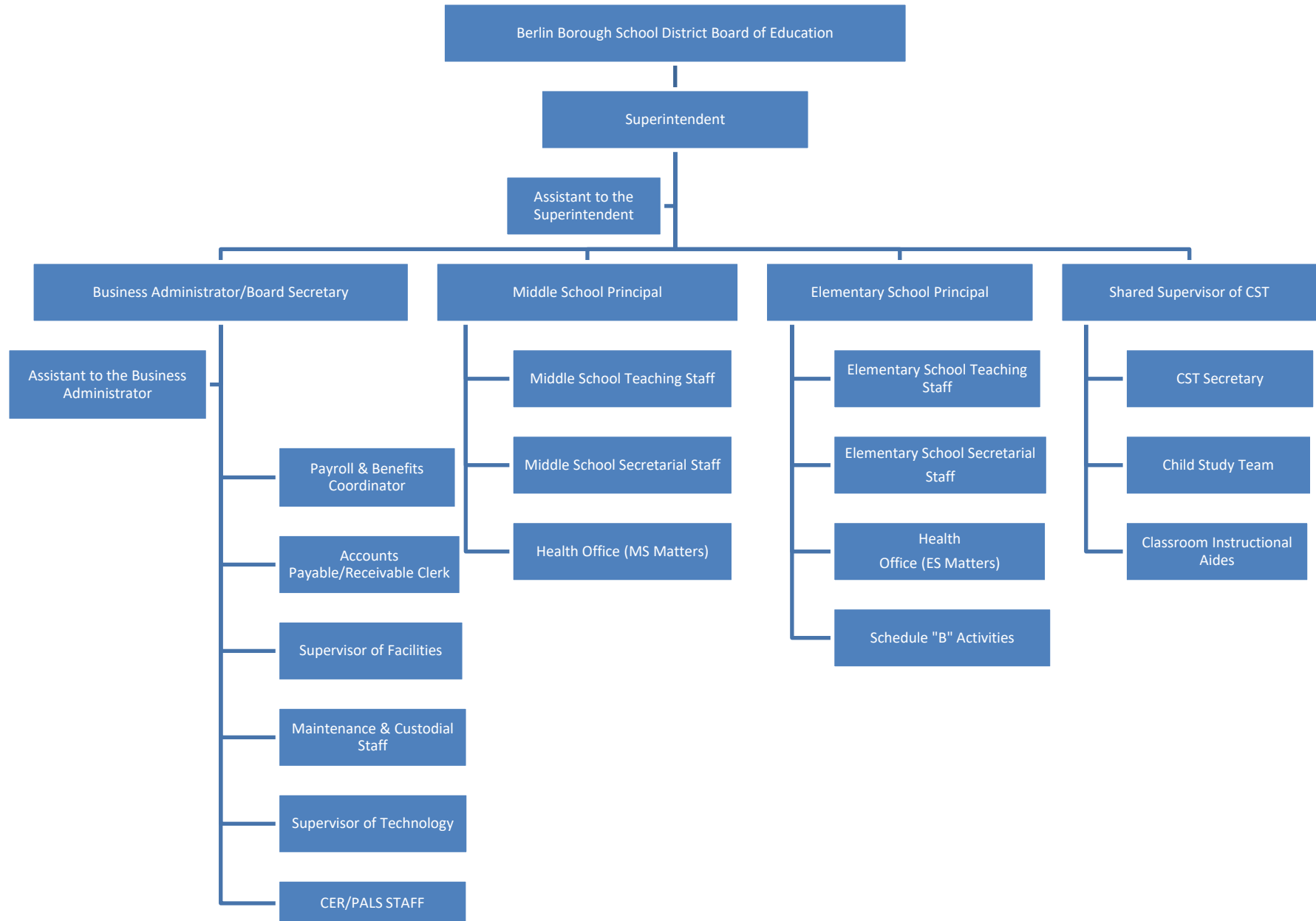
Kristen Mari  
Business Administrator



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# BERLIN BOROUGH BOARD OF EDUCATION ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2024**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Brandy Titus, President	2024
Rebecca Holland, Vice President	2025
Jeremy Cohen	2025
Jeannine Foster	2024
Lisa Kehoe	2025
Jocelyn Lewis	2026
Alison Moyer	2024
Shawn Ryan	2026
Joshua Zagorski	2026

**Other Officials**

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Consultants and Advisors**

**Audit Firm**

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

**Attorney**

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

**Architect**

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

**Bond Counsel**

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

**Official Depository**

TD Bank  
247 South White Horse Pike  
Berlin, NJ 08009

## **Financial Section**

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

## **Certified Public Accountants**

651 Route 73 North, Suite 402  
Marlton, New Jersey 08053  
(856) 983-2244  
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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, 2024, 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, 2024, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

The accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying combining statements and related major fund supporting statements and schedules and schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***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 November 27, 2024, 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  
November 27, 2024

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, 2024**

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, 2024. 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 \$4,118,461 (*net position*).
- Governmental activities have an unrestricted net position deficit of \$2,567,168. 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 \$1,384,050 from the prior fiscal year-end balance.
- Fund balance of the School District's governmental funds decreased by \$4,423,882, resulting in an ending fund balance of \$17,033,695. This decrease is largely due to the results of operations in the Capital Projects Fund.
- Business-type activities have an unrestricted net position of \$429,979, which may be used to meet the School District's ongoing obligations of the food service, latchkey, and community education and recreation operations.
- The School District's long-term obligations increased by \$136,905 which is primarily due to an increase in the net pension liability.

**Overview of the Basic Financial Statements**

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

**District-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

The School District's two enterprise funds (Food Service Fund and the Community Education Fund) are listed individually and are considered to be major funds.

*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 2025. 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 2025.

The assets of the primary government activities exceeded the liabilities by \$3,642,652 with an unrestricted deficit balance of \$2,567,168. The net position of the primary government does not include internal balances.

A net investment of (\$11,026,294) in land, improvements, buildings, equipment, and vehicles provides the services to the School District's 827 public school students. A balance of \$15,152,086 has been restricted for future capital projects, \$540,604 has been restricted for future maintenance, \$643,956 reserved for future budget appropriation, \$854,261 for debt service, and \$45,207 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, 2024 and 2023**

	Governmental Activities		Business-Type Activities		District-Wide	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current assets	\$ 17,614,946	\$ 21,669,799	\$ 502,074	\$ 476,481	\$ 18,117,020	\$ 22,146,280
Capital assets	8,708,652	3,128,946	45,830	53,405	8,754,482	3,182,351
<b>Total assets</b>	<b>26,323,598</b>	<b>24,798,745</b>	<b>547,904</b>	<b>529,886</b>	<b>26,871,502</b>	<b>25,328,631</b>
 Deferred Outflows of Resources	 538,730	 387,258			 538,730	 387,258
<b>LIABILITIES</b>						
Current liabilities	2,096,874	650,616	72,095	82,242	2,168,969	732,858
Noncurrent liabilities	20,916,575	21,838,429			20,916,575	21,838,429
<b>Total Liabilities</b>	<b>23,013,449</b>	<b>22,489,045</b>	<b>72,095</b>	<b>82,242</b>	<b>23,085,544</b>	<b>22,571,287</b>
 Deferred Inflows of Resources	 206,227	 410,161			 206,227	 410,161
 <b>Net Position</b>	 <b>\$ 3,642,652</b>	 <b>\$ 2,286,797</b>	 <b>\$ 475,809</b>	 <b>\$ 447,644</b>	 <b>\$ 4,118,461</b>	 <b>\$ 2,734,441</b>
 Net Position Consists of:						
Net investment in Capital Assets	\$ (11,026,294)	\$ (16,645,992)	\$ 45,830	\$ 53,405	\$ (10,980,464)	\$ (16,592,587)
Restricted Assets	17,236,114	21,319,981			17,236,114	21,319,981
Unrestricted Assets	(2,567,168)	(2,387,192)	429,979	394,239	(2,137,189)	(1,992,953)
 <b>Net Position</b>	 <b>\$ 3,642,652</b>	 <b>\$ 2,286,797</b>	 <b>\$ 475,809</b>	 <b>\$ 447,644</b>	 <b>\$ 4,118,461</b>	 <b>\$ 2,734,441</b>

**Berlin Borough School District**  
**Comparative Schedule of Changes in Net Position**  
**As of and for the Fiscal Year Ended June 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		District-Wide	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Charges for services	\$ -	\$ 27,884	\$ 545,698	\$ 498,291	\$ 545,698	\$ 526,175
Operating Grants and contributions	5,296,784	5,195,948	190,300	158,863	5,487,084	5,354,811
Property taxes	8,700,428	8,439,747			8,700,428	8,439,747
State aid - unrestricted	6,217,518	5,129,905			6,217,518	5,129,905
Other revenues	870,194	292,850			870,194	292,850
<b>Total Revenues</b>	<b>21,084,924</b>	<b>19,086,334</b>	<b>735,998</b>	<b>657,154</b>	<b>21,820,922</b>	<b>19,743,488</b>
<b>Expenses:</b>						
<b>Governmental Activities:</b>						
Instruction	7,233,425	6,894,115			7,233,425	6,894,115
Tuition	455,953	218,339			455,953	218,339
Related Services	2,199,447	1,972,025			2,199,447	1,972,025
Administrative Services	670,045	654,232			670,045	654,232
Central Services	339,937	316,711			339,937	316,711
Operations and Maintenance	970,219	516,328			970,219	516,328
Transportation	649,873	632,548			649,873	632,548
Employee benefits	6,399,207	5,919,073			6,399,207	5,919,073
Interest on debt	739,454	246,799			739,454	246,799
Other	71,509	69,558			71,509	69,558
<b>Business-Type Activities:</b>						
Community Education			157,209	174,730	157,209	174,730
Latchkey			165,081	143,084	165,081	143,084
Shared Services				-	-	-
Food Service			385,543	381,827	385,543	381,827
<b>Total Expenses</b>	<b>19,729,069</b>	<b>17,439,728</b>	<b>707,833</b>	<b>699,641</b>	<b>20,436,902</b>	<b>18,139,369</b>
<b>Increase (Decrease) in Net Position before transfers</b>	<b>1,355,855</b>	<b>1,646,606</b>	<b>28,165</b>	<b>(42,487)</b>	<b>1,384,020</b>	<b>1,604,119</b>
<b>Transfers</b>						
Change in Net Position	1,355,855	1,646,606	28,165	(42,487)	1,384,020	1,604,119
Net Position, July 1	2,286,797	640,191	447,644	490,131	2,734,441	1,130,322
<b>Net Position, June 30</b>	<b>\$ 3,642,652</b>	<b>\$ 2,286,797</b>	<b>\$ 475,809</b>	<b>\$ 447,644</b>	<b>\$ 4,118,461</b>	<b>\$ 2,734,441</b>

**Governmental Activities**

Governmental activities decreased the net position of the School District by \$4,378,631 during the current fiscal year. Key elements of the net decrease for governmental activities are as follows:

- Results of operations in the governmental funds of (\$4,423,882).
- Depreciation expense of \$181,191.

**Business-type Activities**

Business-type activities decreased the School District's net position by \$28,195. Key elements of the decrease in net position for business-type activities are as follows:

- The Community Education and Recreation Fund had a net gain of \$11,657.
- Latchkey had a net gain of \$21,250.
- Food Service Fund had a net loss of \$4,742.



## **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 \$17,033,695, a decrease of \$4,423,882 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 \$230,418 in the General Fund. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed, 1) \$27,999 assigned fund balance – designated for subsequent year's expenditures, 2) \$15,152,086 reserved for capital projects, 3) \$540,604 reserved for maintenance, 4) \$45,207 reserved for student activities, 5) \$643,956 excess surplus which is reserved for future budget appropriations in accordance with state statute, and 6) \$854,261 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 19 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 \$380,756 while total fund balance (budgetary basis) was \$3,399,843. 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 \$16,992,237. Unassigned fund balance (budgetary basis) represents 2.24% of expenditures while total fund balance (budgetary basis) represents 20.01% 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, 2024, totaled \$8,708,652 (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 \$5,579,706, or a 178.33% increase. The decrease is due primarily to depreciation expense.

**Capital/Lease Asset (net of accumulated depreciation/amortization)**  
**June 30, 2024 and 2023**

	Governmental Activities		Business-Type Activities		District-Wide	
	2024	2023	2024	2023	2024	2023
Land	\$ 400,000	\$ 400,000	\$ -	\$ -	\$ 400,000	\$ 400,000
Construction in Progress	6,593,486	859,000	-	-	6,593,486	859,000
Site Improvements	45,743	52,819	-	-	45,743	52,819
Building and Building Improvements	1,423,502	1,546,053	-	-	1,423,502	1,546,053
Equipment	211,206	217,340	45,830	53,405	257,036	270,745
Leases	34,715	53,734	-	-	34,715	53,734
Net Assets	<u>\$ 8,708,652</u>	<u>\$ 3,128,946</u>	<u>\$ 45,830</u>	<u>\$ 53,405</u>	<u>\$ 8,754,482</u>	<u>\$ 3,182,351</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, 2024, the School District had \$19,699,000 in serial bonds payable, \$0- in financed purchases payable, \$460,108 in compensated absences, \$35,946 in leases payable, and \$1,820,399 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 \$26,947,869. The available amount as of June 30, 2024 is \$7,248,869.

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 2024-25 fiscal year.

- For the 2024-25 fiscal year the School District will be receiving an increase in state aid. The local tax levy in the General Fund increased by \$159,608 or 2.00%. Salaries continue to increase contractually; however, the District has managed to control costs. The 2024-25 General Fund Budget is \$1,566,690 more than the previous year or a 10.67% increase. The tax rate for 2024 is \$1.106 which represents a \$0.016 increase from the previous year.

