

BERLIN  
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2025

BERLIN CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS

	Page
Introduction:	
Independent Auditor's Report	
Management's Discussion and Analysis	M1-M10
Basic Financial Statements:	
Statement of Net Position	1
Statement of Activities and Changes in Net Position	2
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	3
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	4
Balance Sheet – Governmental Funds	5
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	6
Statement of Fiduciary Net Position	7
Statement of Changes in Fiduciary Net Position	8
Notes to Financial Statements	9-49
Required Supplemental Information:	
Schedule of Revenues, Other Sources, Expenditures and Other Uses Compared to Budget - General Fund	50-51
Schedule of Changes in the Total OPEB Liability	52
Schedule of District's Proportionate Share of the Net Pension Asset/Liability	53
Schedule of District Contributions	54
Supplemental Information:	
Schedule of Change From Original Budget to Final Budget - General Fund	55
Schedule of Real Property Tax Law Limit - General Fund	55
Schedule of Project Expenditures - Capital Projects Fund	56
Schedule of Investment in Capital and Intangible Assets, net of Related Debt	57
Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements performed in accordance with <i>Government Auditing Standards</i>	58-59
Management Letter	60-61

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the  
Berlin Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Berlin Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Berlin Central School District's basic financial statements as listed in the table of contents.

### Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Berlin Central School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Berlin Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Management's Responsibility for the Financial Statements

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

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 Berlin Central School

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 Responsibility**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic 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 Berlin Central School District's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Berlin Central School District's ability to continue as a going concern for a reasonable period.

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M10 and 50-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Berlin Central School District's basic financial statements as a whole. The other supplementary information comprises additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

In connection with our audit of the basic financial statements, our 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, we are required to describe it in our report.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025, on our consideration of the Berlin Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Berlin Central School District's internal control over financial reporting and compliance.

*Raymond G. Preusser, CPA, P.C.*

Claverack, New York  
October 15, 2025

**BERLIN CENTRAL SCHOOL DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2025**

**INTRODUCTION**

The Berlin Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

- Net position increased from (\$20,517,861) which was restated from the prior year to (\$18,486,471) in the districtwide financial statements.
- As of the close of this fiscal year, the District's General Fund balance was \$7,092,967, an increase of \$323,184 in comparison with the prior year.
- The District appropriated \$1,000,000 to fund balance to offset 2025-26 taxes and was able to maintain \$4,454,865 in reserves for employee benefits accrued liability, unemployment, workers compensation, employee and teacher retirement contributions, and capital.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

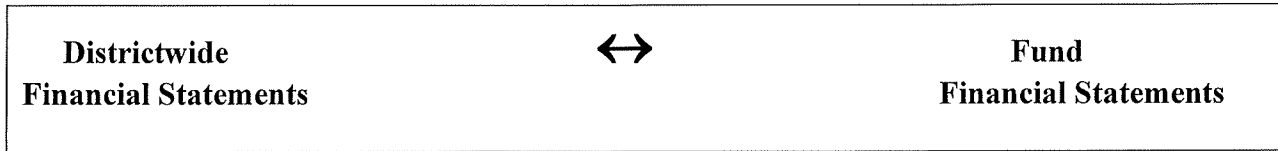
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor’s report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each part in the financial statements.

**Financial Statements**

**Required Supplemental Information (Part A)**  
**Management’s Discussion & Analysis (MD&A)**

**Basic Financial Statements**



**Notes to the Basic Financial Statements**

**Required Supplemental Information**

**General Fund Budget to Actual Schedule**

**Changes in the Total OPEB Liability**

**District’s Proportionate Share of the Net Pension Asset/Liability**

**District Contributions**

**Other Supplemental Information**

**General Fund Budget & Fund Balance Information**

**Capital Project Funds Schedule of Project Expenditures**

**Schedule of Net Investment in Capital and Intangible Assets**

**DISTRICTWIDE FINANCIAL STATEMENTS**

The districtwide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

## **DISTRICTWIDE FINANCIAL ANALYSIS**

### **Berlin Central School District's Net Position June 30, 2025 and 2024**

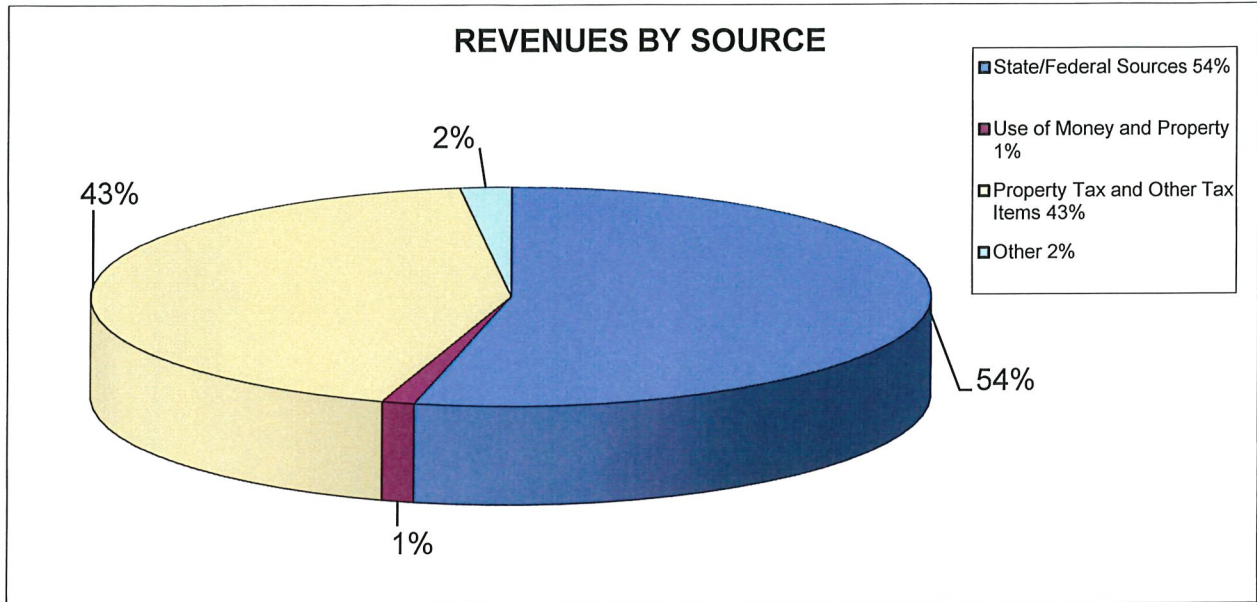
	Governmental Activities		Variance Increase (Decrease)
	2025	Restated 2024	
Current Assets	\$ 10,230,509	\$ 9,200,861	\$ 1,029,648
Capital and Intangible Assets	27,973,553	28,475,966	(502,413)
Total Assets	<u>38,204,062</u>	<u>37,676,827</u>	<u>527,235</u>
Deferred Outflows of Resources	7,620,133	9,654,706	(2,034,573)
Total Assets and Outflows of Resources	<u>45,824,195</u>	<u>47,331,533</u>	<u>(1,507,338)</u>
Current Liabilities	3,442,745	4,357,821	(915,076)
Noncurrent Liabilities	13,282,546	14,374,184	(1,091,638)
Total OPEB Obligation	29,952,908	34,479,044	(4,526,136)
Net Pension Liability	1,346,397	1,607,920	(261,523)
Total Liabilities	<u>48,024,596</u>	<u>54,818,969</u>	<u>(6,794,373)</u>
Deferred Inflows of Resources	16,286,070	13,030,425	3,255,645
Total Liabilities and Inflows of Resources	<u>64,310,666</u>	<u>67,849,394</u>	<u>(3,538,728)</u>
Net Position:			
Investment in capital assets, net of related debt	14,513,609	13,874,547	639,062
Restricted	4,454,865	4,697,220	(242,355)
Unrestricted (deficit)	(37,454,945)	(39,089,628)	1,634,683
Total Net Position	<u>\$ (18,486,471)</u>	<u>\$ (20,517,861)</u>	<u>\$ 2,031,390</u>

**Berlin Central School District's  
Changes in Net Position  
For the Years Ended June 30, 2025 and 2024**

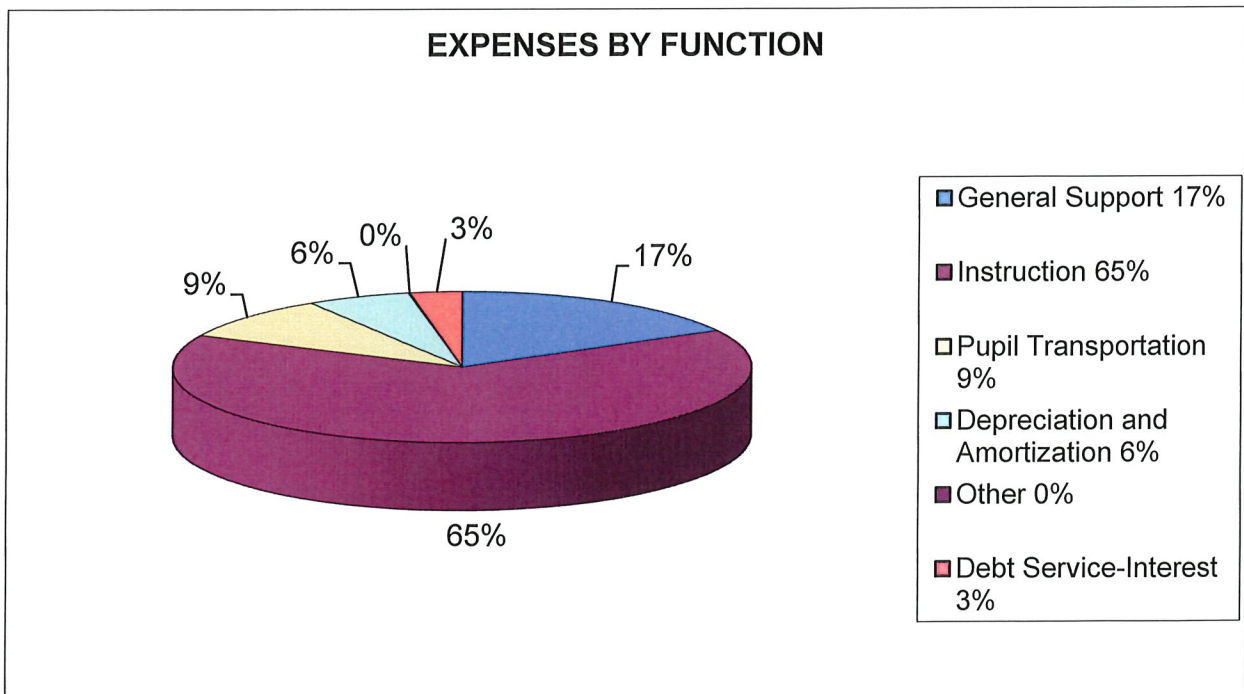
	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services	\$ 61,350	\$ 74,092	\$ (12,742)
Operating Grants and Contributions	1,566,112	2,815,892	(1,249,780)
Total Program Revenues	<u>\$ 1,627,462</u>	<u>\$ 2,889,984</u>	<u>\$ (1,262,522)</u>
General Revenues:			
Real Property Taxes	\$ 9,709,304	\$ 9,317,703	\$ 391,601
Other Tax Items	807,889	838,509	(30,620)
Use of Money and Property	311,806	186,581	125,225
Sale of Property and Compensation for Loss	-	316	(316)
Miscellaneous	483,137	1,356,708	(873,571)
State Sources	13,073,614	12,734,360	339,254
Federal Sources	30,631	107,865	(77,234)
Premium on Obligations	-	9,083	(9,083)
Total General Revenues	<u>24,416,381</u>	<u>24,551,125</u>	<u>(134,744)</u>
<b><u>Expenses (Net of Program Revenues):</u></b>			
Instruction	14,550,477	16,230,890	(1,680,413)
Support Services:			
General Support	3,841,373	4,026,634	(185,261)
Pupil Transportation	2,065,837	2,519,349	(453,512)
Debt Service-Interest	645,039	838,782	(193,743)
Depreciation & Amortization	1,304,204	1,343,971	(39,767)
School Lunch	(21,939)	(27,473)	5,534
Total Expenses	<u>22,384,991</u>	<u>24,932,153</u>	<u>(2,547,162)</u>
Change in Net Position	<u>\$ 2,031,390</u>	<u>\$ (381,028)</u>	<u>\$ 2,412,418</u>