**For the Future**

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

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

**Requests for Information**

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

## Basic Financial Statements

District-Wide Financial Statements

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 15,009,344	\$ 491,439	\$ 15,500,783
Accounts Receivables, net	258,470	6,078	264,548
Inventory		4,557	4,557
Restricted assets:			
Cash and cash equivalents	2,347,132		2,347,132
Capital assets, net	8,673,937	45,830	8,719,767
Right-to-use lease assets, net	34,715		34,715
Total Assets	<u>26,323,598</u>	<u>547,904</u>	<u>26,871,502</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred outflows of resources from pensions	<u>538,730</u>	<u>-</u>	<u>538,730</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>26,862,328</u>	<u>547,904</u>	<u>27,410,232</u>
<b>LIABILITIES:</b>			
Accounts payable:			
Other	283,738	23,254	306,992
Related to Pensions	167,023		167,023
Accrued Arbitrage Rebate Liability	291,767		291,767
Intergovernmental Accounts Payable:			
State	38,394		38,394
Internal Balances	(35,557)	35,557	
Unearned Revenue	2,909	13,284	16,193
Accrued Liabilities:			
Interest payable	249,722		249,722
Noncurrent liabilities:			
Due within one year	1,098,878		1,098,878
Due beyond one year	<u>20,916,575</u>		<u>20,916,575</u>
Total Liabilities	<u>23,013,449</u>	<u>72,095</u>	<u>23,085,544</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Deferred inflows of resources from pensions	<u>206,227</u>	<u>-</u>	<u>206,227</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>23,219,676</u>	<u>72,095</u>	<u>23,291,771</u>
<b>NET POSITION:</b>			
Net investment in capital assets	(11,026,294)	45,830	(10,980,464)
Restricted for:			
Capital projects	15,152,086		15,152,086
Maintenance	540,604		540,604
Excess Surplus	643,956		643,956
Debt Service	854,261		854,261
Student Activities	45,207		45,207
Unrestricted (Deficit)	<u>(2,567,168)</u>	<u>429,979</u>	<u>(2,137,189)</u>
Total Net Position	<u>\$ 3,642,652</u>	<u>\$ 475,809</u>	<u>\$ 4,118,461</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, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 4,492,077	\$ -	\$ 367,179	\$ -	\$ (4,124,898)	\$ -	\$ (4,124,898)
Special Education	2,005,831		197,067		(1,808,764)		(1,808,764)
Other instruction	735,517				(735,517)		(735,517)
Support Services:							
Tuition	455,953				(455,953)		(455,953)
Student & instruction related services	2,199,447		342,277		(1,857,170)		(1,857,170)
General administrative services	376,792				(376,792)		(376,792)
School administrative services	293,253				(293,253)		(293,253)
Central administrative services	339,937				(339,937)		(339,937)
Plant operations and maintenance	970,219		19,362		(950,857)		(950,857)
Pupil transportation	649,873				(649,873)		(649,873)
Unallocated employee benefits	6,399,207		4,370,899		(2,028,308)		(2,028,308)
Interest on long-term debt	739,454				(739,454)		(739,454)
Unallocated depreciation and amortization	71,509				(71,509)		(71,509)
Total Governmental Activities	<u>19,729,069</u>	<u>-</u>	<u>5,296,784</u>	<u>-</u>	<u>(14,432,285)</u>	<u>-</u>	<u>(14,432,285)</u>
Business-Type Activities:							
Food service	385,543	190,501	190,300	-	-	(4,742)	(4,742)
Latchkey	165,081	186,331		-	-	21,250	21,250
Community education program	157,209	168,866		-	-	11,657	11,657
Total Business-Type Activities	<u>707,833</u>	<u>545,698</u>	<u>190,300</u>	<u>-</u>	<u>-</u>	<u>28,165</u>	<u>28,165</u>
Total Primary Government	<u>\$ 20,436,902</u>	<u>\$ 545,698</u>	<u>\$ 5,487,084</u>	<u>\$ -</u>	<u>(14,432,285)</u>	<u>28,165</u>	<u>(14,404,120)</u>
Community education program							
General Revenues:							
Taxes:							
Property taxes, levied for general purposes					7,980,397		7,980,397
Taxes levied for debt service					720,031		720,031
Federal and State aid unrestricted					6,217,518		6,217,518
Investment and Interest earnings - restricted					44,960		44,960
Miscellaneous					825,234		825,234
Total general revenues, special items, extraordinary items and transfers					<u>15,788,140</u>	<u>-</u>	<u>15,788,140</u>
Change in Net Position					1,355,855	28,165	1,384,020
Net Position - July 1,					<u>2,286,797</u>	<u>447,644</u>	<u>2,734,441</u>
Net Position - June 30					<u>\$ 3,642,652</u>	<u>\$ 475,809</u>	<u>\$ 4,118,461</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, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,680,543	\$ 45,207	\$ 14,366,425	\$ 264,301	\$ 17,356,476
Interfund Accounts Receivable					
Enterprise Fund	35,557				35,557
Special Revenue Fund	88,433				88,433
Capital Projects Fund				690,014	690,014
Debt Service Fund			100,054		100,054
Intergovernmental Accounts Receivables:					
State	105,666				105,666
Federal		152,804			152,804
Total Assets	<u>\$ 2,910,199</u>	<u>\$ 198,011</u>	<u>\$ 14,466,479</u>	<u>\$ 954,315</u>	<u>\$ 18,529,004</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Interfund Accounts Payable:					
General Fund		88,433			88,433
Capital Projects Fund				100,054	100,054
Debt Service Fund			690,014		690,014
Intergovernmental Accounts Payable:					
State		38,394			38,394
Accounts Payable:					
Payroll Deductions and Withholdings Payable	55,930				55,930
Other	65,600	23,068	139,140		227,808
Accrued Arbitrage Rebate Liability			291,767		291,767
Unearned Revenue		2,909			2,909
Total Liabilities	<u>121,530</u>	<u>152,804</u>	<u>1,120,921</u>	<u>100,054</u>	<u>1,495,309</u>
Fund Balances:					
Restricted:					
Capital Reserve	1,806,528				1,806,528
Maintenance Reserve	540,604				540,604
Excess Surplus	643,956				643,956
Student Activities		45,207			45,207
Capital Projects Fund			643,553		643,553
Debt Service Fund				690,014	690,014
Assigned to:					
Other Purposes			12,702,005		12,702,005
Designated for Subsequent Year's Expenditures	27,999			164,247	192,246
Unassigned	(230,418)				(230,418)
Total Fund Balances	<u>2,788,669</u>	<u>45,207</u>	<u>13,345,558</u>	<u>854,261</u>	<u>17,033,695</u>
Total Liabilities and Fund Balances	<u>\$ 2,910,199</u>	<u>\$ 198,011</u>	<u>\$ 14,466,479</u>	<u>\$ 954,315</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 \$23,144,569 and the accumulated depreciation is \$14,470,632.	8,673,937
Leased assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$85,998 and the accumulated amortization is \$51,283.	34,715
Accrued interest on debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(249,722)
Accounts payable related to the April 1, 2025 required PERS contribution that is not to be liquidated with current financial resources.	(167,023)
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	\$ 538,730
Net Pension Liability	(1,820,399)
Deferred Inflows of resources from Pensions	(206,227)
	(1,487,896)
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	(19,699,000)
Financed Purchases Payable	-
Leases Payable	(35,946)
Compensated Absences Payable	(460,108)
	(20,195,054)
Net position of governmental activities	<u>\$ 3,642,652</u>

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, 2024**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local property tax levy	\$ 7,980,397	\$ -	\$ -	\$ 720,031	\$ 8,700,428
Tuition charges					
Maintenance reserve interest	13,910				13,910
Capital reserve interest	31,050				31,050
Miscellaneous revenues	135,220		690,014		825,234
Federal sources		622,263			622,263
State sources	9,455,249	214,962			9,670,211
Local Sources		96,370			96,370
Total revenues	<u>17,615,826</u>	<u>933,595</u>	<u>690,014</u>	<u>720,031</u>	<u>19,959,466</u>
<b>EXPENDITURES:</b>					
Current expense:					
Regular instruction	4,101,722	370,178			4,471,900
Special education instruction	1,808,764	197,067			2,005,831
Other instruction	735,517				735,517
Support services and undistributed costs:					
Tuition	455,953				455,953
Student & instruction related services	1,857,170	342,277			2,199,447
General administrative services	373,514				373,514
School administrative services	293,253				293,253
Central services	338,986				338,986
Information Technology					
Plant operations and maintenance	825,619				825,619
Pupil transportation	649,873				649,873
Unallocated employee benefits	5,415,733	7,710			5,423,443
Capital outlay	136,133	19,362	5,734,486		5,889,981
Debt service:					
Principal					
Interest and other charges				720,031	720,031
Total expenditures	<u>16,992,237</u>	<u>936,594</u>	<u>5,734,486</u>	<u>720,031</u>	<u>24,383,348</u>
Excess (deficiency) of revenues over (under) expenditures	<u>623,589</u>	<u>(2,999)</u>	<u>(5,044,472)</u>		<u>(4,423,882)</u>
Other Financing Sources (Uses):					
Operating transfer in				690,014	690,014
Operating transfer out			(690,014)		(690,014)
Total other financing sources (uses)			<u>(690,014)</u>	<u>690,014</u>	<u>-</u>
Net change in fund balance	623,589	(2,999)	(5,734,486)	690,014	(4,423,882)
Fund balances, July 1	<u>2,165,080</u>	<u>48,206</u>	<u>19,080,044</u>	<u>164,247</u>	<u>21,457,577</u>
Fund balances, June 30	<u>\$ 2,788,669</u>	<u>\$ 45,207</u>	<u>\$ 13,345,558</u>	<u>\$ 854,261</u>	<u>\$ 17,033,695</u>

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**for the Fiscal Year Ended June 30, 2024**

Total net change in fund balances - governmental funds (from B-2) \$ (4,423,882)

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	\$ (181,191)	
Fixed Asset Additions	<u>5,779,916</u>	5,598,725

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	(19,019)	
Fixed Asset Additions	<u>-</u>	(19,019)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.

-

The proceeds of serial bonds is an other financing source of revenue in the governmental funds but is not reported in the statement of activities.

-

Repayment of the financed purchases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is reported in the statement of activities.

21,000

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.

18,992

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.

(19,423)

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

149,694

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 (+).

29,768

Change in net position of governmental activities

\$ 1,355,855

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, 2024**

**Business-type Activities**

	<b>Enterprise Funds</b>			
	<b>Food Service Program</b>	<b>Protect All Latchkey Students (PALS)</b>	<b>Community Education and Recreation</b>	<b>Total</b>
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 160,273	\$ 211,120	\$ 120,046	\$ 491,439
Accounts receivable	6,078	-	-	6,078
Inventories	4,557	-	-	4,557
Total current assets	170,908	211,120	120,046	502,074
Noncurrent assets:				
Equipment	129,462	-	-	129,462
Less accumulated depreciation	(83,632)	-	-	(83,632)
Total noncurrent assets	45,830	-	-	45,830
Total assets	216,738	211,120	120,046	547,904
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	23,254	-	-	23,254
Interfund payable	35,557	-	-	35,557
Unearned revenue	6,314	6,970	-	13,284
Total liabilities	65,125	6,970	-	72,095
<b>NET POSITION:</b>				
Net investment in capital assets	45,830	-	-	45,830
Unrestricted	105,783	204,150	120,046	429,979
Total net position	\$ 151,613	\$ 204,150	\$ 120,046	\$ 475,809

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, 2024**

	<b>Business-type Activities</b>			
	<b>Enterprise Funds</b>			
	<b>Food Service Program</b>	<b>Protect All Latchkey Students (PALS)</b>	<b>Community Education and Recreation</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services:				
Daily sales-reimbursable programs	\$ 109,580	\$ -	\$ -	\$ 109,580
Daily sales-non-reimbursable programs	80,921	-	-	80,921
Program Fees	-	186,331	168,866	355,197
Total operating revenue	190,501	186,331	168,866	545,698
<b>Operating expenses:</b>				
Salaries	112,875	109,847	79,103	301,825
Employee Benefits	21,977	38,706	7,420	68,103
Supplies and materials	20,117	1,595	2,433	24,145
Depreciation	7,575	-	-	7,575
Purchased services	25,395	1,390	9,615	36,400
Cost of sales - reimbursable programs	33,793	-	-	33,793
Cost of sales - non-reimbursable programs	112,428	-	-	112,428
Miscellaneous	952	13,543	10,638	25,133
Direct expenses	12,160	-	48,000	60,160
Repairs and maintenance	38,271	-	-	38,271
Total operating expenses	385,543	165,081	157,209	707,833
Operating income (loss)	(195,042)	21,250	11,657	(162,135)
<b>Nonoperating revenues (expenses):</b>				
State sources:				
State school lunch program	4,256	-	-	4,256
State school breakfast program	121	-	-	121
NJEIE lunch	1,609	-	-	1,609
NJEIE breakfast	4	-	-	4
Federal sources:				
National school lunch program	87,708	-	-	87,708
National school breakfast program	11,060	-	-	11,060
Supply chain assistance	53,246	-	-	53,246
Summer P-EBT	653	-	-	653
Local food for schools	984	-	-	984
U.S.D.A. commodities	30,659	-	-	30,659
Total nonoperating revenues (expenses)	190,300	-	-	190,300
Change in net position	(4,742)	21,250	11,657	28,165
Total net position - July 1	156,355	182,900	108,389	447,644
Total net position - June 30	\$ 151,613	\$ 204,150	\$ 120,046	\$ 475,809

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, 2024**

**Business-type Activities**

	<b>Enterprise Funds</b>			<b>Total</b>
	<b>Food Service Program</b>	<b>Protect All Latchkey Students (PALS)</b>	<b>Community Education and Recreation</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 189,301	\$ 170,564	\$ 161,966	\$ 521,831
Payments to employees	(119,865)	(151,227)	(86,523)	(357,615)
Payments to suppliers	(180,575)	(16,529)	(70,686)	(267,790)
Net cash used for operating activities	(111,139)	2,808	4,757	(103,574)
<b>Cash flows from noncapital financing activities:</b>				
State sources	5,952	-	-	5,952
Federal sources	125,960	-	-	125,960
Board subsidy	-	-	-	-
Net cash provided by non-capital financing activities	131,912	-	-	131,912
<b>Cash flows from capital activities:</b>				
Purchases of fixed assets	-	-	-	-
	-	-	-	-
<b>Cash flows from investing activities:</b>				
Interest and dividends	-	-	-	-
Net cash provided by investing activities	-	-	-	-
Net increase in cash and cash equivalents	20,773	2,808	4,757	28,338
Balances - July 1	139,500	208,312	115,289	463,101
Balances - June 30	\$ 160,273	\$ 211,120	\$ 120,046	\$ 491,439
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (195,042)	\$ 21,250	\$ 11,657	\$ (162,135)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	7,575	-	-	7,575
Federal commodities	30,659	-	-	30,659
Change in assets and liabilities:				
(Increase) decrease in inventories	1,386	-	-	1,386
Increase (decrease) in unearned revenue	(1,778)	(15,768)	(6,900)	(24,446)
Increase (decrease) in interfunds payable	22,807	-	-	22,807
Increase (decrease) in accounts payable	23,254	(2,674)	-	20,580
Total adjustments	83,903	(18,442)	(6,900)	58,561
Net cash provided by (used for) operating activities	\$ (111,139)	\$ 2,808	\$ 4,757	\$ (103,574)

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, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The Berlin Borough School District (District) is a Type II school district located in Camden County, New Jersey and covers an area of approximately 3.7 square miles. As a Type II school district, it functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. These terms are staggered so that three member's terms expire each year. The purpose of the District is to provide educational services for all of Berlin Borough's students in grades K through 8. Student in grades 9 through 12 attend Eastern Regional High School. The School District has an approximate enrollment at June 30, 2024 of 827 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, 2024**

**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, 2024**

**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, 2024**

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

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

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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

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

**Tuition Payable** - Tuition charges for the fiscal years ended June 30, 2024 and 2023 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, 2024**

**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, 2024.

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 and the proprietary fund statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

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

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**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 are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

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

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

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

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

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

**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, 2024.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**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 State of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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

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

In December 2023, the GASB issued Statement 102, *Certain Risk Disclosures*. The District is evaluating the effect of the pronouncement on financial reporting. 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.

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.

**2. CASH AND CASH EQUIVALENTS**

**Custodial Credit Risk Related to Deposits** - Custodial credit risk refers to the risk that, in the event of a bank failure, the School District's deposits might not be recovered. Although the School District does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit (GUDPA). Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the School district in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings of funds that pass to the School District relative to the happening of a future condition. Such funds are classified as uninsured and uncollateralized. Of the School District's amount on deposit of \$4,263,067 as of June 30, 2024, \$250,000 was insured under FDIC and the remaining balance of \$4,013,067 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, 2024**

**3. CAPITAL RESERVE ACCOUNT (Continued)**

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Balance - June 30, 2023		\$ 1,175,478
Increased by:		
Interest Earned	\$ 31,050	
Unspent Appropriation	-	
Board Resolution	<u>600,000</u>	<u>631,050</u>
		1,806,528
Decreased by:		
Budget Withdrawal		<u>-</u>
Balance - June 30, 2024		<u><u>\$ 1,806,528</u></u>

The June 30, 2024 capital reserve balance does not exceed the LRFP balance of local support costs of uncompleted capital projects.