The following charts provide the percentage breakdown of all revenues by source and all expenses by function for the entire District:

**Districtwide Revenues by Source**  
**For the Year Ended June 30, 2025**



**Districtwide Expenses by Function**  
**For the Year Ended June 30, 2025**



**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District’s services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District’s operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

**FUND FINANCIAL ANALYSIS (DISTRICT’S FUNDS)**

The District’s governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$6.6 million, which is above last year’s total of \$5.9 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2025 and 2024.

	<u>Fund Balance</u> <u>2025</u>	<u>Fund Balance</u> <u>2024</u>	<u>Variance</u> <u>Increase</u> <u>(Decrease)</u>
General	\$ 7,092,967	\$ 6,769,783	\$ 323,184
School Lunch	188,941	194,131	(5,190)
Special Aid	707	8,727	(8,020)
Capital	(700,579)	(987,400)	286,821
Totals	<u>\$ 6,582,036</u>	<u>\$ 5,985,241</u>	<u>\$ 596,795</u>

**General Fund**

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<b><u>Revenues:</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>Variance Increase (Decrease)</u></b>
Taxes and Other Tax Items	\$ 10,517,193	\$ 10,156,212	\$ 360,981
Use of Money and Property	311,806	186,581	125,225
State/Federal Sources	12,944,514	12,842,225	102,289
Other	504,282	1,440,869	(936,587)
Totals	<u>\$ 24,277,795</u>	<u>\$ 24,625,887</u>	<u>\$ (348,092)</u>

<b><u>Expenses:</u></b>	<b><u>2025</u></b>	<b><u>2024</u></b>	<b><u>Variance Increase (Decrease)</u></b>
General Support	\$ 3,293,400	\$ 3,303,572	\$ (10,172)
Instruction	11,132,731	11,666,424	(533,693)
Pupil Transportation	1,555,521	1,754,696	(199,175)
Employee Benefits	5,454,834	5,431,416	23,418
Debt Service	1,971,268	1,921,819	49,449
Operating Transfers Out	546,857	475,135	71,722
Totals	<u>\$ 23,954,611</u>	<u>\$ 24,553,062</u>	<u>\$ (598,451)</u>

**GENERAL FUND BUDGET INFORMATION**

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the general fund's original budget and the final amended budget was \$577,753. This amount represents carryover encumbrances from the prior year in the amount of \$58,344, OPEB payment of \$20,516, and a transfer to Capital Fund for board approved emergency project in the amount of \$498,893.

**CAPITAL ASSETS**

The District's capital assets (net of accumulated depreciation) as of June 30, 2025, are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 32,600
Construction in progress	633,736
Buildings and Improvements	25,392,518
Equipment	667,039
Vehicles	<u>1,074,716</u>
Total	<u>\$ 27,800,609</u>

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$381,338. The most significant increase to capital assets was attributable to the purchase of vehicles and equipment and the costs of the ongoing Capital Projects less the depreciation of the capital assets.

**DEBT**

The District had debt including bond anticipation notes payable and serial bonds outstanding in the amount of \$13,287,000 as of June 30, 2025, a decrease over the previous year of \$1,020,400. The debt outstanding for the year ended June 30, 2025, is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	\$12,350,000
Bond Anticipation Notes	<u>937,000</u>
Total	<u>\$13,287,000</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. On June 30, 2025, the District's general obligation debt was significantly less than its total debt limit.

## **FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the School District is aware of the following circumstances, which could significantly affect its financial position in the future:

- The allocation of State, Federal and Local support to schools remains critical to maintaining the District's financial position. The School District is heavily reliant on State Aid to fund expenditures. Future adjustments to State Aid are dependent on the actions of the NYS Governor and Legislature. The impact of an unstable NYS Budget and economic climate could negatively affect the School District. The District falls under the "Hold Harmless" provision, which maintains State Aid Formula funding levels. Should this provision be discontinued the district would experience a significant year over year budget gap with no reliable or sustainable avenue to grow revenue other than exceeding the Tax Level Cap.
- Uncertainty around the continuation of Federal Grants
- The Property Tax Levy Cap, enacted in 2011, continues to limit the School District's ability to raise tax revenue to meet future operating expenditures and obligations.
- Rising cost of health care and pension benefits
- Rising costs of commercial liability insurance
- Escalating cost of maintaining aging facilities and addressing energy savings
- Impact of labor shortages for instructional and non-instructional staff, transportation, food service, facilities and substitutes in all areas
- Turnover and transition of key leadership roles within the School District
- The impact of regional price increases and labor shortages on the financial terms of collective bargaining negotiations
- Uncertainty surrounding the cost of additional transportation regulations such as the NYS zero emission vehicle mandate
- Challenge of forecasting Special Education services & associated costs
- Program and student support service needs, mandates and new academic standards at the State and Federal level may require additional resources. The ongoing implications of learning loss associated with remote and/or hybrid learning continue to have an impact.