**4. RECEIVABLES**

Receivables at June 30, 2024 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	\$ -	\$ 152,804	\$ -	\$ 5,743	\$ 158,547
State Aid	105,666	-	-	335	106,001
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 105,666</u></u>	<u><u>\$ 152,804</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,078</u></u>	<u><u>\$ 264,548</u></u>

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<b>Balance June 30, 2023</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2024</b>
<b>Governmental Activities:</b>				
Land	\$ 400,000	\$ -	\$ -	\$ 400,000
Construction in Progress	859,000	5,734,486	-	6,593,486
Total Capital Assets not being Depreciated	1,259,000	5,734,486	-	6,993,486
Capital Assets, being Depreciated:				
Site Improvements	333,929			333,929
Building and Improvements	15,031,500			15,031,500
Equipment	740,224	45,430		785,654
Total Historical Cost	16,105,653	5,779,916	-	16,151,083
Less Accumulated Depreciation:				
Site Improvements	(281,110)	(7,076)		(288,186)
Building and Improvements	(13,485,447)	(122,551)		(13,607,998)
Equipment	(522,884)	(51,564)		(574,448)
Total Accumulated Depreciation	(14,289,441)	(181,191)	-	(14,470,632)
Total Capital Assets, being depreciated, net	1,816,212	5,598,725		1,680,451
Governmental Activities Capital Assets, Net	\$ 3,075,212	\$ 5,598,725	\$ -	\$ 8,673,937
<b>Business-Type Activities:</b>				
Equipment	\$ 129,462	\$ -	\$ -	\$ 129,462
Less - Accumulated Depreciation	(76,057)	(7,575)		(83,632)
Business-Type Activities Capital Assets, Net	\$ 53,405	\$ (7,575)	\$ -	\$ 45,830

Depreciation expense in the amount of \$181,191 was charged to governmental functions as follows:

<b>Function</b>	<b>Amount</b>
Regular Instruction	\$ 33,779
Administration	1,376
Plant Operations and Maintenance	74,527
Unallocated	71,509
	<u>\$ 181,191</u>



**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**6. LEASE ASSETS**

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>
<b>Governmental Activities:</b>				
Lease Assets, being Amortized:				
Machinery and Equipment	\$ 88,807	\$ -	\$ (2,809)	\$ 85,998
Total Lease Assets Being Amortized	<u>88,807</u>	<u>-</u>	<u>(2,809)</u>	<u>85,998</u>
Governmental Activities Lease Assets	<u>88,807</u>	<u>-</u>	<u>(2,809)</u>	<u>85,998</u>
Less Accumulated Amortization for:				
Machinery and Equipment	<u>(35,073)</u>	<u>(19,019)</u>	<u>2,809</u>	<u>(51,283)</u>
Total Accumulated Amortization	<u>(35,073)</u>	<u>(19,019)</u>	<u>2,809</u>	<u>(51,283)</u>
Governmental Activities Lease Assets, Net	<u>\$ 53,734</u>	<u>\$ (19,019)</u>	<u>\$ -</u>	<u>\$ 34,715</u>

Amortization expense in the amount of \$19,019 was charged to governmental functions as follows:

<u>Function</u>	<u>Amount</u>
Regular Instruction	\$ 16,166
Administration	1,902
Central Services	<u>951</u>
	<u>\$ 19,019</u>

**7. INVENTORY**

Inventory in the Proprietary Funds at June 30, 2024 consisted of the following:

	<u>Food Service</u>
Food	\$ 3,234
Supplies	<u>1,323</u>
	<u>\$ 4,557</u>

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**8. LONG-TERM OBLIGATIONS**

During the fiscal year ended June 30, 2024, the following changes occurred in long-term obligations:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
General Obligation Bonds	\$ 19,699,000	\$ -	\$ -	\$ 19,699,000	\$ 1,074,000
Financed Purchases Payable	21,000	-	21,000	-	-
Compensated Absences	489,876	-	29,768	460,108	5,823
Leases Payable	54,938	-	18,992	35,946	19,055
Net Pension Liability	<u>1,613,734</u>	<u>206,665</u>	<u>-</u>	<u>1,820,399</u>	<u>-</u>
	<u>\$ 21,878,548</u>	<u>\$ 206,665</u>	<u>\$ 69,760</u>	<u>\$ 22,015,453</u>	<u>\$ 1,098,878</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 due in annual installments through March 1, 2043, bearing an interest rate of 3.50-4.00%.

As of June 30, 2024, 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>
2025	\$ 1,074,000	\$ 749,165	\$ 1,823,165
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
2030-2034	4,600,000	2,709,650	7,309,650
2035-2039	5,600,000	1,758,400	7,358,400
2040-2043	<u>5,345,000</u>	<u>545,400</u>	<u>5,890,400</u>
Total	<u>\$ 19,699,000</u>	<u>\$ 8,452,465</u>	<u>\$ 28,151,465</u>

As of June 30, 2024, 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, 2024, the District had no outstanding financed purchase obligations.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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

**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, 2024, the lease liability was \$20,931. The School District is required to make monthly payments of \$1,188. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2024, was \$20,025 with accumulated amortization of \$40,049.

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, 2024, the lease liability was \$4,765. 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, 2024, was \$4,762 with accumulated amortization of \$3,641.

On May 1, 2022, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2024, the lease liability was \$5,571. The School District is required to make monthly payments of \$171. The lease has an interest rate of 4.00%. The value of the right to use asset as of June 30, 2024, was \$5,397 with accumulated amortization of \$4,127.

On May 1, 2022, the School District entered a 60-month lease as lessee for the use of a copier. As of June 30, 2024, the lease liability was \$4,679. 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, 2024, was \$4,532 with accumulated amortization of \$3,466.

As of June 30, 2024, 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>
Copier	January 1, 2021	December 1, 2025	4.00%	\$ 20,931
Postage Meter	May 1, 2022	April 1, 2027	3.00%	4,765
Copier	May 1, 2022	April 1, 2027	4.00%	5,571
Copier	May 1, 2022	April 1, 2027	4.00%	4,679
Total				<u>\$ 35,946</u>

The future annual lease obligations as of June 30, 2024, are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 19,056	\$ 768	\$ 19,824
2026	12,446	251	12,697
2027	<u>4,444</u>	<u>49</u>	<u>4,493</u>
Total	<u>\$ 35,946</u>	<u>\$ 1,068</u>	<u>\$ 37,014</u>

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024**

## **9. PENSION PLANS**

**Description of Plans** – Substantially all of the School District's employees participate in one of the following pension plans which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (Division): the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS). In addition, several School District employees participate in the Defined Contribution Retirement Program (DCRP), which is a defined contribution pension plan. This plan is administered by 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.

The following represents the membership tiers for TPAF:

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

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

*Contributions* - The contribution requirements of plan members are determined by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the member contribution rate was 7.50% in State fiscal year 2023. 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*.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

The School District was not required to make any contributions to the pension plan during the fiscal year ended June 30, 2024 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, 2023, the State's contractually required contribution, on-behalf of the School District, to the pension plan for the fiscal year ended June 30, 2024 was \$2,063,216 and was paid by April 1, 2024. School District employee contributions to the pension plan during the fiscal year ended June 30, 2024 were \$491,236.

*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, 2024, 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, 2024, the School District recognized pension expense of \$620,815 and revenue of \$620,815 for support provided by the State. Although the School District does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the School District.

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

	<u>06/30/23</u>	<u>06/30/22</u>
Collective deferred outflows of resources	\$ 2,413,548,676	\$ 4,885,289,911
Collective deferred inflows of resources	14,741,373,312	19,563,805,393
Collective net pension liability (Non-Employer – State of New Jersey)	51,109,961,824	51,676,587,303
State's portion of the net pension liability that was associated with the School District	25,270,171	25,027,679
State's portion of the net pension liability that was associated with the School District as a percentage of the collective net pension liability	.0495176351%	.0485085038%

*Actuarial assumptions* – The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

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%

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

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, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	28.00%	8.98%
Non-U.S. Developed Markets Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
	<b>100.00%</b>	

*Discount rate.* The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2023. 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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

*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, 2023, 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:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the School District	29,798,117	25,270,171	21,456,564
	<u>\$ 29,798,117</u>	<u>\$ 25,270,171</u>	<u>\$ 21,456,564</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.

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

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

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

The following represents the membership tiers for PERS:

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

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

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

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

Based on the most recent PERS measurement date of June 30, 2023, the School District's contractually required contribution to the pension plan for the fiscal year ended June 30, 2024 was \$167,976 and was paid by April 1, 2024. School District employee contributions to the pension plan during the fiscal year ended June 30, 2024 were \$68,172.

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:

<b>Fiscal Year</b>	<b>Normal Contributions</b>	<b>Accrued Liability</b>	<b>Non Contributory Life</b>	<b>Long Term Disability</b>	<b>Total Liability Paid by District</b>
2024	\$ 29,812	\$ 131,072	\$ 7,092	\$ -	\$ 167,976
2023	20,538	108,468	5,839	-	134,845
2022	15,608	107,350	5,941	-	128,899

*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, 2024, the School District reported a liability of \$1,820,399 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The School District's proportion of the of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.



**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

For the year ended June 30, 2024, the School District recognized pension expense of \$18,280. At June 30, 2024, the School District reported a liability of \$1,820,399 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	\$ 17,405	\$ 7,441
Changes of assumptions	3,999	110,324
Net Difference between projected and actual earnings on pension plan investments	8,383	-
Changes in proportion	341,920	88,462
District contributions subsequent to the measurement date	167,023	
Total	\$ 538,730	\$ 206,227

\$167,023 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, 2025.

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
2025	\$ (41,101)
2026	38,027
2027	113,188
2028	51,099
2029	4,267
Total	\$ 165,480

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
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	-
Changes of assumptions		
Year of Pension Plan Deferral:		
June 30, 2018	-	5.63
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
Net Difference between projected and actual earnings on pension plan investments		
Year of Pension Plan Deferral:		
June 30, 2018	5.00	-
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	-

**Additional Information**

Collective balances at June 30, 2023 and 2022 are as follows:

	<u>6/30/2023</u>	<u>6/30/2022</u>
Collective deferred outflows of resources	\$ 1,080,204,730	\$ 1,660,772,008
Collective deferred inflows of resources	\$ 1,780,216,457	\$ 3,236,303,935
Collective net pension liability	\$ 14,484,374,047	\$ 15,091,376,611
School District's Proportion	.012568019%	.0106930900%

*Actuarial assumptions* - The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

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

Inflation rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	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, 2022 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, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%
Total	100.00%	

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**9. PENSION PLANS (Continued)**

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

*Discount rate.* The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2023. 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, 2023, calculated using the discount rate of 7.00%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
School District's proportionate share of the net pension liability	\$ 2,369,772	\$ 1,820,399	\$ 1,352,810

*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.

**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:

<b>Fiscal Year</b>	<b>Total Liability</b>	<b>Paid by School District</b>
2024	\$ 17,147	\$ 17,147
2023	16,403	16,403
2022	14,502	14,502

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024**

**10. 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.

**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.

As of June 30, 2023, the program membership consisted of the following:

Active Plan Members	217,212
Retirees	<u>152,383</u>
	<u>369,595</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/board of trustees. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget webpage: [nj.gov/treasury/omb/fr.shtml](https://nj.gov/treasury/omb/fr.shtml). The State, as a nonemployer contributing entity, reported a Fiscal Year 2023 total OPEB liability of \$52,361,668,239 for this special funding situation.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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

*Actuarial assumptions and other imputes* - The total OPEB liability in the June 30, 2023 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:

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75 – 4.25% 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 the Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational improvement projections from the central year using the Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF, PERS, and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

*Health Care Trend Assumptions* - 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 9.5% 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 3.65%. 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.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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

**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, 2022	\$ 28,192,160
Changes for the years'	
Service Cost	1,113,254
Interest	1,024,961
Changes of benefit terms	-
Differences between expected and actual experience	(513,651)
Changes in assumptions	58,659
Gross Benefit Payments	(798,974)
Contributions from the Non-employer	N/A
Contributions from the Member	26,266
Net Investment Income	N/A
Administrative Expense	N/A
Net Changes	\$ 910,515
Balance at 06/30/2023	<u>\$ 29,102,675</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, 2023, respectively, calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 34,117,890	\$ 29,102,675	\$ 25,076,039

**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, 2023 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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share of the Total Nonemployer OPEB Liability Associated with the School District	\$ 24,159,707	\$ 29,102,675	\$ 35,570,561

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

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

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

For the year ended June 30, 2024, the School District recognized \$486,363 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, 2023 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, 2023, 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	\$ 603,022	\$ (1,359,685)
Differences between expected and actual experience	4,246,164	(7,665,354)
Changes of assumptions	4,138,437	(8,031,298)
Total	\$ 8,987,623	\$ (17,056,337)

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:	
2025	\$ (1,601,507)
2026	(1,601,507)
2027	(1,391,936)
2028	(820,632)
2029	(167,974)
Thereafter	(2,485,158)
Total	\$ (8,068,714)

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

**11. ON-BEHALF PAYMENTS**

For the fiscal year ended June 30, 2024, 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 \$2,164,131, \$588,997, and \$1,074 respectively. In addition, \$483,529 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.



**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024**

## **12. RISK MANAGEMENT**

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

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

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

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

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

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

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

## **13. DEFERRED COMPENSATION**

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

## **14. COMPENSATED ABSENCES**

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

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

The liability for vested compensated absences is recorded within those funds as the benefits accrued to the employees. As of June 30, 2024, the liability for compensated absences in the governmental activities fund types was \$460,108.

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**15. INTERFUND BALANCES AND TRANSFERS**

Interfund receivables/payables are recorded to cover temporary cash shortages and/or timing differences in the respective funds. There are no interfund balances that are not expected to be repaid by June 30, 2025. The following interfund balances were recorded on the various balance sheets as of June 30, 2024:

Fund	Interfunds Receivable	Interfunds Payable
General Fund	\$ 123,990	\$ -
Special Revenue Fund	-	88,433
Capital Projects Fund	100,054	690,014
Debt Service Fund	690,014	100,054
Proprietary Fund	-	35,557
	<u>\$ 914,058</u>	<u>\$ 914,058</u>

**16. CONTINGENCIES**

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

At June 30, 2024, significant amounts of grant expenditures have not been audited by the granting agency, but the School District believes that disallowed expenditures discovered in subsequent audits, if any, will not have a material effect on any of the individual funds or the overall financial position of the School District.

**17. FLEXIBLE BENEFITS PROGRAM**

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

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

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

Fiscal Year	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2023-2024	\$ -	28,944	\$ 30,087	\$ 277
2022-2023	-	34,119	37,952	1,420
2021-2022	-	23,075	21,116	5,253

**Berlin Borough School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2024**

**18. TAX ABATEMENTS**

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

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

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

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

The municipality recognized revenue of \$27,405 from the annual service charge in lieu of payment of taxes in 2023. The assessed value on these tax exemption properties amounted to \$3,002,300 which would have resulted in 2023 taxes billed in full of \$102,168. Of this amount, \$32,725 would have been allocated to the District.

**19. DEFICIT UNASSIGNED FUND BALANCE**

The School District has a deficit unassigned fund balance of \$230,418 in the General Fund as of June 30, 2024 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenues, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable.

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

Pursuant to N.J.S.A. 18A:22-44.2 any negative unassigned general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements of \$230,418 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, 2024**

**20. DEFICIT UNRESTRICTED NET POSITION**

As of June 30, 2024, a deficit of \$2,567,168 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, 2024:	
Fund Balance (Deficit)	
(Exclusive of Capital Projects and Debt Service Funds)	
Fund Balance - Unassigned	\$ (230,418)
Fund Balance - Assigned	27,999
Liabilities:	
Accrued Interest Payable	(249,722)
Net Pension Differences	(1,654,919)
Compensated Absences	<u>(460,108)</u>
Unrestricted Net Position (Deficit)	<u><u>\$ (2,567,168)</u></u>

**21. 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, 2024 is \$393,644 presented on the budgetary basis of accounting (Exhibit C-1). Additionally, \$250,312 of excess fund balance generated during the 2022-2023 fiscal year has been restricted and designated for utilization in the 2024-2025 budget.

**Capital Reserve** – As of June 30, 2024, the balance in the capital reserve account is \$1,806,528. Of this amount \$760,000 has been appropriated in the 2024-2025 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, 2024, the balance in the maintenance reserve account is \$540,604. Of this amount, \$75,000 has been appropriated and anticipated as revenue in the 2024-2025 budget. The remaining funds are restricted for the required maintenance of school facilities in accordance with the Educational Facilities Construction and Financing Act (EFCFA) (N.J.S.A. 18A:7G-9) as amended by P.L. 2004, c. 73 (S1701).

**Special Revenue Fund:**

**Student Activities** – As of June 30, 2024, the balance in student activities is \$45,207.

**Capital Projects Fund** – As of June 30, 2024, the balance in the Capital Projects Fund is \$643,553.

**Debt Service Fund** – As of June 30, 2024, the balance in the Debt Service Fund is \$690,014.

**Berlin Borough School District  
Notes to Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024**

**21. 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:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated \$27,999 and included as an anticipated revenue for the fiscal year ending June 30, 2025.

**Capital Projects Fund:**

**Reserve for Encumbrances** – As of June 30, 2024, the Reserve for Encumbrances is \$12,702,005.

**Debt Service Fund:**

**Designated for Subsequent Year's Expenditures** – The School District has appropriated \$164,247 and included as an anticipated revenue for the fiscal year ending June 30, 2025.

*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, 2024, the unassigned fund balance of the general fund is a deficit of \$230,418. The deficit is a result of the delay in the recording of the payment of state aid until the following fiscal year (See Note 19).

**22. 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, 2024, the District has an arbitrage rebate liability in the amount of \$291,767.