To promote long-term fiscal sustainability, the District continues to explore cost savings measures and engage in long-term planning for contractual wages and benefits. The School District strives to provide the best possible educational program for our students, moderate tax increases for the school community and protect the financial integrity of the District.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

It is the intent of this report to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Berlin Central School District  
17400 NY 22, PO Box 259  
Berlin, New York 12202  
Business Office: (518) 658-1500

BERLIN CENTRAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
June 30, 2025  
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**ASSETS**

Unrestricted cash	\$	2,929,098	
Restricted cash		4,454,865	
Other receivables, net		89,572	
State and federal aid receivable		1,025,258	
Due from other governments		281,865	
Due from fiduciary funds		87,093	
Inventories		14,356	
Net pension asset		1,345,516	
Prepaid expenditures		2,886	
Intangible lease assets, net		172,944	
Capital assets, net		<u>27,800,609</u>	
Total Assets			<u>\$ 38,204,062</u>

**DEFERRED OUTFLOW OF RESOURCES**

Pensions	\$	3,913,768	
OPEB-GASB#75		<u>3,706,365</u>	
Total Deferred Outflows of Resources			<u>\$ 7,620,133</u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$	200,595	
Accrued liabilities		76,493	
Accrued interest payable		56,109	
Bond anticipation notes payable		937,000	
Due to other governments		10,459	
Due to teachers' retirement system		944,078	
Due to employees' retirement system		122,686	
Unearned revenue		<u>11,646</u>	

**Long-Term Liabilities:**

**Due and payable within one year**

Bonds payable		1,010,000	
Leases payable		<u>73,679</u>	

**Due and payable after one year**

Bonds payable		11,340,000	
Leases payable		99,265	
Compensated absences payable		1,843,281	
Other postemployment benefits payable		29,952,908	
Net pension liability- proportionate share		<u>1,346,397</u>	

Total Liabilities			<u>\$ 48,024,596</u>
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**DEFERRED INFLOWS OF RESOURCES**

Pensions		1,759,903	
OPEB-GASB#75		<u>14,526,167</u>	

Total Deferred Inflows of Resources			<u>\$ 16,286,070</u>
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**NET POSITION**

Net Investment in Capital and Intangible Assets		14,513,609	
Restricted		4,454,865	
Unrestricted (deficit)		<u>(37,454,945)</u>	

Total Net Position			<u>\$ (18,486,471)</u>
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See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2025

	Expenses	Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>					
General support	\$ 3,234,968	\$ 606,405	\$ -	\$ -	\$ (3,841,373)
Instruction	12,097,292	3,497,214	21,145	1,022,884	(14,550,477)
Pupil transportation	1,610,845	516,111	-	61,119	(2,065,837)
Employee benefits	4,669,829	(4,669,829)	-	-	-
Debt service-interest	645,039	-	-	-	(645,039)
Depreciation	1,304,204	-	-	-	(1,304,204)
School lunch program	450,276	50,099	40,205	482,109	21,939
<b>Total Functions and Programs</b>	<b>\$ 24,012,453</b>	<b>\$ -</b>	<b>\$ 61,350</b>	<b>\$ 1,566,112</b>	<b>(22,384,991)</b>
<b>GENERAL REVENUES</b>					
Real property taxes					9,709,304
Other tax items					807,889
Use of money and property					311,806
Miscellaneous					483,137
State sources					13,073,614
Federal sources					30,631
<b>Total General Revenues</b>					<b>24,416,381</b>
<b>Change in Net Position</b>					<b>2,031,390</b>
<b>Total Net Position - Beginning of year, as reported</b>					<b>(19,151,119)</b>
<b>Restatement for Change in Accounting Principle (GASB 101, See Note XI.A)</b>					<b>(1,366,742)</b>
<b>Total Net Position-Beginning of year, as restated</b>					<b>(20,517,861)</b>
<b>Total Net Position - End of year</b>					<b>\$ (18,486,471)</b>

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET  
POSITION  
June 30, 2025

	----- Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Unrestricted cash	\$ 2,929,098	\$ -	\$ -	\$ 2,929,098
Restricted cash	4,454,865	-	-	4,454,865
Taxes receivable	49,586	-	-	49,586
Other receivables, net	39,986	-	-	39,986
State and federal aid receivable	1,025,258	-	-	1,025,258
Due from other governments	281,865	-	-	281,865
Due from other funds	564,275	-	(564,275)	-
Due from fiduciary funds	-	-	87,093	87,093
Inventories	14,356	-	-	14,356
Prepaid expenditures	2,886	-	-	2,886
Net pension asset	-	1,345,516	-	1,345,516
Intangible lease assets, net	-	172,944	-	172,944
Capital assets (net)	-	27,800,609	-	27,800,609
Total Assets	<u>\$ 9,362,175</u>	<u>\$ 29,319,069</u>	<u>\$ (477,182)</u>	<u>\$ 38,204,062</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Pensions	\$ -	\$ 3,913,768	\$ -	\$ 3,913,768
OPEB-GASB#75	-	3,706,365	-	3,706,365
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 7,620,133</u>	<u>\$ -</u>	<u>\$ 7,620,133</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 200,595	\$ -	\$ -	\$ 200,595
Accrued liabilities	76,493	-	-	76,493
Accrued interest payable	-	56,109	-	56,109
Bonds payable	-	12,350,000	-	12,350,000
Bond anticipation notes payable	937,000	-	-	937,000
Leases payable	-	172,944	-	172,944
Other postemployment benefits payable	-	29,952,908	-	29,952,908
Compensated absences	-	1,843,281	-	1,843,281
Due to other funds	477,182	-	(477,182)	-
Due to other governments	10,459	-	-	10,459
Due to teachers' retirement system	944,078	-	-	944,078
Due to employees' retirement system	122,686	-	-	122,686
Unearned revenue	11,646	-	-	11,646
Net pension liability- proportionate share	-	1,346,397	-	1,346,397
Total Liabilities	<u>\$ 2,780,139</u>	<u>\$ 45,721,639</u>	<u>\$ (477,182)</u>	<u>\$ 48,024,596</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pensions	\$ -	\$ 1,759,903	\$ -	\$ 1,759,903
OPEB-GASB#75	-	14,526,167	-	14,526,167
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 16,286,070</u>	<u>\$ -</u>	<u>\$ 16,286,070</u>
<b>FUND BALANCE/NET POSITION</b>				
Total Fund Balance/Net Position	<u>\$ 6,582,036</u>	<u>\$ (25,068,507)</u>	<u>\$ -</u>	<u>\$ (18,486,471)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	<u>\$ 9,362,175</u>	<u>\$ 36,939,202</u>	<u>\$ (477,182)</u>	<u>\$ 45,824,195</u>