Required Supplementary Information - Part II

## Budgetary Comparison Schedules

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 7,980,397	\$ -	\$ 7,980,397	\$ 7,980,397	\$ -
Tuition from other LEA's within state	20,000	-	20,000		(20,000)
Maintenance Reserve interest	100	-	100	13,910	13,810
Capital Reserve interest	500	-	500	31,050	30,550
Other restricted miscellaneous revenue	48,000	-	48,000	48,000	-
Unrestricted miscellaneous revenue	25,591	-	25,591	87,220	61,629
Total local sources	8,074,588	-	8,074,588	8,160,577	85,989
State sources:					
Categorical Special Education aid	628,719	-	628,719	628,719	-
Equalization aid	5,235,702	-	5,235,702	5,235,702	-
Categorical Security Aid	98,331	-	98,331	98,331	-
Transportation Aid	254,835	-	254,835	254,835	-
Extraordinary Aid	-	-	-	97,934	97,934
Additional Nonpublic Transportation aid	-	-	-	7,732	7,732
School Security Grant - Alyssa's Law	-	-	-	-	-
On-behalf TPAF pension contributions (non-budgeted)	-	-	-	2,164,131	2,164,131
On-behalf TPAF pension post medical contributions (non-budgeted)	-	-	-	588,997	588,997
On-behalf TPAF - LTDI (non-budgeted)	-	-	-	1,074	1,074
Reimbursed TPAF social security contributions (non-budgeted)	-	-	-	483,529	483,529
Total state sources	6,217,587	-	6,217,587	9,560,984	3,343,397
<b>TOTAL REVENUES</b>	<b>14,292,175</b>	<b>-</b>	<b>14,292,175</b>	<b>17,721,561</b>	<b>3,429,386</b>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular Programs - Instruction:					
Salaries of teachers					
Kindergarten	311,191	(2,621)	308,570	308,566	4
Grades 1-5	1,963,964	(12,197)	1,951,767	1,887,143	64,624
Grades 6-8	1,371,488	-	1,371,488	1,339,728	31,760
Total Instruction	3,646,643	(14,818)	3,631,825	3,535,437	96,388
Regular Programs - Home Instruction:					
Salaries of teachers	5,000	7,646	12,646	12,646	-
Purchased prof. and educational services	1,000	(1,000)	-	-	-
Total Home Instruction	6,000	6,646	12,646	12,646	-
Regular Programs - Undistributed Instruction:					
Other salaries for instruction	-	-	-	-	-
Purchased prof. and educational services	227,965	28,481	256,446	182,565	73,881
Other purchased services	111,408	(66,018)	45,390	44,527	863
General supplies	256,758	(39,600)	217,158	212,925	4,233
Textbooks	135,605	(21,983)	113,622	113,622	-
Total Undistributed Instruction	731,736	(99,120)	632,616	553,639	78,977
Total - Regular Programs - Instruction	4,384,379	(107,292)	4,277,087	4,101,722	175,365
Special Educ Instruction: Learning and/or Lang. Disabilities					
Salaries of teachers	40,603	22,000	62,603	62,603	-
Other salaries for instruction	19,228	-	19,228	17,918	1,310
Purchased prof. and educational services	20,000	-	20,000	4,133	15,867
Other purchased services	500	-	500	-	500
General Supplies	2,000	-	2,000	1,665	335
Total Learning and/or Language Disabilities	82,331	22,000	104,331	86,319	18,012

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, 2024**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Educ Instruction: Multiple Disabilities					
Salaries of teachers	\$ 128,975	\$ 26,736	\$ 155,711	\$ 155,711	\$ -
Other salaries for instruction	56,447	(28,459)	27,988	24,958	3,030
Purchased prof. and educational services	8,000	-	8,000	4,187	3,813
General Supplies	3,500	(2,000)	1,500	1,133	367
Total Multiple Disabilities	196,922	(3,723)	193,199	185,989	7,210
Special Educ Instruction: Resource Room/Resource Center					
Salaries of teachers	1,237,317	(2,532)	1,234,785	1,234,609	176
Other salaries for instruction	90,483	(28,707)	61,776	61,776	-
Purchased prof. and educational services	40,000	28,654	68,654	68,653	1
Other purchased services	8,000	(1,000)	7,000	6,947	53
General Supplies	9,040	(2,000)	7,040	6,128	912
Total Resource Room/Resource Center	1,384,840	(5,585)	1,379,255	1,378,113	1,142
Special Educ Instruction: Preschool Disabilities - PT					
Salaries of teachers	113,893	(52,680)	61,213	61,213	-
Other salaries for instruction	60,200	(25,000)	35,200	34,270	930
Purchased prof. and educational services	1,500	13,917	15,417	14,384	1,033
General Supplies	1,750	12,277	14,027	13,676	351
Total Preschool Disabilities - Part-Time	177,343	(51,486)	125,857	123,543	2,314
Total Special Education - Instruction	1,841,436	(38,794)	1,802,642	1,773,964	28,678
Special Education Home Instruction:					
Purchased prof. and educational services		35,440	35,440	34,800	640
Total Special Education - Home Instruction	-	35,440	35,440	34,800	640
Basic Skills/Remedial - Instruction					
Salaries of teachers	530,766	62,583	593,349	593,349	-
Purchased prof. and educational services	36,359	(36,359)			-
Other purchased services	4,436	(4,436)			
General supplies	10,869	(9,810)	1,059	963	96
Total Basic Skills/Remedial - Instruction	582,430	11,978	594,408	594,312	96
Bilingual Education - Instruction					
Salaries of teachers	13,492	-	13,492	13,291	201
Other purchased services	1,599	-	1,599	240	1,359
General supplies	500	-	500		500
Total Bilingual Education - Instruction	15,591	-	15,591	13,531	2,060
School-Sponsored Cocurricular Act - Inst.					
Salaries	66,245	(4,840)	61,405	44,116	17,289
Purchased services	5,000	385	5,385	3,483	1,902
Supplies and materials	2,750	-	2,750	201	2,549
Total School-Sponsored Cocurr. Act. - Inst	73,995	(4,455)	69,540	47,800	21,740
School-Sponsored Athletics - Inst.					
Salaries	63,850	-	63,850	53,227	10,623
Supplies and materials	29,000	(3,156)	25,844	19,836	6,008
Other objects	7,655	-	7,655	6,811	844
Total School-Sponsored Athletics - Inst	100,505	(3,156)	97,349	79,874	17,475
Undistributed Expenditures - Instruction					
Tuition other LEAS regular w/i state	60,000	44,379	104,379	79,990	24,389
Tuition other LEAS spec. ed. w/i state	15,000	-	15,000		15,000
Tuition to CSSD & reg. day schools	58,240	-	58,240	46,704	11,536
Tuition to priv. sch. for the disabled w/i state	442,920	(57,633)	385,287	329,259	56,028
Total Undistributed Expenditures - Instruction	576,160	(13,254)	562,906	455,953	106,953

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Attendance and Social Work Services					
Other Purchased Services	\$ -	\$ 12,000	\$ 12,000	\$ 12,000	\$ -
Total - Undist. Expend. - Attendance and Social Work Services	-	12,000	12,000	12,000	-
Undistributed Expenditures - Health Services					
Salaries	170,617	13,617	184,234	184,234	-
Purchased professional & tech. services	8,000	(4,141)	3,859	2,589	1,270
Supplies and materials	3,350	150	3,500	3,426	74
Other objects	690	(393)	297	297	-
Total Undistributed Expenditures - Health Svcs.	182,657	9,233	191,890	190,546	1,344
Undist. Expend. - Speech, OT, PT & Related Services					
Salaries	223,332	47,181	270,513	266,382	4,131
Purchased prof. and educational services	170,200	(32,872)	137,328	122,034	15,294
Other objects		500	500	449	51
Supplies and Materials	2,000	1,918	3,918	3,842	76
Total Undst. Expend. - Speech, OT, PT & Related Services	395,532	16,727	412,259	392,707	19,552
Undist. Expend. - Other Supp. Serv. Stud. - Extra. Serv.					
Salaries	198,625	(64,873)	133,752	133,752	-
Purchased professional & educ. services	35,550	(12,314)	23,236	23,236	-
Supplies and Materials	1,500	(1,500)	-	-	-
Total Undst. Expend. - Other Supp. Serv. Stud. - Extra. Serv.	235,675	(78,687)	156,988	156,988	-
Undist. Expend. - Other Supp. Serv. Stud. - Guidance					
Salaries of other professional staff	129,799	18	129,817	129,817	-
Purchased professional & educ. services	1,200	(1,200)			-
Supplies and Materials	4,468	(347)	4,121	4,040	81
Total Undst. Expend. - Other Supp. Serv. Stud. - Guidance	135,467	(1,529)	133,938	133,857	81
Undist. Expend. - Other Supp. Serv. Stud. - Child Study Teams					
Salaries of other professional staff	220,159	(34,289)	185,870	185,727	143
Salaries of secretarial and clerical assistants	46,103	-	46,103	46,103	-
Purchased professional & educ. services	255,110	(3,662)	251,448	224,847	26,601
Other purchased prof. and tech. services	5,000	7	5,007	3,557	1,450
Other purchased services	1,000	(850)	150	150	-
Supplies and materials	6,600	(6,100)	500	500	-
Other Objects	750	4,036	4,786	4,786	-
Total Undst. Exp. - Other Supp. Serv. Stud. - Child Study Teams	534,722	(40,858)	493,864	465,670	28,194
Undist. Expend. - Improvement of Instr. Services					
Salaries of other professional staff	115,000	(5,459)	109,541	80,769	28,772
Purchased prof. and educational services	1,000	-	1,000		1,000
Other purchased services	300	-	300		300
Supplies and materials	1,500	-	1,500		1,500
Other objects	300	-	300		300
Total Undst. Expend. - Improvement of Instr. Services	118,100	(5,459)	112,641	80,769	31,872
Undist. Expend. - Educ. Media Serv./Sch. Library					
Salaries	4,800	(3,813)	987	987	-
Salaries of Technology Coordinators	139,126	(26,795)	112,331	98,115	14,216
Purchased professional & tech. services	54,540	(20,260)	34,280	33,471	809
Other purchased services	129,415	21,173	150,588	150,182	406
Supplies and materials	9,100	130,399	139,499	139,438	61
Other Objects	1,200	(505)	695	695	-
Total Undst. Expend. - Educ. Media Serv./Sch. Library	338,181	100,199	438,380	422,888	15,492

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Instructional Staff Training Services					
Salaries of other professional staff	\$ 10,000	\$ -	\$ 10,000	\$ -	\$ 10,000
Purchased prof. and educational services	15,000	(7,500)	7,500		7,500
Other purchased services	6,500	(2,000)	4,500	1,745	2,755
Total Undst. Expend. - Instructional Staff Training Services	31,500	(9,500)	22,000	1,745	20,255
Undist. Expend. - Supp. Serv. General Admin.					
Salaries	194,437	6,822	201,259	200,478	781
Unused Vacation Payment to Terminated/Retired Staff		27,176	27,176	27,176	
Legal services	100,000	(20,600)	79,400	64,465	14,935
Audit fees	23,650	(2,150)	21,500	21,500	-
Architectural/Engineering Fees	3,500	-	3,500		3,500
Other purchased professional services	13,750	(5,863)	7,887	6,956	931
Purchased technical services		-			-
Communications / telephone	24,652	-	24,652	24,386	266
BOE Travel		2,100	2,100	2,100	-
BOE Other purchased services	1,650	(1,650)			-
Miscellaneous purchased services	15,325	(2,040)	13,285	12,740	545
General supplies	5,100	1,196	6,296	6,293	3
BOE In-House Training/Meeting Supplies	200	-	200	84	116
Miscellaneous expenditures	3,500	(3,023)	477	477	-
BOE Membership Dues and Fees	5,400	1,460	6,860	6,859	1
Total Undst. Expend. - Supp. Serv. General Admin.	391,164	3,428	394,592	373,514	21,078
Undist. Expend. - Supp. Serv. School Admin.					
Salaries of principals/assist. principals	222,352	141	222,493	204,993	17,500
Salaries of secretarial and clerical assistants	83,800	-	83,800	82,929	871
Salaries of admin secretarial subs		-			-
Purchased professional & tech. services	5,500	(4,760)	740		740
Purchased prof. and educational services		4,100	4,100	1,076	3,024
Other purchased services	3,450	(3,283)	167	167	-
Supplies and materials	3,200	(1,666)	1,534	1,528	6
Other objects	1,750	860	2,610	2,560	50
Total Undst. Expend. - Supp. Serv. School Admin.	320,052	(4,608)	315,444	293,253	22,191
Undist. Expend. - Central Services					
Salaries	266,292	897	267,189	267,189	-
Unused Vacation Payment to Terminated/Retired Staff		6,123	6,123		6,123
Purchased technical services	84,540	(9,734)	74,806	65,371	9,435
Other purchased services	2,000	(200)	1,800	1,711	89
Supplies and materials	2,230	1,349	3,579	3,470	109
Miscellaneous expenditures	1,500	(245)	1,255	1,245	10
Total Undst. Expend. - Central Services	356,562	(1,810)	354,752	338,986	15,766
Undist. Expend. - Information Technology					
Purchased technical services	5,000	(4,980)	20		20
Total Undst. Expend. - Information Technology	5,000	(4,980)	20	-	20
Undist. Expend. - Required Maint. Sch. Facilities					
Salaries	151,456	-	151,456	140,624	10,832
Cleaning, repair, and maintenance services	97,390	26,458	123,848	100,692	23,156
General supplies	21,200	(5,840)	15,360	12,191	3,169
Other objects	1,668	-	1,668	826	842
Total Undst. Expend. - Required Maint. Sch. Facilities	271,714	20,618	292,332	254,333	37,999

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Custodial Services					
Salaries	\$ 162,408	\$ (7,974)	\$ 154,434	\$ 107,078	\$ 47,356
Salaries of Non-Instructional Aides	55,350	(444)	54,906	50,204	4,702
Unused Vacation Payment to Terminated/Retired Staff		-			
Purchased professional & tech. services	38,520	(2,779)	35,741	34,013	1,728
Cleaning, repair, and maintenance services	7,200	16,047	23,247	23,246	1
Other purchased property services	27,000	(105)	26,895	26,249	646
Insurance	108,200	9,100	117,300	117,252	48
Miscellaneous Purchased Services	4,300	-	4,300	1,881	2,419
General supplies	34,000	(25)	33,975	22,337	11,638
Energy (Natural Gas)	90,000	(16,047)	73,953	56,853	17,100
Energy (Electricity)	70,000	(40,892)	29,108	18,564	10,544
Other objects	535	25	560	560	-
Total Undst. Expend. - Other oper. & Maint. of Plant	597,513	(43,094)	554,419	458,237	96,182
Undist. Expend. - Care & Upkeep of Grounds					
Cleaning, repair, and maintenance services	20,900	(5,400)	15,500	11,146	4,354
General supplies	10,400	(1,339)	9,061		9,061
Total Undst. Expend. - Care & Upkeep of Grounds	31,300	(6,739)	24,561	11,146	13,415
Undist. Expend. - Security					
Purchased professional & tech. services	75,600	25,742	101,342	100,841	501
Cleaning, repair, and maintenance services	2,500	(2,080)	420		420
General supplies	2,584	(1,415)	1,169	1,062	107
Total Undst. Expend. - Security	80,684	22,247	102,931	101,903	1,028
Total Undst. Expend. - Oper. & Maint. of Plant Services	981,211	(6,968)	974,243	825,619	148,624
Undist. Expend. - Student Trans. Services					
Contr. serv. - aid in lieu of payments - nonpublic	25,302	-	25,302	20,993	4,309
Contr. serv. - aid in lieu of payments - choice school	2,164	-	2,164		2,164
Contr. serv. (bet. home & sch.) - vendors	380,054	38,104	418,158	405,999	12,159
Contr. serv. (other than bet. home & sch.) - vendors	65,000	(5,209)	59,791	3,027	56,764
Contr. serv. (bet. home & sch.) - joint agreements	31,500	9,873	41,373	41,373	-
Contr. serv. (sp ed stds) - ESCs & CTSA's	128,740	62,341	191,081	178,481	12,600
Misc. Purchased Services - Transportation		-			-
Total Undst. Expend. - Student Trans. Services	632,760	105,109	737,869	649,873	87,996
Unallocated Benefits - Employee Benefits					
Social security contributions	155,000	42,893	197,893	175,476	22,417
Other retirement contributions - PERS	139,555	28,421	167,976	167,976	-
Other retirement contributions - regular	21,000	(21,000)			-
Other retirement contributions - DCRP		21,000	21,000	13,869	7,131
Unemployment compensation	35,000	-	35,000	31,483	3,517
Workmen's compensation	118,469	(10,000)	108,469	75,300	33,169
Health benefits	1,670,798	(49,301)	1,621,497	1,527,670	93,827
Tuition reimbursement	20,000	6,570	26,570	26,570	-
Other employee benefits	159,355	(3,300)	156,055	150,547	5,508
Unused Sick Payment to Terminated/Retired Staff	5,816	3,300	9,116	9,111	5
Total Unallocated Benefits - Employee Benefits	2,324,993	18,583	2,343,576	2,178,002	165,574
On-behalf TPAF pension contributions (non-budgeted)				2,164,131	(2,164,131)
On-behalf TPAF pension Post Medical contributions (non-budgeted)				588,997	(588,997)
On-behalf TPAF - LTDI (non-budgeted)				1,074	(1,074)
Reimbursed TPAF social security contributions (non-budgeted)				483,529	(483,529)
Total Undistributed Expenditures - TPAF	-	-	-	3,237,731	(3,237,731)
Total Undistributed Expenditures	7,559,736	133,066	7,692,802	10,244,901	(2,552,099)
Total General Current Expense	14,558,072	(8,653)	14,549,419	16,856,104	(2,306,685)

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Fiscal Year Ended June 30, 2024**

(Continued from prior page)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY:</b>					
Equipment:					
Undistributed - Instruction	\$ 89,000	\$ 8,653	\$ 97,653	\$ 96,813	\$ 840
Undistributed - Supp Serv- Related & Extra	5,000	-	5,000	3,550	1,450
Undistributed - School Sponsored Co. Curricular Activities		-			-
Undistributed - Security		-			-
Total Equipment	<u>94,000</u>	<u>8,653</u>	<u>102,653</u>	<u>100,363</u>	<u>2,290</u>
Facilities Acquisition and Construction Services:					
Construction Services		-			-
Assessment for debt service on SDA funding	<u>35,770</u>	-	<u>35,770</u>	<u>35,770</u>	-
Total Facilities Acquisition and Construction Services	<u>35,770</u>	<u>-</u>	<u>35,770</u>	<u>35,770</u>	<u>-</u>
Assets acquired under capital leases (non-budgeted):					
Equipment					
Instructional					-
Non-Instructional	<u>-</u>	<u>-</u>	<u>-</u>		<u>-</u>
Total Facilities Acquisition and Construction Services				<u>-</u>	<u>-</u>
Total Capital Outlay	<u>129,770</u>	<u>8,653</u>	<u>138,423</u>	<u>136,133</u>	<u>2,290</u>
<b>SUMMER SCHOOL:</b>					
Instruction					
Salaries of Teachers		-			
Other Salaries for Instruction		-			
Total Summer School - Instruction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support Services					
Salaries		-			
Total Summer School - Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Summer School	<u>-</u>	<u>-</u>			
Total Expenditures	<u>14,687,842</u>	<u>-</u>	<u>14,687,842</u>	<u>16,992,237</u>	<u>(2,304,395)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures:	<u>(395,667)</u>	<u>-</u>	<u>(395,667)</u>	<u>729,324</u>	<u>1,124,991</u>
Other Financing Sources (Uses):					
Total Other Financing Sources (Uses):	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):	<u>(395,667)</u>	<u>-</u>	<u>(395,667)</u>	<u>729,324</u>	<u>1,124,991</u>
Fund Balance, July 1	<u>2,670,519</u>		<u>2,670,519</u>	<u>2,670,519</u>	
Fund Balance, June 30	<u>\$ 2,274,852</u>	<u>\$ -</u>	<u>\$ 2,274,852</u>	<u>\$ 3,399,843</u>	<u>\$ 1,124,991</u>
Recapitulation:					
Restricted:					
Capital Reserve:					
Designated for Subsequent Year's Expenditures				\$ 760,000	
Capital Reserve				1,046,528	
Maintenance Reserve:					
Designated for Subsequent Year's Expenditures				75,000	
Maintenance Reserve				465,604	
Excess Surplus:					
Current Year				393,644	
Designated for Subsequent Year's Expenditures				250,312	
Assigned:					
Designated for Subsequent Year's Expenditures				27,999	
Unassigned				<u>380,756</u>	
				<u>3,399,843</u>	
Reconciliation on Governmental Fund Statements (GAAP):					
Less: State Aid Payment not Recognized on GAAP Basis				<u>(611,174)</u>	
Fund Balance per Government Fund (GAAP)				<u>\$ 2,788,669</u>	

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

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Special Revenue Fund**  
**Fiscal Year Ended June 30, 2024**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources	\$ 6,416	\$ -	\$ 6,416	\$ 96,370	\$ 89,954
State sources	233,993	19,362	253,355	214,962	(38,393)
Federal sources	681,831	17,868	699,699	622,263	(77,436)
Total revenues	922,240	37,230	959,470	933,595	(25,875)
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	76,749	6,537	83,286	48,283	35,003
Other salaries for instruction	9,285	-	9,285	9,285	-
Purchased prof. and educational services	2,655	-	2,655	824	1,831
Purchased professional - tech. services	228,101	-	228,101	202,323	25,778
Other purchased services	187,656	-	187,656	187,656	-
General supplies	133,251	-	133,251	110,376	22,875
Textbooks	8,498	-	8,498	8,498	-
Total instruction	646,195	6,537	652,732	567,245	85,487
Support services:					
Other salaries for instruction	51,559	-	51,559	48,026	3,533
Personal services-employee benefits	12,199	500	12,699	7,710	4,989
Purchased prof. and educational services	20,175	-	20,175	17,314	2,861
Purchased professional and technical services	175,049	-	175,049	160,389	14,660
Other purchased services (400-500)	11,839	1	11,840	7,758	4,082
Supplies and materials	5,224	10,830	16,054	12,928	3,126
Student activities	-	-	-	95,862	(95,862)
Total support services	276,045	11,331	287,376	349,987	(62,611)
Facilities acquisition and construction services:					
Instructional equipment					
Building		19,362	19,362	19,362	-
Noninstructional equipment		-	-	-	-
Total facilities acq. and const. services	-	19,362	19,362	19,362	-
Total expenditures	922,240	37,230	959,470	936,594	22,876
Total outflows	922,240	37,230	959,470	936,594	22,876
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	(2,999)	(2,999)
Fund Balance, July 1				48,206	
Fund Balance, June 30				\$ 45,207	
Recapitulation:					
Restricted:					
Student Activities				\$ 45,207	
Total Fund Balance				\$ 45,207	

**Berlin Borough School District**  
**Notes to Required Supplementary Information**  
**Budgetary Comparison**  
**For the Fiscal Year Ended June 30, 2024**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules	\$ 17,721,561	\$ 933,595
Difference - budget to GAAP:		
State aid payment recognized for GAAP statements in current year, previously recognized for budgetary purposes.	505,439	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(611,174)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u><u>\$ 17,615,826</u></u>	<u><u>\$ 933,595</u></u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 16,992,237	\$ 936,594
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.	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u><u>\$ 16,992,237</u></u>	<u><u>\$ 936,594</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, 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	June 30, 2015
District's proportion of the net pension liability (asset)	0.0125680190%	0.0106930900%	0.0100650790%	0.0100079568%	0.0110452760%	0.0109888948%	0.0114920964%	0.0112403878%	0.0111440567%	0.0109075174%
District's proportionate share of the net pension liability (asset)	\$ 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	\$ 2,042,186
District's covered-employee payroll	878,565	978,161	828,828	769,553	791,012	704,593	716,393	760,334	800,775	773,750
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	207.20%	164.98%	157.32%	212.08%	251.60%	307.08%	373.42%	437.84%	312.40%	263.93%
Plan fiduciary net position as a percentage of the total pension liability	65.23%	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%

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

	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	June 30, 2015
Contractually required contribution	\$ 167,023	\$ 167,976	\$ 134,845	\$ 128,899	\$ 109,482	\$ 107,869	\$ 109,304	\$ 106,462	\$ 99,858	\$ 95,809
Contributions in relation to the contractually required contributions	(167,023)	(167,976)	(134,845)	(128,899)	(109,482)	(107,869)	(109,304)	(106,462)	(99,858)	(95,809)
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	\$ 878,565	\$ 978,161	\$ 828,828	\$ 769,553	\$ 791,012	\$ 704,593	\$ 716,393	\$ 760,334	\$ 800,775	\$ 773,750
Contributions as a percentage of covered-employee payroll	19.01%	17.17%	16.27%	16.75%	13.84%	15.31%	15.26%	14.00%	12.47%	12.38%

**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, 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	June 30, 2015
District's proportion of the net pension liability (asset)	0.0495176351%	0.0485085038%	0.0490783604%	0.0514026130%	0.0536672180%	0.0518436548%	0.0506570773%	0.0534603348%	0.0540468402%	0.0513431786%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	\$ 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	\$ 27,441,258
<b>Total</b>	<b>\$ 25,270,171</b>	<b>\$ 25,027,679</b>	<b>\$ 23,594,514</b>	<b>\$ 33,848,002</b>	<b>\$ 32,936,078</b>	<b>\$ 32,981,820</b>	<b>\$ 34,154,828</b>	<b>\$ 42,055,303</b>	<b>\$ 34,159,911</b>	<b>\$ 27,441,258</b>
District's covered-employee payroll	\$ 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	\$ 5,308,697
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	34.68%	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	28.71%	28.71%	33.64%

**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 Seven Fiscal Years**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
State's proportion of the net OPEB liability (asset) associated with the District	0.06%	0.06%	0.05%	0.06%	0.06%	0.06%	0.06%
District's proportionate share of the net OPEB liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the District	\$ 29,102,675	\$ 28,192,160	\$ 32,692,676	\$ 38,039,286	\$ 23,419,060	\$ 26,328,134	\$ 31,309,205
Total proportionate share of the net OPEB liability (asset) associated with the District	<u>\$ 29,102,675</u>	<u>\$ 28,192,160</u>	<u>\$ 32,692,676</u>	<u>\$ 38,039,286</u>	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>
Plan fiduciary net position as a percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>							
Service Cost	\$ 1,113,254	\$ 1,367,025	\$ 1,673,889	\$ 971,249	\$ 922,380	\$ 1,026,490	\$ 1,241,705
Interest Cost	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	(513,651)	1,664,443	(7,219,668)	6,500,148	(4,524,274)	(3,452,162)	
Changes of assumptions	58,659	(7,562,800)	32,254	6,948,470	349,180	(3,021,285)	(4,236,891)
Member Contributions	26,266	23,741	21,681	20,072	21,310	24,332	26,703
Benefit payments	(798,974)	(740,048)	(668,051)	(662,233)	(718,895)	(704,005)	(725,188)
<b>Net Change in total OPEB Liability</b>	\$ 910,515	\$ (4,500,516)	\$ (5,346,610)	\$ 14,620,226	\$ (2,909,074)	\$ (4,981,071)	\$ (2,698,934)
<b>Total OPEB Liability - beginning</b>	<u>\$ 28,192,160</u>	<u>\$ 32,692,676</u>	<u>\$ 38,039,286</u>	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>	<u>\$ 34,008,139</u>
<b>Total OPEB Liability - ending</b>	<u>\$ 29,102,675</u>	<u>\$ 28,192,160</u>	<u>\$ 32,692,676</u>	<u>\$ 38,039,286</u>	<u>\$ 23,419,060</u>	<u>\$ 26,328,134</u>	<u>\$ 31,309,205</u>
District's covered-employee payroll	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	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, 2024**

**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 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

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, 2024**

	Brought Forward (Exh. E-1a)	Brought Forward (Exh. E-1b)	Brought Forward (Exh. E-1c)	Total
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 96,370	\$ 96,370
State sources	133,172	-	81,790	214,962
Federal sources	216,819	405,444	-	622,263
<b>Total Revenues</b>	<b>349,991</b>	<b>405,444</b>	<b>178,160</b>	<b>933,595</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of teachers	25,975	21,867	441	48,283
Other salaries for instruction	-	9,285	-	9,285
Purchased professional and technical services	141,571	58,020	2,732	202,323
Purchased prof. and educational services	824	-	-	824
Other purchased services	-	-	-	-
Tuition	-	187,656	-	187,656
General supplies	46,960	55,932	7,484	110,376
Textbooks	-	-	8,498	8,498
<b>Total instruction</b>	<b>215,330</b>	<b>332,760</b>	<b>19,155</b>	<b>567,245</b>
Support services:				
Salaries	48,026	-	-	48,026
Personal services-employee benefits	5,062	2,614	34	7,710
Purchased prof. and educational services	-	17,314	-	17,314
Purchased professional and technical services	69,088	44,555	46,746	160,389
Other purchased services (400-500)	-	7,758	-	7,758
Supplies and materials	12,485	443	-	12,928
Student activities	-	-	95,862	95,862
<b>Total support services</b>	<b>134,661</b>	<b>72,684</b>	<b>142,642</b>	<b>349,987</b>
Facilities acquisition and const. serv.:				
Instructional equipment	-	-	-	-
Building	-	-	19,362	19,362
Non-instructional equipment	-	-	-	-
<b>Total facilities acquisition and const. serv.:</b>	<b>-</b>	<b>-</b>	<b>19,362</b>	<b>19,362</b>
<b>Total Expenditures</b>	<b>349,991</b>	<b>405,444</b>	<b>181,159</b>	<b>936,594</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	(2,999)	(2,999)
Fund Balance, July 1	-	-	48,206	48,206
Fund Balance, June 30	\$ -	\$ -	\$ 45,207	\$ 45,207



**BERLIN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2024**

	<b>Chapter 192 - Auxillary Services</b>			<b>Chapter 193 - Handicapped Services</b>				ARP	ARP	ARP	ARP	Carried
	Comp. Education	ESL	Transportation	Corrective Speech	Suppl. Instruction	Exam & Classification	ARP ESSER III	Accelerated Learning	NJTSS Mental Health	Beyond the School Day		Forward (Exh. E-1A)
<b>REVENUES:</b>												
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	61,402	824	5,469	17,391	19,081	29,005						133,172
Federal sources							201,071	3,611	5,100	7,037		216,819
<b>Total Revenues</b>	<b>61,402</b>	<b>824</b>	<b>5,469</b>	<b>17,391</b>	<b>19,081</b>	<b>29,005</b>	<b>201,071</b>	<b>3,611</b>	<b>5,100</b>	<b>7,037</b>		<b>349,991</b>
<b>EXPENDITURES:</b>												
Instruction:												
Salaries of Teachers							19,438			6,537		25,975
Purchased professional and technical services	61,402		5,469				74,700					141,571
Purchased prof. and educational services		824										824
Other purchased services												-
General supplies							46,960					46,960
<b>Total instruction</b>	<b>61,402</b>	<b>824</b>	<b>5,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>141,098</b>	<b>-</b>	<b>-</b>	<b>6,537</b>		<b>215,330</b>
Support services:												
Salaries							42,926		5,100			48,026
Personal services-employee benefits							4,562			500		5,062
Purchased professional and technical services				17,391	19,081	29,005		3,611				69,088
Other purchased services (400-500)												-
Supplies and Materials							12,485					12,485
<b>Total support services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,391</b>	<b>19,081</b>	<b>29,005</b>	<b>59,973</b>	<b>3,611</b>	<b>5,100</b>	<b>500</b>		<b>134,661</b>
Facilities acquisition and const. serv.:												
Instructional equipment												-
Non-instructional equipment												-
<b>Total facilities acquisition and const. serv.:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Total Expenditures</b>	<b>61,402</b>	<b>824</b>	<b>5,469</b>	<b>17,391</b>	<b>19,081</b>	<b>29,005</b>	<b>201,071</b>	<b>3,611</b>	<b>5,100</b>	<b>7,037</b>		<b>349,991</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-	-	-		-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-		-
Fund Balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2024**

	<b>Every Student Succeeds Act (E.S.S.A.)</b>			<b>IDEA</b>			<b>High Impact Tutoring Grant</b>	<b>Carried Forward (Exh. E-1A)</b>
	<b>Title I Current Yr.</b>	<b>Title II - Part A Current Yr.</b>	<b>Title IV Current Yr.</b>	<b>Basic Current Yr.</b>	<b>ARP Basic Current Yr.</b>	<b>Preschool Current Yr.</b>		
<b>REVENUES:</b>								
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	111,239	20,567	11,629	232,211	126	9,995	19,677	405,444
<b>Total Revenues</b>	<b>111,239</b>	<b>20,567</b>	<b>11,629</b>	<b>232,211</b>	<b>126</b>	<b>9,995</b>	<b>19,677</b>	<b>405,444</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of teachers	21,867							21,867
Other salaries for instruction						9,285		9,285
Purchased professional and technical services	56,376		1,644					58,020
Other purchased services								-
Tuition				187,656				187,656
General supplies	26,144		9,985		126		19,677	55,932
Textbooks								-
<b>Total instruction</b>	<b>104,387</b>	<b>-</b>	<b>11,629</b>	<b>187,656</b>	<b>126</b>	<b>9,285</b>	<b>19,677</b>	<b>332,760</b>
Support services:								
Personal services-employee benefits	1,904					710		2,614
Purchased prof. and educational services	4,770	12,544						17,314
Purchased professional and technical services				44,555				44,555
Other purchased services (400-500)	178	7,580						7,758
Supplies and materials		443						443
<b>Total support services</b>	<b>6,852</b>	<b>20,567</b>	<b>-</b>	<b>44,555</b>	<b>-</b>	<b>710</b>	<b>-</b>	<b>72,684</b>
Facilities acquisition and const. serv.:								
Instructional equipment								-
Non-instructional equipment								-
<b>Total facilities acquisition and const. serv.:</b>								<b>-</b>
<b>Total Expenditures</b>	<b>111,239</b>	<b>20,567</b>	<b>11,629</b>	<b>232,211</b>	<b>126</b>	<b>9,995</b>	<b>19,677</b>	<b>405,444</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Statement of Revenues and Expenditures**  
**Budgetary Basis**  
**for the Fiscal Year Ended June 30, 2024**