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
For Year Ended June 30, 2025

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
<b>REVENUES</b>					
Real property taxes	\$ 9,709,304	\$ -	\$ -	\$ -	\$ 9,709,304
Other tax items	807,889	-	-	-	807,889
Charges for services	21,145	-	-	-	21,145
Use of money and property	311,806	-	-	-	311,806
Miscellaneous	489,394	-	-	-	489,394
State sources	13,519,994	-	-	-	13,519,994
Federal sources	1,150,363	-	-	-	1,150,363
Sales - school lunch	33,948	-	-	-	33,948
<b>Total Revenues</b>	<b>26,043,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,043,843</b>
<b>EXPENDITURES\EXPENSES</b>					
General support	3,293,400	-	(58,432)	-	3,234,968
Instruction	12,211,599	-	(114,307)	-	12,097,292
Pupil transportation	1,616,640	-	(5,795)	-	1,610,845
Employee benefits	5,504,933	(835,104)	-	-	4,669,829
Debt service-principal	1,315,400	-	-	(1,315,400)	-
-interest	655,868	(10,829)	-	-	645,039
Cost of sales	477,405	-	(27,129)	-	450,276
Depreciation and loss on disposal	-	-	1,304,204	-	1,304,204
Capital outlay	717,203	-	(717,203)	-	-
<b>Total Expenditures</b>	<b>25,792,448</b>	<b>(845,933)</b>	<b>381,338</b>	<b>(1,315,400)</b>	<b>24,012,453</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>251,395</b>	<b>845,933</b>	<b>(381,338)</b>	<b>1,315,400</b>	<b>2,031,390</b>
<b>OTHER SOURCES AND USES</b>					
Bond anticipation notes redeemed	345,400	-	-	(345,400)	-
Operating transfers in	546,857	(546,857)	-	-	-
Operating transfers (out)	(546,857)	546,857	-	-	-
<b>Total Other Sources (Uses)</b>	<b>345,400</b>	<b>-</b>	<b>-</b>	<b>(345,400)</b>	<b>-</b>
<b>Net Change for the Year</b>	<b>\$ 596,795</b>	<b>\$ 845,933</b>	<b>\$ (381,338)</b>	<b>\$ 970,000</b>	<b>\$ 2,031,390</b>

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
BALANCE SHEET- GOVERNMENTAL FUNDS  
June 30, 2025

	General	Special Aid	School Lunch	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Unrestricted cash	\$ 2,697,951	\$ 1,362	\$ 11,060	\$ 218,725	\$ 2,929,098
Restricted cash	4,454,865	-	-	-	4,454,865
Taxes receivable	49,586	-	-	-	49,586
Other receivables, net	39,956	-	30	-	39,986
State and federal aid receivable	588,669	236,858	40,000	159,731	1,025,258
Due from other funds	431,785	-	132,490	-	564,275
Due from other governments	281,865	-	-	-	281,865
Prepaid expenditures	2,886	-	-	-	2,886
Inventories	-	-	14,356	-	14,356
<b>Total Assets</b>	<b>\$ 8,547,563</b>	<b>\$ 238,220</b>	<b>\$ 197,936</b>	<b>\$ 378,456</b>	<b>\$ 9,362,175</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 184,787	\$ 7,842	\$ 102	\$ 7,864	\$ 200,595
Accrued liabilities	70,484	-	6,009	-	76,493
Bond anticipation notes payable	-	-	-	937,000	937,000
Due to other funds	132,490	210,521	-	134,171	477,182
Due to other governments	-	10,459	-	-	10,459
Due to teachers' retirement system	944,078	-	-	-	944,078
Due to employees' retirement system	122,686	-	-	-	122,686
Unearned revenue	71	8,691	2,884	-	11,646
<b>Total Liabilities</b>	<b>1,454,596</b>	<b>237,513</b>	<b>8,995</b>	<b>1,079,035</b>	<b>2,780,139</b>
<b>FUND BALANCES</b>					
Non-spendable	2,886	-	14,356	-	17,242
Restricted	4,454,865	-	-	-	4,454,865
Assigned	1,000,909	-	11,082	187,006	1,198,997
Unassigned (deficit)	1,634,307	707	163,503	(887,585)	910,932
<b>Total Fund Balances</b>	<b>7,092,967</b>	<b>707</b>	<b>188,941</b>	<b>(700,579)</b>	<b>6,582,036</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,547,563</b>	<b>\$ 238,220</b>	<b>\$ 197,936</b>	<b>\$ 378,456</b>	<b>\$ 9,362,175</b>

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
GOVERNMENTAL FUNDS  
For Year Ended June 30, 2025

	General	----- Special Aid	School Lunch	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
Real property taxes	\$ 9,709,304	\$ -	\$ -	\$ -	\$ 9,709,304
Other tax items	807,889	-	-	-	807,889
Charges for services	21,145	-	-	-	21,145
Use of money and property	311,806	-	-	-	311,806
Miscellaneous	483,137	-	6,257	-	489,394
State sources	12,913,883	351,726	94,654	159,731	13,519,994
Federal sources	30,631	732,277	387,455	-	1,150,363
Sales	-	-	33,948	-	33,948
<b>Total Revenues</b>	<b>24,277,795</b>	<b>1,084,003</b>	<b>522,314</b>	<b>159,731</b>	<b>26,043,843</b>
<b>EXPENDITURES</b>					
General support	3,293,400	-	-	-	3,293,400
Instruction	11,132,731	1,078,868	-	-	12,211,599
Pupil transportation	1,555,521	61,119	-	-	1,616,640
Employee benefits	5,454,834	-	50,099	-	5,504,933
Debt service					
Principal	1,315,400	-	-	-	1,315,400
Interest	655,868	-	-	-	655,868
Cost of sales	-	-	477,405	-	477,405
Capital outlay	-	-	-	717,203	717,203
<b>Total Expenditures</b>	<b>23,407,754</b>	<b>1,139,987</b>	<b>527,504</b>	<b>717,203</b>	<b>25,792,448</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>870,041</b>	<b>(55,984)</b>	<b>(5,190)</b>	<b>(557,472)</b>	<b>251,395</b>
<b>OTHER SOURCES AND USES</b>					
Premium on obligations	-	-	-	-	-
Bond anticipation notes redeemed	-	-	-	345,400	345,400
Operating transfers in	-	47,964	-	498,893	546,857
Operating transfers (out)	(546,857)	-	-	-	(546,857)
<b>Total Other Sources (Uses)</b>	<b>(546,857)</b>	<b>47,964</b>	<b>-</b>	<b>844,293</b>	<b>345,400</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>323,184</b>	<b>(8,020)</b>	<b>(5,190)</b>	<b>286,821</b>	<b>596,795</b>
<b>Fund Balance - (Deficit) Beginning of year</b>	<b>6,769,783</b>	<b>8,727</b>	<b>194,131</b>	<b>(987,400)</b>	<b>5,985,241</b>
<b>Fund Balance - (Deficit) End of year</b>	<b>\$ 7,092,967</b>	<b>\$ 707</b>	<b>\$ 188,941</b>	<b>\$ (700,579)</b>	<b>\$ 6,582,036</b>

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2025

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	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
<b>ASSETS</b>			
Unrestricted cash	\$ 716,847	\$ 88,796	\$ 59,107
Other receivables, net	-	-	-
Due from custodial fund	-	3,686	-
	<b>Total Assets</b>	<b>\$ 92,482</b>	<b>\$ 59,107</b>
	<b>\$ 716,847</b>	<b>\$ 92,482</b>	<b>\$ 59,107</b>
<b>LIABILITIES</b>			
Other liabilities	\$ 3,472	\$ 5,389	\$ -
Due to other funds	3,686	87,093	-
	<b>Total Liabilities</b>	<b>92,482</b>	<b>-</b>
	<b>7,158</b>	<b>92,482</b>	<b>-</b>
<b>NET POSITION</b>			
Reserved for scholarships Individuals, Organizations and Other governments	709,689	-	-
	<b>Total Net Position</b>	<b>-</b>	<b>59,107</b>
	<b>\$ 709,689</b>	<b>\$ -</b>	<b>\$ 59,107</b>

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For Year Ended June 30, 2025

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	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
<b>ADDITIONS</b>			
Contributions	\$ 18,755	\$ -	\$ -
Interest	23,375	-	-
Unclassified	-		69,652
	42,130	-	69,652
<b>Total Additions</b>	<b>42,130</b>	<b>-</b>	<b>69,652</b>
 <b>DEDUCTIONS</b>			
Scholarships and awards	27,800	-	-
Other custodial activities	-	-	64,151
	27,800	-	64,151
<b>Total Deductions</b>	<b>27,800</b>	<b>-</b>	<b>64,151</b>
 <b>Net Increase (Decrease) in Fiduciary Net Position</b>	 14,330	 -	 5,501
<b>Net Position - Beginning of year</b>	695,359	-	53,606
<b>Net Position - End of year</b>	\$ 709,689	\$ -	\$ 59,107

See auditor's report. See notes to financial statements.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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**I. Summary of Significant Accounting Policies**

The financial statements of the Berlin Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

**A. Reporting Entity**

The Berlin Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Berlin Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds are included in these financial statements. The District accounts for assets held as an agent for various student organizations in a custodial fund.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**B. Joint Venture**

The Berlin Central School District is one of 22 component school districts in the Rensselaer, Columbia, and Greene Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which their students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2025, the Berlin Central School District was billed \$2,761,908 BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$590,507. Financial statements for BOCES are available from the BOCES administrative office.

**C. Basis of Presentation**

**1. Districtwide Statements**

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in their entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**1. Districtwide Statements (Continued)**

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

**2. Fund Financial Statements**

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following funds:

**a. Major Governmental Funds**

- (1) General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) Special Aid Fund** - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**C. Basis of Presentation (Continued)**

**2. Fund Financial Statements (Continued)**

**a. Major Governmental Funds (Continued)**

- (3) **School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) **Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) **Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities and other capital and intangible assets.

**b. Fiduciary Funds**

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- (1) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- (2) **Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**D. Measurement Focus and Basis of Accounting**

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The districtwide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, claims and judgments, and compensated absences, and other post-employment benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions and intangible lease assets are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

**E. Cash and Investments**

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**F. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 20. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the County of Rensselaer. An amount representing uncollected real property taxes is transmitted to the County for enforcement and is paid by the County to the District no later than the forthcoming April 1.

**G. Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy concerning which to apply first varies with the intended use, and with the associated legal requirements, many of which are described elsewhere in these Notes to Financial Statements.

**H. Interfund Transactions**

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the districtwide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between funds, except for those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note IV for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**I. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pension costs, OPEB, potential contingent liabilities, and useful lives of long-lived assets, and intangible assets.

**J. Receivables**

Accounts receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such an allowance would not be material.

**K. Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or balance sheet using the consumption method. Under the consumption method, a current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

**L. Other Assets/Restricted Assets**

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the districtwide financial statements and their use is limited by applicable bond covenants.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**L. Other Assets/Restricted Assets (Continued)**

In the districtwide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**M. Capital Assets**

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 5,000	15-50
Furniture and Equipment	\$ 5,000	5-15
Vehicles	\$ 5,000	8

**N. Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

In the districtwide financial statements, the District recognizes a liability for compensated absences, including vacation and sick time, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay, including payments such as social security and Medicare taxes.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**N. Compensated Absences (Continued)**

During the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, Compensated Absences. This Statement establishes recognition and measurement guidance for compensated absences, requiring governments to recognize a liability for leave when (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid in cash/other forms of compensation.

The implementation of GASB 101 resulted in a change in the method of accounting for compensated absences. Previously, the District recognized a liability only for leave that was both earned and vested (i.e., payable upon termination or retirement). Under the new guidance, the District recognizes a liability for leave that is more likely than not to be used or paid.