	Nonpublic Textbook	Nonpublic Nursing	Nonpublic Security	Nonpublic Technology	SDA Emergent Cap. & Maint.	NJSIG Safety Grant	ICCA July 4th	Student Activity Fund	Carried Forward (Exh. E-1A)
<b>REVENUES:</b>									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,732	\$ 775	\$ 92,863	\$ 96,370
State sources	8,498	17,640	29,106	7,184	19,362				81,790
Federal sources									-
<b>Total Revenues</b>	<b>8,498</b>	<b>17,640</b>	<b>29,106</b>	<b>7,184</b>	<b>19,362</b>	<b>2,732</b>	<b>775</b>	<b>92,863</b>	<b>178,160</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers							441		441
Other salaries for instruction									-
Purchased professional and technical services						2,732			2,732
Other purchased services									-
General supplies				7,184			300		7,484
Textbooks	8,498								8,498
<b>Total instruction</b>	<b>8,498</b>		-	<b>7,184</b>	-	<b>2,732</b>	<b>741</b>	-	<b>19,155</b>
Support services:									
Personal services-employee benefits							34		34
Purchased prof. and educational services									-
Purchased professional and technical services		17,640	29,106						46,746
Other purchased services (400-500)									-
Supplies and materials									-
Student activities								95,862	95,862
<b>Total support services</b>	<b>-</b>	<b>17,640</b>	<b>29,106</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>95,862</b>	<b>142,642</b>
Facilities acquisition and const. serv.:									
Building					19,362				19,362
Non-instructional equipment									-
<b>Total facilities acquisition and const. serv.:</b>			-	-	<b>19,362</b>	-	-	-	<b>19,362</b>
<b>Total Expenditures</b>	<b>8,498</b>	<b>17,640</b>	<b>29,106</b>	<b>7,184</b>	<b>19,362</b>	<b>2,732</b>	<b>775</b>	<b>95,862</b>	<b>181,159</b>
Excess (Deficiency) of revenues over (under) expenditures and other financing sources (uses)	-	-	-	-	-	-	-	(2,999)	(2,999)
Fund Balance, July 1	-	-	-	-	-	-		48,206	48,206
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,207	\$ 45,207

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, 2024**

**Revenues and Other Financing Sources:**

Bond Proceeds	\$ -
Earnings on Investments	690,014
Total revenues and other financing sources	<u>690,014</u>

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

Purchased professional services	\$ 1,628,850
Construction services	4,055,790
General supplies	16,055
Other objects	33,791
Transfer to Debt Service Fund	690,014
Total expenditures and other financing (uses)	<u>6,424,500</u>

Excess (deficiency) or revenues over (under) expenditures (5,734,486)

Fund Balance - July 1 19,080,044

Fund Balance - June 30 \$ 13,345,558

**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, 2024**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Total</u>	<u>Revised Authorized Costs</u>
<b>Revenues and Other Financing Sources:</b>				
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>
<b>Expenditures and Other Financing Uses:</b>				
Purchased professional services	164,650	1,628,850	1,793,500	1,793,500
Construction services	454,306	4,055,790	4,510,096	4,510,096
General supplies		16,055	16,055	16,055
Other objects		33,791	33,791	33,791
	<u>618,956</u>	<u>5,734,486</u>	<u>6,353,442</u>	<u>6,353,442</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 19,080,044</u>	<u>\$ (5,734,486)</u>	<u>\$ 13,345,558</u>	<u>\$ 13,345,558</u>
<b>Additional project information:</b>				
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, 2024

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	\$ 618,956	\$ 5,734,486	\$ -	\$ 13,345,558
	<u>\$ 19,699,000</u>	<u>\$ 618,956</u>	<u>\$ 5,734,486</u>	<u>\$ -</u>	<u>\$ 13,345,558</u>

Proprietary Funds



**BERLIN BOROUGH SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Net Position  
as of June 30, 2024

	Food Service	Protect all Latchkey Students (PALS)	Community Education and Recreation	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 160,273	\$ 211,120	\$ 120,046	\$ 491,439
Accounts receivable:				
State	335	-	-	335
Federal	5,743	-	-	5,743
Inventories	4,557	-	-	4,557
Total current assets	170,908	211,120	120,046	502,074
Fixed assets:				
Equipment	129,462	-	-	129,462
Less Accumulated depreciation	(83,632)	-	-	(83,632)
Total fixed assets	45,830	-	-	45,830
Total assets	216,738	211,120	120,046	547,904
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	23,254	-	-	23,254
Interfund payable	35,557	-	-	35,557
Unearned revenue	6,314	6,970	-	13,284
Total current liabilities	65,125	6,970	-	72,095
<b>NET POSITION:</b>				
Net investment in capital assets	45,830	-	-	45,830
Unrestricted	105,783	204,150	120,046	429,979
Total net position	\$ 151,613	\$ 204,150	\$ 120,046	\$ 475,809

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

Comparative Statement of Revenues, Expenses and Changes in Net Position  
for the Fiscal Year ended June 30, 2024

	<u>Food Service</u>	<u>Protect all Latchkey Students (PALS)</u>	<u>Community Education and Recreation</u>	<u>Total</u>
<b>OPERATING REVENUES:</b>				
Local sources:				
Daily sales-reimbursable programs:				
School lunch program	\$ 109,580	\$ -	\$ -	\$ 109,580
Total-daily sales-reimbursable programs	109,580	-	-	109,580
Daily sales non-reimbursable programs	60,669	-	-	60,669
Miscellaneous and special functions	20,252	-	-	20,252
Program Fees	-	186,331	168,866	355,197
Total operating revenue	<u>190,501</u>	<u>186,331</u>	<u>168,866</u>	<u>545,698</u>
<b>OPERATING EXPENSES:</b>				
Salaries	112,875	109,847	79,103	301,825
Employee Benefits	21,977	38,706	7,420	68,103
Supplies and materials	20,117	1,595	2,433	24,145
Depreciation	7,575	-	-	7,575
Purchased services	25,395	1,390	9,615	36,400
Cost of Sales - reimbursable programs	33,793	-	-	33,793
Cost of Sales - non-reimbursable programs	112,428	-	-	112,428
Miscellaneous	952	13,543	10,638	25,133
Direct Expenses	12,160	-	48,000	60,160
Repairs and maintenance	38,271	-	-	38,271
Total operating expenses	<u>385,543</u>	<u>165,081</u>	<u>157,209</u>	<u>707,833</u>
Operating income (loss)	<u>(195,042)</u>	<u>21,250</u>	<u>11,657</u>	<u>(162,135)</u>
<b>Non-operating revenues:</b>				
State sources:				
State school lunch program	4,256	-	-	4,256
State school breakfast program	121	-	-	121
NJEIE lunch	1,609	-	-	1,609
NJEIE breakfast	4	-	-	4
Federal sources:				
National school lunch program	87,708	-	-	87,708
National school breakfast program	11,060	-	-	11,060
Supply chain assistance	53,246	-	-	53,246
Summer P-EBT	653	-	-	653
Local food for schools	984	-	-	984
U.S.D.A. commodities	30,659	-	-	30,659
Board subsidy	-	-	-	-
Total non-operating revenues	<u>190,300</u>	<u>-</u>	<u>-</u>	<u>190,300</u>
Net income (loss)	(4,742)	21,250	11,657	28,165
Net position - July 1	<u>156,355</u>	<u>182,900</u>	<u>108,389</u>	<u>447,644</u>
Net position - June 30	<u>\$ 151,613</u>	<u>\$ 204,150</u>	<u>\$ 120,046</u>	<u>\$ 475,809</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Enterprise Funds**  
Statement of Cash Flows  
for the Fiscal Year ended June 30, 2024

	Food Service	Protect All Latchkey Students (PALS)	Community Education and Recreation	Total
Cash flows from operating activities:				
Cash receipts from customers	\$ 189,301	\$ 170,564	\$ 161,966	\$ 521,831
Cash payments to employees for services	(119,865)	(151,227)	(86,523)	(357,615)
Cash payments to suppliers for goods and services	(180,575)	(16,529)	(70,686)	(267,790)
Net cash used by operating activities	(111,139)	2,808	4,757	(103,574)
Cash flows from noncapital financing activities:				
Cash received from state and federal reimbursements	131,912	-	-	131,912
Board subsidy	-	-	-	-
Net cash provided by noncapital financing activities	131,912	-	-	131,912
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	20,773	2,808	4,757	28,338
Cash and cash equivalents, July 1	139,500	208,312	115,289	463,101
Cash and cash equivalents, June 30	<u>\$ 160,273</u>	<u>\$ 211,120</u>	<u>\$ 120,046</u>	<u>\$ 491,439</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (195,042)	\$ 21,250	\$ 11,657	\$ (162,135)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation	7,575	-	-	7,575
Federal commodities	30,659	-	-	30,659
Change in assets and liabilities:				
(Increase)/decrease in inventory	1,386	-	-	1,386
Increase/(decrease) in unearned revenue	(1,778)	(15,768)	(6,900)	(24,446)
Increase/(decrease) in interfunds payable	22,807	-	-	22,807
Increase/(decrease) in accounts payable	23,254	(2,674)	-	20,580
Net cash used by operating activities	<u>\$ (111,139)</u>	<u>\$ 2,808</u>	<u>\$ 4,757</u>	<u>\$ (103,574)</u>

## Long-Term Debt Schedules

**BERLIN BOROUGH SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
Schedule of Serial Bonds  
June 30, 2024

Issue	Date of Issue	Amount of Issue	Annual Maturities		Rate of Interest	Balance July 1, 2023	Issued	Retired	Balance June 30, 2024			
			Date	Amount								
2023 School Bonds	3/15/2023	\$ 19,699,000	3/1/2025	\$ 1,074,000	3.500%	\$ 19,699,000	\$ -	\$ -	\$ 19,699,000			
			3/1/2026	725,000	3.500%							
			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>\$ 19,699,000</u>								
Total					<u>\$ 19,699,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,699,000</u>				

**BERLIN BOROUGH SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
Schedule of Obligations Under Leases  
June 30, 2024

Purpose	Interest Rate Payable	Amount of Original Issue	Balance June 30, 2023	Issued Current Year	Retired Current Year	Balance June 30, 2024
Copiers	3.00%	\$ 60,074	\$ 34,372	\$ -	\$ 13,441	\$ 20,931
Copiers	3.00%	2,808	499		499	-
Postage Meter	3.00%	8,403	6,403		1,638	4,765
Copiers	3.00%	9,524	7,427		1,856	5,571
Copiers	3.00%	7,998	6,237	-	1,558	4,679
			<u>\$ 54,938</u>	<u>\$ -</u>	<u>\$ 18,992</u>	<u>\$ 35,946</u>

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Budgetary Comparison Schedule**  
**Debt Service Fund**  
**Fiscal Year Ended June 30, 2024**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 720,031	\$ -	\$ 720,031	\$ 720,031	\$ -
Total revenues - local sources	720,031		720,031	720,031	-
Total Revenues	720,031		720,031	720,031	
<b>EXPENDITURES:</b>					
Regular debt service:					
Redemption of principal					-
Interest on bonds	720,031		720,031	720,031	-
Total Expenditures	720,031		720,031	720,031	
Excess (Deficiency) of revenues over (under) expenditures					
Other Financing Sources:					
Operating Transfer In - Capital Projects				690,014	690,014
Total Other Financing Sources				690,014	690,014
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses):				690,014	690,014
Fund Balances, July 1	164,247		164,247	164,247	
Fund Balances, June 30	\$ 164,247	\$ -	\$ 164,247	\$ 854,261	\$ 690,014

**BERLIN BOROUGH SCHOOL DISTRICT**  
**General Long-Term Debt Account Group**  
Schedule of Obligations Under Financed Purchases  
June 30, 2024

<u>Purpose</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance June 30, 2023</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2024</u>
Networking	0.00%	\$ 117,000	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ -</u>
			<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ -</u>



**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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	\$ (868,697)	\$ (789,369)	\$ (676,120)	\$ (497,008)	\$ (530,608)	\$ (88,260)	\$ 134,051	\$ 1,427,528	\$ (16,645,992)	\$ (11,026,294)
Restricted for:										
Capital projects	278,637	537,626	745,626	802,057	903,060	1,075,938	1,476,276	1,066,512	20,255,522	15,152,086
Special revenue	-	-	-	-	-	-	27,559	28,831	48,206	45,207
Debt service	444,534	439,958	440,288	1,904	-	-	-	-	164,247	854,261
Other purposes	391,323	348,991	473,237	546,376	600,157	679,237	468,797	473,414	852,006	1,184,560
Unrestricted	(2,786,706)	(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)
Total governmental activities net position	<u>\$ (2,540,909)</u>	<u>\$ (2,277,192)</u>	<u>\$ (2,147,110)</u>	<u>\$ (2,253,227)</u>	<u>\$ (2,275,577)</u>	<u>\$ (1,544,779)</u>	<u>\$ (748,676)</u>	<u>\$ 640,817</u>	<u>\$ 2,286,797</u>	<u>\$ 3,642,652</u>
Business-type activities:										
Net investment in capital assets	\$ 21,350	\$ 16,758	\$ 11,151	\$ 7,429	\$ 14,559	\$ 12,763	\$ 10,967	\$ 19,406	\$ 53,405	\$ 45,830
Unrestricted	284,006	360,014	425,947	515,313	588,822	491,403	333,813	470,725	394,239	429,979
Total business-type activities net position	<u>\$ 305,356</u>	<u>\$ 376,772</u>	<u>\$ 437,098</u>	<u>\$ 522,742</u>	<u>\$ 603,381</u>	<u>\$ 504,166</u>	<u>\$ 344,780</u>	<u>\$ 490,131</u>	<u>\$ 447,644</u>	<u>\$ 475,809</u>
District-wide:										
Net investment in capital assets	\$ (847,347)	\$ (772,611)	\$ (664,969)	\$ (489,579)	\$ (516,049)	\$ (75,497)	\$ 145,018	\$ 1,446,934	\$ (16,592,587)	\$ (10,980,464)
Restricted:										
Capital projects	278,637	537,626	745,626	802,057	903,060	1,075,938	1,476,276	1,066,512	20,255,522	15,152,086
Special revenue	-	-	-	-	-	-	27,559	28,831	48,206	45,207
Debt service	444,534	439,958	440,288	1,904	-	-	-	-	164,247	854,261
Other purposes	391,323	348,991	473,237	546,376	600,157	679,237	468,797	473,414	852,006	1,184,560
Unrestricted	(2,502,700)	(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)
Total district net position	<u>\$ (2,235,553)</u>	<u>\$ (1,900,420)</u>	<u>\$ (1,710,012)</u>	<u>\$ (1,730,485)</u>	<u>\$ (1,672,196)</u>	<u>\$ (1,040,613)</u>	<u>\$ (403,896)</u>	<u>\$ 1,130,948</u>	<u>\$ 2,734,441</u>	<u>\$ 4,118,461</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 3,875,837	\$ 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
Special education	1,341,585	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
Other instruction	158,996	144,225	158,676	168,315	225,487	318,169	110,016	453,946	608,592	735,517
Support Services:										
Tuition	103,224	-	5,404	214,414	294,139	262,677	328,153	120,228	218,339	455,953
Student & instruction related services	1,165,228	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
School administrative services	398,476	347,100	325,210	351,533	347,415	215,852	322,798	327,630	302,332	293,253
General and business administrative services	658,730	577,735	645,357	625,831	665,156	601,908	571,466	610,870	668,611	716,729
Plant operations and maintenance	1,062,805	1,244,194	1,209,023	1,058,540	1,287,112	911,162	1,055,595	861,388	516,328	970,219
Pupil transportation	328,177	357,586	324,335	350,106	479,394	565,661	498,116	507,618	632,548	649,873
Unallocated employee benefits	3,174,865	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
Charter School	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	192,129	169,488	154,323	116,162	105,583	81,500	65,500	49,500	246,799	739,454
Unallocated depreciation	59,628	49,009	46,234	19,743	18,473	14,116	11,264	25,225	69,558	71,509
Total governmental activities expenses	<u>12,519,680</u>	<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>
Business-type activities:										
Community Education	239,573	291,062	147,875	109,831	146,638	139,194	117,913	149,544	174,730	157,209
Latchkey	-	-	114,234	126,034	111,372	133,703	127,620	135,819	143,084	165,081
Food service	258,512	245,606	308,482	281,097	240,202	246,551	129,798	278,334	381,827	385,543
Shared Services	109,833	93,431	59,246	15,000	-	-	-	-	-	-
Total business-type activities expense	<u>607,918</u>	<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>
Total district expenses	<u>\$ 13,127,598</u>	<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>
<b>Program Revenues:</b>										
Governmental activities:										
Operating grants and contributions	\$ 1,783,508	\$ 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
Charges for services	-	-	-	-	-	-	14,761	-	27,884	-
Total governmental activities program revenues	<u>1,783,508</u>	<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>