**O. Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the districtwide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

**P. Deferred Outflows of Resources**

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**Q. Deferred Inflows of Resources**

Deferred inflows of resources represent 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. The District has two items that qualify for reporting in this category. The item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**R. Unearned Revenue**

Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claim to the resources.

**S. Other Benefits**

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**T. Short-Term Debt**

The School District may issue Revenue and Tax Anticipation Notes in anticipation of receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The revenue anticipation and tax anticipation notes represent a liability that will be extinguished using expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as the current liability of the fund that will actually receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

**U. Equity Classifications**

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

**Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

**Restricted net position** – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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I. **Summary of Significant Accounting Policies (Continued)**

U. **Equity Classifications (Continued)**

2. **Fund Statements**

In the fund basis statements, there are five classifications of fund balance:

**Non-spendable** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$14,356.

**Restricted** – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

1. **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

2. **Unemployment Insurance**

This reserve is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Tax Certiorari

This reserve is used to accumulate funds to pay judgments and claims anticipated from tax certiorari proceedings. Any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.

5. Employee's and Teachers' Retirement Contributions

This reserve is used for future employee's retirement and teachers' retirement obligations. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

6. Workers' Compensation

This reserve is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

7. Debt Service

This reserve is used for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

2. Fund Statements (Continued)

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$	246,209
Capital		1,045,523
Employees Retirement Contributions		1,418,758
Teachers' Retirement Contributions		542,683
Workers' Compensation		621,565
Unemployment Insurance		580,127
Total restricted funds	\$	4,454,865

**Committed** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making, the Board of Education. The School District has no committed fund balances as of June 30, 2025.

**Assigned** – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$909 and the appropriated fund balance amounted to \$1,000,000.

**Unassigned** – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a School District can retain to no more than 4% of the School District’s budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**I. Summary of Significant Accounting Policies (Continued)**

**U. Equity Classifications (Continued)**

2. Fund Statements (Continued)

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**V. New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. On June 30, 2025, the District implemented the following new standards issued by GASB:

GASB has issued Statement 101, Compensated Absences, effective for the year ending June 30, 2025.

GASB has issued Statement 102, Certain Risk Disclosures, effective for the year ending June 30, 2025.

**W. Future Changes in Accounting Standards**

GASB has issued Statement 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026.

GASB has issued Statement 104, Disclosure of Certain Capital Assets, effective for the year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible lease assets, and assets held for sale.

The school district will evaluate the impact that these pronouncements may have on its financial statements and will implement them as applicable and when material.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements**

Due to differences in the measurement focus and basis of accounting used in the governmental fund statements and the districtwide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

1. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

a. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

b. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

c. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

d. Pension differences:

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

e. OPEB differences:

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby and expenditure is recognized for health insurance premiums and OPEB costs as they mature, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$41,698,692
Accumulated depreciation	<u>13,898,083</u>
Capital assets, net	<u>\$27,800,609</u>

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)**

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds and notes payable	<u>\$13,287,000</u>
Leases payable	<u>\$ 172,944</u>
OPEB obligations	<u>\$29,952,908</u>
Compensated absences	<u>\$ 1,843,281</u>
Net pension liability-proportionate share	<u>\$ 1,346,397</u>

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$1,298,554 was more than capital expenditure of \$922,866 in the current year.

Repayment of bond, note and leases principal of \$1,020,400 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities decreased by \$10,829.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**III. Cash and Investments**

**A. Deposits**

The Berlin Central School District's investment policies are governed by State statutes. The Berlin Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that the deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IV. Interfund Transaction**

Interfund balances on June 30, 2025, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 431,785	\$ 132,490	\$ -	\$ 546,857
Special Aid Fund	-	210,521	47,964	-
School Lunch Fund	132,490	-	-	-
Capital Fund	-	134,171	498,893	-
Total governmental activities	<u>564,275</u>	<u>477,182</u>	<u>\$ 546,857</u>	<u>\$ 546,857</u>
Custodial Funds	<u>-</u>	<u>87,093</u>		
Totals	<u>\$ 564,275</u>	<u>\$ 564,275</u>		

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**V. Capital Assets**

A summary of changes in general fixed assets follows:

	Restated Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
<u>Capital assets-not depreciated:</u>				
Land	\$ 32,600	\$ -	\$ -	\$ 32,600
Construction in progress	-	633,736		633,736
Total capital assets-not depreciated:	<u>32,600</u>	<u>633,736</u>	<u>-</u>	<u>666,336</u>
<u>Other capital assets:</u>				
Buildings and improvements	36,955,882	-	-	36,955,882
Machinery and equipment	1,019,093	207,918	56,136	1,170,875
Vehicles	2,824,387	81,212	-	2,905,599
Total other capital assets:	<u>40,799,362</u>	<u>289,130</u>	<u>56,136</u>	<u>41,032,356</u>
<u>Less accumulated depreciation:</u>				
Buildings and improvements	10,648,213	915,151	-	11,563,364
Machinery and equipment	442,281	112,041	50,486	503,836
Vehicles	1,559,521	271,362		1,830,883
Total accumulated depreciation	<u>12,650,015</u>	<u>1,298,554</u>	<u>50,486</u>	<u>13,898,083</u>
Other capital assets, net	<u>28,149,347</u>	<u>(1,009,424)</u>	<u>5,650</u>	<u>27,134,273</u>
Total	<u>\$ 28,181,947</u>	<u>\$ (375,688)</u>	<u>\$ 5,650</u>	<u>\$ 27,800,609</u>

Depreciation expense for the period was unallocated in the Statement of Activities.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans**

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

**Teachers' Retirement System (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' Retirement System (ERS)**

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

Contributions

	<u>ERS</u>	<u>TRS</u>
2025	\$425,238	\$954,932
2024	\$346,247	\$972,265
2023	\$297,869	\$872,366

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

On June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025, for ERS and June 30, 2024, for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	31-Mar-25	30-Jun-24
Net pension (asset)/liability	\$1,346,397	(\$1,345,516)
District's portion of the Plan's total net pension asset/(liability)	.0078527%	.045097%
Change in proportion since the prior measurement date	.00045975%	(.000806%)