(Continued)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services:										
Community education	\$ 288,864	\$ 345,380	\$ 212,009	\$ 168,351	\$ 161,190	\$ 99,030	\$ 42,821	\$ 154,919	\$ 163,532	\$ 168,866
Latchkey	-	-	151,409	181,753	171,002	130,323	42,388	113,591	145,907	186,331
Food service	174,818	163,191	169,223	157,592	159,067	122,408	2,072	31,037	188,852	190,501
Shared Services	109,833	93,431	59,246	15,000	-	-	-	-	-	-
Operating grants and contributions	115,503	99,513	98,276	94,910	87,592	68,472	80,664	409,501	158,863	190,300
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	689,018	701,515	690,163	617,606	578,851	420,233	167,945	709,048	657,154	735,998
Total district program revenues	<u>\$ 2,472,526</u>	<u>\$ 2,655,176</u>	<u>\$ 2,769,685</u>	<u>\$ 7,294,945</u>	<u>\$ 6,053,801</u>	<u>\$ 5,302,790</u>	<u>\$ 6,867,334</u>	<u>\$ 7,778,832</u>	<u>\$ 5,880,986</u>	<u>\$ 6,032,782</u>
<b>Net (Expense)/Revenue:</b>										
Governmental activities	\$ (10,736,172)	\$ (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)
Business-type activities	81,100	71,416	60,326	85,644	80,639	(99,215)	(207,386)	145,351	(42,487)	28,165
Total district-wide net expense	<u>\$ (10,655,072)</u>	<u>\$ (10,806,882)</u>	<u>\$ (11,208,463)</u>	<u>\$ (11,179,621)</u>	<u>\$ (11,970,027)</u>	<u>\$ (11,580,407)</u>	<u>\$ (11,766,580)</u>	<u>\$ (10,262,321)</u>	<u>\$ (12,258,383)</u>	<u>\$ (14,404,120)</u>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 6,608,384	\$ 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
Taxes levied for debt service	618,685	615,236	623,117	196,687	592,721	572,500	558,750	544,500	519,750	720,031
Unrestricted grants and contributions	3,664,322	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
Tuition	-	-	-	-	97,873	33,289	-	-	292,850	-
Investment earnings	1,574	602	-	-	-	-	-	-	-	44,960
Miscellaneous income	30,373	61,062	137,802	100,057	80,885	85,847	86,280	163,220	-	825,234
Transfers	-	-	-	-	-	-	(48,000)	-	-	-
Total governmental activities	<u>10,923,338</u>	<u>11,142,015</u>	<u>11,398,871</u>	<u>11,159,148</u>	<u>12,028,316</u>	<u>12,211,990</u>	<u>12,327,858</u>	<u>11,797,165</u>	<u>13,862,502</u>	<u>15,788,140</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>-</u>	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 10,923,338</u>	<u>\$ 11,142,015</u>	<u>\$ 11,398,871</u>	<u>\$ 11,159,148</u>	<u>\$ 12,028,316</u>	<u>\$ 12,211,990</u>	<u>\$ 12,375,858</u>	<u>\$ 11,797,165</u>	<u>\$ 13,862,502</u>	<u>\$ 15,788,140</u>
<b>Change in Net Position:</b>										
Governmental activities	\$ 187,166	\$ 263,717	\$ 130,082	\$ (106,117)	\$ (22,350)	\$ 730,798	\$ 768,664	\$ 1,389,493	\$ 1,646,606	\$ 1,355,855
Business-type activities	81,100	71,416	60,326	85,644	80,639	(99,215)	(159,386)	145,351	(42,487)	28,165
Total district-wide	<u>\$ 268,266</u>	<u>\$ 335,133</u>	<u>\$ 190,408</u>	<u>\$ (20,473)</u>	<u>\$ 58,289</u>	<u>\$ 631,583</u>	<u>\$ 609,278</u>	<u>\$ 1,534,844</u>	<u>\$ 1,604,119</u>	<u>\$ 1,384,020</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Reserved	\$ 573,323	\$ 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
Unassigned	(107,080)	(109,938)	(115,234)	(84,642)	(115,901)	(107,475)	122,596	(10,674)	(183,671)	(230,418)
Total general fund	<u>\$ 466,243</u>	<u>\$ 678,650</u>	<u>\$ 1,006,992</u>	<u>\$ 1,263,791</u>	<u>\$ 1,387,316</u>	<u>\$ 1,647,700</u>	<u>\$ 2,067,669</u>	<u>\$ 1,850,519</u>	<u>\$ 2,165,080</u>	<u>\$ 2,788,669</u>
All Other Governmental Funds										
Reserved:										
Debt service reserve	\$ 441,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special Revenue Fund	-	-	-	-	-	-	27,559	28,831	48,206	45,207
Capital projects fund	96,637	96,637	96,637	-	-	-	-	-	19,080,044	13,345,558
Debt service fund	1,574	438,384	1,904	-	-	-	-	-	164,247	854,261
Designated for subsequent year's expenditures	1,577	2,966	438,384	1,904	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 541,171</u>	<u>\$ 537,987</u>	<u>\$ 536,925</u>	<u>\$ 1,904</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,559</u>	<u>\$ 28,831</u>	<u>\$ 19,292,497</u>	<u>\$ 14,245,026</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,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Revenues</b>										
Tax levy	\$ 7,227,069	\$ 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
Tuition charges	15,957	20,920	85,483	42,802	20,416	33,289	14,761	36,729	27,884	-
Interest earnings	1,574	-	-	-	-	-	-	-	-	44,960
Miscellaneous	14,416	40,744	52,319	63,980	167,423	93,665	86,280	126,491	292,850	825,234
Local sources	-	-	-	-	-	-	8,214	77,337	100,286	96,370
State sources	5,151,260	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
Federal sources	296,570	328,934	311,480	308,481	289,985	331,999	427,497	839,983	779,373	622,263
Total revenue	<u>12,706,846</u>	<u>13,095,676</u>	<u>13,478,393</u>	<u>13,499,676</u>	<u>14,474,301</u>	<u>14,725,146</u>	<u>15,314,546</u>	<u>16,958,880</u>	<u>18,038,763</u>	<u>19,959,466</u>
<b>Expenditures</b>										
Instruction										
Regular Instruction	3,828,934	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
Special education instruction	1,341,585	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
Other instruction	158,996	144,225	158,676	168,315	225,487	318,169	110,016	453,946	608,592	735,517
Support Services:										
Tuition	103,224	236,122	5,404	214,414	294,139	262,677	328,153	120,228	218,339	455,953
Student & instruction related services	1,165,228	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
School administrative services	398,476	347,100	325,210	351,533	347,415	215,852	322,798	327,630	302,332	293,253
General and business admin.services	629,870	311,180	634,991	615,465	655,480	593,787	562,666	608,877	664,592	712,500
Plant operations and maintenance	638,523	660,386	642,820	574,589	726,952	830,429	698,952	794,455	747,236	825,619
Pupil transportation	328,177	357,586	324,335	350,106	479,394	565,661	498,116	507,618	632,548	649,873
Employee benefits	3,183,013	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
Capital outlay	260,179	161,550	125,001	95,065	163,917	87,514	379,819	909,146	1,015,409	5,889,981
Charter School	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	570,000	590,000	620,000	650,000	485,000	475,000	485,000	495,000	495,000	-
Interest and other charges	200,928	178,611	155,482	133,322	109,625	97,500	73,750	49,500	24,750	720,031
Total expenditures	<u>12,807,133</u>	<u>12,886,453</u>	<u>13,151,113</u>	<u>13,820,693</u>	<u>14,438,350</u>	<u>14,464,762</u>	<u>15,095,740</u>	<u>17,174,758</u>	<u>18,159,536</u>	<u>24,383,348</u>
Excess (Deficiency) of revenues over (under) expenditures	(100,287)	209,223	327,280	(321,017)	35,951	260,384	218,806	(215,878)	(120,773)	(4,423,882)
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	-	-	-	-	249,283	-	19,699,000	-
Proceeds of Capital Lease	-	-	-	42,795	85,670	-	-	-	-	-
Transfers in	1,574	441,383	3,477	68,068	-	-	-	972,237	164,247	690,014
Transfers out	(1,574)	(441,383)	(3,477)	(68,068)	-	-	(48,000)	(972,237)	(164,247)	(690,014)
Total other financing sources (uses)	<u>-</u>	<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>
Net change in fund balances	<u>\$ (100,287)</u>	<u>\$ 209,223</u>	<u>\$ 327,280</u>	<u>\$ (278,222)</u>	<u>\$ 121,621</u>	<u>\$ 260,384</u>	<u>\$ 420,089</u>	<u>\$ (215,878)</u>	<u>\$ 19,578,227</u>	<u>\$ (4,423,882)</u>
Debt service as a percentage of noncapital expenditures	6.14%	6.04%	5.95%	5.71%	4.17%	3.98%	3.80%	3.35%	3.03%	3.89%

**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>
2015	\$ -	\$ 15,957	\$ 5,000	\$ 4,506	\$ 1,856	\$ 3,054	\$ 30,373
2016	-	20,920	25,000	12,692	928	1,522	61,062
2017	-	85,483	25,000	9,020	-	12,866	132,369
2018	-	42,802	25,000	479	7,980	23,796	100,057
2019	4,941	97,873	48,000	17,810	10,052	82	178,758
2020	9,044	33,289	48,000	20,961	3,740	4,102	119,136
2021	1,857	14,761	48,000	23,864	4,770	7,789	101,041
2022	-	36,729	48,000	23,371	4,269	50,851	163,220
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
	<u>\$ 71,153</u>	<u>\$ 375,698</u>	<u>\$ 368,000</u>	<u>\$ 144,952</u>	<u>\$ 100,500</u>	<u>\$ 105,174</u>	<u>\$ 1,165,477</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
2015	\$ 14,145,900	\$ 597,682,700	\$ 470,800	\$ 55,100	\$ 111,420,000	\$ 10,465,000	\$ 7,925,000	\$ 742,164,500	\$ 4,433,565	\$ 746,598,065	\$ 87,251,750	\$ 0.990	\$ 620,118,024
2016	13,659,800	595,357,500	248,500	81,200	109,297,000	10,465,000	7,925,000	737,034,000	4,737,947	741,771,947	87,226,950	0.990	726,840,733
2017	14,585,400	593,206,100	248,500	81,200	106,913,600	10,346,500	8,193,400	733,574,700	4,874,955	738,449,655	87,084,450	0.989	734,568,577
2018	15,017,900	593,752,600	-	60,900	106,502,800	10,346,500	8,676,900	734,357,600	5,033,568	739,391,168	90,148,750	1.069	732,050,024
2019	15,201,500	592,957,300	219,800	37,500	105,923,900	10,346,500	8,676,900	733,363,400	5,110,900	738,474,300	90,584,850	1.088	749,078,744
2020	16,045,900	592,271,100	219,800	32,500	106,358,700	10,346,500	8,676,900	733,951,400	4,585,394	738,536,794	91,299,850	1.110	734,996,334
2021	13,597,500	593,626,000	219,800	31,000	107,649,100	10,346,500	27,023,400	752,493,300	4,459,353	756,952,653	89,716,000	1.094	763,401,543
2022	12,658,400	600,182,300	219,800	31,000	106,640,400	10,346,500	37,226,100	767,304,500	4,230,325	771,534,825	90,626,300	1.090	825,242,309
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

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	
2015	\$ 0.908	\$ 0.082	\$ 0.990	\$ 0.681	\$ 0.510	\$ 0.807	\$ 2.988
2016	0.932	0.084	1.016	0.709	0.514	0.815	3.054
2017	0.962	0.027	0.989	0.749	0.562	0.834	3.134
2018	0.989	0.080	1.069	0.784	0.567	0.836	3.256
2019	1.011	0.077	1.088	0.809	0.593	0.827	3.317
2020	1.034	0.076	1.110	0.826	0.560	0.794	3.290
2021	1.022	0.072	1.094	0.841	0.579	0.796	3.310
2022	1.023	0.067	1.090	0.858	0.645	0.788	3.381
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

**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	2024		Taxpayer	2015	
	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	6.55%	Berlin Reality	\$ 8,434,100	1.13%
Berlin Property LLC	7,762,600	0.96%	Berlin Residences, LLC	5,570,000	0.75%
Berlin Farmers Market	6,730,400	0.84%	AC Berlin, LLC	5,100,000	0.68%
Berlin Residences LLC	5,570,000	0.69%	SINELNIK	4,810,800	0.64%
Evinos Corporation	5,123,000	0.64%	Evinos Corporation, Inc.	4,555,600	0.61%
1892 Broadway Associates, Inc.	3,415,000	0.42%	Hassbro, LLC	3,500,000	0.47%
Berlin Center LLC	3,275,000	0.41%	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>\$ 94,160,300</u>	<u>11.70%</u>	Total	<u>\$ 43,408,600</u>	<u>5.81%</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 <sup>a</sup>		Collections in Subsequent Years
		Amount	Percentage of Levy	
2015	\$ 7,227,069	\$ 7,227,069	100.00%	\$ -
2016	7,417,209	7,417,209	100.00%	-
2017	7,561,129	7,561,129	100.00%	-
2018	7,330,027	7,330,027	100.00%	-
2019	7,927,187	7,927,187	100.00%	-
2020	8,063,655	8,063,655	100.00%	-
2021	8,199,728	8,199,728	100.00%	-
2022	8,338,298	8,338,298	100.00%	-
2023	8,439,747	8,439,747	100.00%	-
2024	8,700,428	8,700,428	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 <sup>a</sup>	Per Capita <sup>b</sup>
	General Obligation Bonds	Financed Purchases/ Leases			
2015	\$ 3,085,000	\$ 1,221,995	\$ 4,306,995	1.19%	\$ 570
2016	2,880,000	1,030,527	3,910,527	1.05%	517
2017	2,665,000	512,313	3,177,313	0.82%	421
2018	2,435,000	28,248	2,463,248	0.62%	326
2019	1,950,000	69,892	2,019,892	0.46%	268
2020	1,475,000	28,531	1,503,531	0.34%	200
2021	990,000	179,535	1,169,535	0.25%	156
2022	495,000	164,148	659,148	0.15%	88
2023	19,699,000	75,938	19,774,938	c	2,625
2024	19,699,000	35,946	19,734,946	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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	\$ 3,085,000	\$ -	\$ 3,085,000	0.41%	\$ 408
2016	2,880,000	-	2,880,000	0.39%	381
2017	2,665,000	-	2,665,000	0.36%	353
2018	2,435,000	-	2,435,000	0.33%	323
2019	1,950,000	-	1,950,000	0.26%	259
2020	1,475,000	-	1,475,000	0.20%	196
2021	990,000	-	990,000	0.13%	132
2022	495,000	-	495,000	0.06%	66
2023	19,699,000	-	19,699,000	2.48%	2,615
2024	19,699,000	-	19,699,000	2.45%	<b>c</b>

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

**a** See Exhibit J-6 for property tax data.

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

**c** Not available.

**Berlin Borough School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of December 31, 2023**

**EXHIBIT J-12**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable <sup>a</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Debt repaid with property taxes:			
Borough of Berlin	\$ 13,776,746	100.000%	\$ 13,776,746
Eastern Regional High School District	3,385,000	16.835%	569,868
Camden County General Obligation Debt	472,941,249	1.937%	9,160,872
			<hr/>
Subtotal, overlapping debt			23,507,486
<b>Berlin Borough School District Direct Debt</b>			<hr/>
			19,699,000
<b>Total direct and overlapping debt</b>			<hr/> <hr/>
			\$ 43,206,486

**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.

## EXHIBIT J-13

### Equalized valuation basis

Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 898,262,303
Debt limit (3% of average equalized valuation)	<b>[B]</b>	26,947,869
Net bonded school debt	<b>[C]</b>	19,699,000
Legal debt margin	<b>[B-C]</b>	<u>\$ 7,248,869</u>

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

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

**EXHIBIT J-14**

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2015	7,553	\$ 362,559,106	\$ 48,002	5.2%
2016	7,559	373,354,128	49,392	5.0%
2017	7,550	385,774,800	51,096	4.8%
2018	7,549	400,293,274	53,026	4.3%
2019	7,534	414,053,572	54,958	3.4%
2020	7,512	441,930,960	58,830	10.0%
2021	7,497	462,130,074	61,642	6.3%
2022	7,506	454,030,434	60,489	3.7%
2023	7,534	e	e	4.5%
2024	e	e	e	e

**Source:**

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



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

**EXHIBIT J-16**

<b>Function/Program</b>	<b>Fiscal Year Ending June 30,</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Instruction										
Regular	53	55	55	55	55	55	53	54	56	60
Special education	35	17	18	18	18	19	20	20	22	25
Other special education	9	15	20	20	20	24	19	18	17	19
Vocational										
Other instruction										
Nonpublic school programs										
Adult/continuing education programs										
Support Services:										
Student & instruction related services	2	12	10	10	10	6	10	10	11	11
School administrative services	9	9	11	11	11	7	7	6	6	5
General and business administrative services	4	5	4	4	4	7	7	7	7	7
Plant operations and maintenance	12	10	6	6	6	6	9	10	5	6
Pupil transportation										
Special Schools										
Food Service										
Child Care										
Total	<u>124</u>	<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>

**Source:** District Personnel Records

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

**EXHIBIT J-17**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/ Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2015	857	\$ 11,776,026	\$ 13,741	5.35%	70	1:13	861.5	823.3	-2.62%	95.57%
2016	854	12,117,842	14,190	2.90%	72	1:13	852.5	819.6	-1.04%	96.14%
2017	825	12,250,630	14,849	4.61%	73	1:13	828.4	793.1	-2.83%	95.74%
2018	827	12,942,306	15,650	5.39%	73	1:13	823.1	787.6	-0.64%	95.69%
2019	819	13,679,808	16,703	5.72%	73	1:13	824.5	790.2	0.17%	95.84%
2020	812	13,804,748	17,001	0.17%	73	1:13	814.4	789.6	-1.23%	96.95%
2021	793	14,157,171	17,853	5.01%	73	1:13	830.3	792.8	1.95%	95.48%
2022	809	15,721,112	19,433	8.85%	74	1:13	816.0	715.9	-1.72%	87.73%
2023	847	16,624,377	19,627	0.90%	78	1:13	877.9	765.9	7.59%	87.24%
2024	852	17,773,336	20,861	6.29%	85	1:13	826.5	772.6	-5.85%	93.48%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
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	862	853	828	823	824	814	830	816	878	826

Number of Schools at June 30, 2024  
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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Berlin Community School	\$ 149,682	\$ 150,294	\$ 192,108	\$ 181,147	\$ 236,540	\$ 337,860	\$ 211,676	\$ 229,226	\$ 277,782	\$ 254,333	\$ 2,220,648
Project # (s)											
Total School Facilities	<u>\$ 149,682</u>	<u>\$ 150,294</u>	<u>\$ 192,108</u>	<u>\$ 181,147</u>	<u>\$ 236,540</u>	<u>\$ 337,860</u>	<u>\$ 211,676</u>	<u>\$ 229,226</u>	<u>\$ 277,782</u>	<u>\$ 254,333</u>	<u>\$ 2,220,648</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, 2024**

**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**

***INVERSO & STEWART, LLC***  
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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated November 27, 2024.

***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  
November 27, 2024



***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, 2024. 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, 2024.

***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  
November 27, 2024

BERLIN BOROUGH SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2024

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, 2023			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustment	June 30, 2024		
						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	S010A230030	ESSA-0330-24	\$ 116,458	7/1/23- 9/30/24	\$ -	\$ -	\$ -	\$ -	\$ 39,984	\$ (111,239)	\$ -	\$ (71,255)	\$ -	\$ -
Title I	84.010	S010A220030	ESSA-0330-23	89,412	7/1/22- 9/30/23	(29,408)				29,408					
Title IIA	84.367A	S367A230029	ESSA-0330-24	23,512	7/1/23- 9/30/24					18,200	(20,567)		(2,367)		
Title IV	84.424	S424A230031	ESSA-0330-24	11,949	7/1/23- 9/30/24					11,480	(11,629)		(149)		
Title IV	84.424	S424A220031	ESSA-0330-23	11,987	7/1/22- 9/30/23	(453)				453			-		
Individuals With Disabilities Act (I.D.E.A.)															
Part B - Basic - Current Year	84.027A	H027A230100	IDEA-0330-24	232,211	7/1/23- 9/30/24					207,458	(232,211)		(24,753)		
Part B - Basic - Prior Year	84.027A	H027A220100	IDEA-0330-23	222,182	7/1/22- 9/30/23	(23,753)				23,753			-		
ARP Part B - Basic	84.027X	H027X210100	IDEA-0330-22	43,173	7/1/21- 9/30/22					126	(126)		-		
Part B - Preschool - Current Year	84.173A	H173A230114	IDEA-0330-24	9,995	7/1/23- 9/30/24					8,142	(9,995)		(1,853)		
American Rescue Plan:															
ARP - ESSER III	84.425U	S425U210027	N/A	593,887	3/13/20 - 9/30/24	(20,228)				190,499	(201,071)		(30,800)		
ARP - Accelerated Learning	84.425U	S425U210027	N/A	69,656	3/13/20 - 9/30/24	(9,000)				12,611	(3,611)		-		
ARP - Beyond the School Day	84.425U	S425U210027	N/A	40,000	3/13/20 - 9/30/24	(1,414)				8,451	(7,037)		-		
ARP - Mental Health	84.425U	S425U210027	N/A	45,000	3/13/20 - 9/30/24	(12,263)				15,414	(5,100)		(1,949)		
High Impact Tutoring Grant	21-027	S425U210027	N/A	76,000	3/20/24 - 12/31/24						(19,677)		(19,677)		
Total Special Revenue Fund						\$ (96,519)	\$ -	\$ -	\$ -	\$ 565,979	\$ (622,263)	\$ -	\$ (152,803)	\$ -	\$ -
U.S. Department of Agriculture															
Passed-through State Department of Agriculture:															
Enterprise Fund:															
Food Distribution Program	10.555	241NJ304N1199	N/A	30,659	7/1/23 - 6/30/24					30,659	(30,659)				
School Breakfast Program	10.553	241NJ304N1199	N/A	11,061	10/1/23 - 9/30/24					10,265	(11,060)		(795)		
School Breakfast Program	10.553	231NJ304N1199	N/A	6,587	10/1/22 - 9/30/23	(562)				562					
National School Lunch Program	10.555	241NJ304N1199	N/A	87,708	10/1/23 - 9/30/24					82,760	(87,708)		(4,948)		
National School Lunch Program	10.555	231NJ304N1199	N/A	89,344	10/1/22 - 9/30/23	(6,578)				6,578					
Supply Chain Assistance - 2nd Round	10.555	221NJ344N8903	N/A	18,706	1/1/22 - 9/30/23		17,906				(17,906)				
Supply Chain Assistance - 3rd Round	10.555	231NJ344N8903	N/A	11,182	10/1/22 - 9/30/24		11,182				(11,182)				
Supply Chain Assistance - 4th Round	10.555	231NJ344N8903	N/A	24,158	10/1/22 - 9/30/24					24,158	(24,158)				
P-EBT Administrative Costs	10.649	231NJ304S9009	N/A	653	10/1/22 - 9/30/23					653	(653)				
Local Food for Schools	10.185	AM22LFS000C015	N/A	984	10/1/23 - 9/30/24					984	(984)				
Total Enterprise Fund						(7,140)	29,088			156,619	(184,310)		(5,743)		
Total Federal Awards						\$ (103,659)	\$ 29,088	\$ -	\$ -	\$ 722,598	\$ (806,573)	\$ -	\$ (158,546)	\$ -	\$ -

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, 2024**

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2023			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2024		
				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	24-495-034-5120-089	\$ 628,719	7/1/23 - 6/30/24	\$ -	\$ -	\$ -	\$ -	\$ 566,918	\$ (628,719)	\$ -	\$ (61,801)	\$ -	\$ -
Special Education Categorical Aid	23-495-034-5120-089	521,625	7/1/22 - 6/30/23	(51,305)				51,305					
Equalization Aid	24-495-034-5120-078	5,235,702	7/1/23 - 6/30/24					4,721,045	(5,235,702)		(514,657)		
Equalization Aid	23-495-034-5120-078	4,264,067	7/1/22 - 6/30/23	(419,398)				419,398					
Transportation Aid	24-495-034-5120-014	254,835	7/1/23 - 6/30/24					229,785	(254,835)		(25,050)		
Transportation Aid	23-495-034-5120-014	254,835	7/1/22 - 6/30/23	(25,065)				25,065					
Security Aid	24-495-034-5120-084	98,331	7/1/23 - 6/30/24					88,665	(98,331)		(9,666)		
Security Aid	23-495-034-5120-084	98,331	7/1/22 - 6/30/23	(9,671)				9,671					
Additional Nonpublic Transportation Aid	24-495-034-5120-014	7,732	7/1/23 - 6/30/24						(7,732)		(7,732)		
Additional Nonpublic Transportation Aid	23-495-034-5120-014	5,024	7/1/22 - 6/30/23	(5,024)				5,024					
Extraordinary Aid	24-495-034-5120-044	97,934	7/1/23 - 6/30/24						(97,934)		(97,934)		
Extraordinary Aid	23-495-034-5120-044	58,907	7/1/22 - 6/30/23	(58,907)				58,907					
On Behalf TPAF - Pension	24-495-034-5094-002	2,164,131	7/1/23 - 6/30/24					2,164,131	(2,164,131)				
On Behalf TPAF - Post Retirement Medical	24-495-034-5094-001	588,997	7/1/23 - 6/30/24					588,997	(588,997)				
On Behalf TPAF - LTDI	24-495-034-5094-004	1,074	7/1/23 - 6/30/24					1,074	(1,074)				
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	483,529	7/1/23 - 6/30/24					483,529	(483,529)		-		
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	404,158	7/1/22 - 6/30/23	(41,330)				41,330					
Total General Fund				(610,700)	-	-	-	9,454,844	(9,560,984)	-	(716,840)	-	-
Special Revenue Fund													
N.J. Nonpublic Aid:													
Textbook Aid	24-100-034-5120-064	8,498	7/1/23 - 6/30/24					8,498	(8,498)				
Nursing Aid	24-100-034-5120-070	17,640	7/1/23 - 6/30/24					17,640	(17,640)				-
Technology Aid	24-100-034-5120-373	7,203	7/1/23 - 6/30/24					7,203	(7,184)				19
Security Aid	24-100-034-5120-509	30,135	7/1/23 - 6/30/24					30,135	(29,106)				1,029
Auxiliary Services:													
Compensatory Education	24-100-034-5120-067	72,826	7/1/23 - 6/30/24					72,826	(61,402)				11,424
Compensatory Education	23-100-034-5120-067	83,907	7/1/22 - 6/30/23			6,523				(6,523)			
ESL	24-100-034-5120-067	2,655	7/1/23 - 6/30/24					2,655	(824)				1,831
ESL	23-100-034-5120-067	7,016	7/1/22- 6/30/23			4,110				(4,110)			-
Transportation	24-100-034-5120-067	16,916	7/1/23 - 6/30/24					16,916	(5,469)				11,447
Transportation	23-100-034-5120-067	18,219	7/1/22 - 6/30/23			9,521				(9,521)			
Handicapped Services:													
Examination & Classification	24-100-034-5120-066	34,128	7/1/23 - 6/30/24					34,128	(29,005)				5,123
Examination & Classification	23-100-034-5120-066	39,056	7/1/22 - 6/30/23			12,703				(12,703)			
Corrective Speech	24-100-034-5120-066	21,855	7/1/23 - 6/30/24					21,855	(17,391)				4,464
Corrective Speech	23-100-034-5120-066	15,810	7/1/22 - 6/30/23			1,953				(1,953)			
Supplemental Instruction	24-100-034-5120-066	22,137	7/1/23 - 6/30/24					22,137	(19,081)				3,056
Supplemental Instruction	23-100-034-5120-066	22,715	7/1/22 - 6/30/23			4,543				(4,543)			
SDA Emergent Needs & Capital Maint.	EG-0144-D02	19,362	7/1/23 - 6/30/24					19,362	(19,362)				
Total Special Revenue Fund				-	-	39,353	-	253,355	(214,962)	(39,353)	-	-	38,393

Continued

**BERLIN BOROUGH SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year ended June 30, 2024**

State Grantor / Program Title	Grant or State Project Number	Program Award Amount	Grant Period	June 30, 2023			Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2024		
				Accounts Receivable	Deferred Revenue	Due to Grantor at					Accounts Receivable	Deferred Revenue	Due to Grantor at
State Department of Agriculture													
Enterprise Fund:													
State Breakfast Program	24-100-010-3350-023	\$ 155		\$ -	\$ -	\$ -	\$ -	\$ 120	\$ (125)	\$ -	\$ (5)	\$ -	\$ -
State School Lunch Program	24-100-010-3350-023	5,865	7/1/23 - 6/30/24					5,535	(5,865)		(330)		
State School Lunch Program	23-100-010-3350-023	4,082	7/1/22 - 6/30/23	(297)				297	-		-		
Total Enterprise Fund				(297)	-	-	-	5,952	(5,990)	-	(335)	-	-
Total State Financial Assistance				<u>\$ (610,997)</u>	<u>\$ -</u>	<u>\$ 39,353</u>	<u>\$ -</u>	<u>\$ 9,714,151</u>	(9,781,936)	<u>\$ (39,353)</u>	<u>\$ (717,175)</u>	<u>\$ -</u>	<u>\$ 38,393</u>
Less: State Financial Assistance Not Subject to New Jersey OMB Circular 15-08:													
On-Behalf (Non-Budgeted):													
TPAF Contribution - Pension	24-495-034-5094-002	2,164,131	7/1/23 - 6/30/24						(2,164,131)				
TPAF Contribution - Post-Retirement Medical	24-495-034-5094-001	588,997	7/1/23 - 6/30/24						(588,997)				
TPAF Contribution - LTDI	24-495-034-5094-004	1,074	7/1/23 - 6/30/24						(1,074)				
Total State Financial Assistance Subject to New Jersey OMB Circular 15-08									<u>\$ (7,027,734)</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, 2024**

## **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 (\$105,735) for the general fund and \$-0- for the special revenue fund. See Exhibit C-3, Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General	\$ -	\$ 9,455,249	\$ 9,455,249
Special Revenue	622,263	214,962	837,225
Food Service	184,310	5,990	190,300
Total	<u>\$ 806,573</u>	<u>\$ 9,676,201</u>	<u>\$ 10,482,774</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, 2024  
(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, 2024. 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, 2024.

**6. MAJOR PROGRAMS**

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



**BERLIN BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weaknesses identified?            yes       X       no

2) Significant deficiencies identified?            yes       X       none reported

Noncompliance material to basic financial statements noted?            yes       X       no

**Federal Awards**

Internal Control over major programs:

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

2) Significant deficiencies identified?            yes       X       none reported

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A</u>	<u>H027A230100</u>	<u>I.D.E.A. Part B Basic</u>
<u>84.173A</u>	<u>H173A230114</u>	<u>I.D.E.A. Preschool</u>
<u>84.027X</u>	<u>H027X210100</u>	<u>ARP I.D.E.A. Part B Basic</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>

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

Auditee qualified as low-risk auditee?       X       yes            no

**BERLIN BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**State Awards Section**

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

Auditee qualified as low-risk auditee?   X   yes            no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

<b><u>State Grant/Project Number(s)</u></b>	<b><u>Name of State Program</u></b>
<u>24-495-034-5120-078</u>	<b>State Aid Public Cluster:</b> <u>Equalization Aid</u>
<u>24-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>24-495-034-5120-084</u>	<u>Security Aid</u>
<u>                                          </u>	<u>                                          </u>
<u>                                          </u>	<u>                                          </u>
<u>                                          </u>	<u>                                          </u>
<u>                                          </u>	<u>                                          </u>

**BERLIN BOROUGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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, 2024**

**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.