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

For the year ended June 30, 2025, the District's recognized pension expense of \$366,817 for ERS and \$726,870 for TRS. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$334,185	\$1,448,873	\$15,764	\$0
Changes of assumptions	56,465	804,891	0	135,390
Net difference between projected and actual earnings on pension plan investments	105,635	0	0	1,494,982
Changes in proportion and differences between the District's contributions and proportionate share of contributions	169,741	30,942	16,792	96,975
District's contributions subsequent to the measurement date	122,686	840,350	0	0
<b>Total</b>	<b>\$788,712</b>	<b>\$3,125,056</b>	<b>\$32,556</b>	<b>\$1,727,347</b>

District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension 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:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2025	\$ -	\$ (729,650)
2026	\$288,047	1,627,449
2027	\$390,269	(281,750)
2028	(\$81,693)	(308,353)
2029	\$36,848	178,541
2030	\$0	0
Thereafter	\$0	71,122

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

4. Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.9%	6.95%
Salary scale	4.40%	1.95%-5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.9%	2.40%
COLA's	1.5%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System’s experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020, System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2022, valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of 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 weighing the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement date	<u>ERS</u>	<u>TRS</u>
	March 31, 2025	June 30, 2024
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	3.54%	6.60%
International Equities	6.57%	7.40%
Global equities	0.00%	6.90%
Private Equity	7.25%	10.00%
Real Estate Equity	4.95%	6.30%
Opportunistic/ARS portfolio	5.25%	0.00%
Credit	5.40%	0.00%
Domestic fixed income securities	0.00%	2.60%
Global bonds	0.00%	2.50%
Private debt	0.00%	5.90%
Absolute return strategies	5.38%	0.00%
Real estate debt	0.00%	3.90%
Cash Equivalents	0.25%	0.50%
High yield fixed income securities	2.00%	4.80%
Real assets	5.55%	0.00%

5. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

6. Sensitivity of the Proportionate Share of Net Pension Asset/Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% or ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate :

ERS	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$3,896,644	\$1,346,397	(\$783,060)
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$6,215,014	(\$1,345,516)	(\$7,704,124)

7. Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective valuation dates, were as follows:

	<u>ERS</u> March 31, 2025	<u>TRS</u> June 30, 2024
Measurement date		
Employers' total pension liability	\$ 247,600,239	\$ 142,837,826,465
Plan Fiduciary Net Position	230,454,512	145,821,434,780
Employers' net pension liability/(asset)	17,145,727	(2,983,608,315)
Plan fiduciary net position as a percentage of total pension (asset)/liability	93.0800%	102.1000%

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VI. Pension Plans (Continued)**

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2025, represent the projected employer contribution for the period of April 1, 2025, through June 30, 2025, based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2025, amounted to \$122,686.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025, are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025, represent employee and employer contributions for the fiscal year ended June 30, 2025, based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025, amounted to \$944,078.

**VII. Short-Term Debt Obligations**

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2024</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance 6/30/25</u>
BAN	2025	3.05%	\$ 687,400	\$ -	\$ 50,400	\$637,000
BAN	2025	3.3%	300,000		-	300,000
			<u>\$ 987,400</u>	<u>\$ -</u>	<u>\$50,400</u>	<u>\$937,000</u>

Interest on short-term debt for the year was composed of:

Interest paid	\$39,780
Less interest accrued in the prior year	(33,415)
Plus, interest accrued in the current year	<u>32,022</u>
Total expense	<u>\$38,387</u>

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**VIII. Long-Term Debt Obligations**

Long-term liability balances and activity for the year are summarized below:

**1. Long-Term Debt Interest**

Interest paid	\$616,088
Less interest accrued in the prior year	(33,523)
Plus, interest accrued in the current year	<u>24,087</u>
Total expense	<u>\$606,652</u>

**2. Changes**

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Due Within One Year
Serial Bonds	\$ 13,320,000	\$ -	\$ 970,000	\$ 12,350,000	<u>\$ 1,010,000</u>
Operating Leases	294,019	-	121,135	172,884	<u>\$ 73,679</u>
**Compensated					
Absences	476,539	1,366,742	-	1,843,281	
OPEB Obligations	34,479,044	-	4,526,136	29,952,908	
Net Pension Liability-					
Proportionate Share	<u>1,607,920</u>	<u>-</u>	<u>261,523</u>	<u>1,346,397</u>	
Totals	<u>\$ 50,177,522</u>	<u>\$ 1,366,742</u>	<u>\$ 5,878,794</u>	<u>\$ 45,665,470</u>	

\*\*As a result of the implementation of GASB Statement 101 on July 1, 2024, The District’s liability for compensated absences increased to reflect amounts considered “more likely than not” to be taken or paid for in the future.

**3. Maturity**

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2025
Serial Bonds:				
Construction	2019	2033	2-3%	\$ 1,765,000
Construction	2023	2049	5-5.25%	7,510,000
Construction	2023	2042	5.00%	3,075,000
Total				<u>\$ 12,350,000</u>

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Long-Term Debt Obligations (Continued)

b. The following is a summary of maturing principal debt service requirements:

Year	Principal	Interest	Total
2026	\$ 1,010,000	\$ 578,088	\$ 1,588,088
2027	1,050,000	538,238	1,588,238
2028	1,090,000	495,638	1,585,638
2029	1,100,000	448,538	1,548,538
2030	975,000	400,438	1,375,438
2031 and thereafter	7,125,000	2,093,138	9,218,138
Total	<u>\$ 12,350,000</u>	<u>\$ 4,554,078</u>	<u>\$ 16,904,078</u>

4. Operating Leases

Lease agreements are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Total Lease Liability	Balance June 30, 2025
Tech. Equipment	2021	5 years	23,986	119,931	23,986
Tech. Equipment	2022	5 years	24,937	124,685	49,874
Tech. Equipment	2025	5 years	24,756	123,781	<u>99,084</u>
					<u>\$172,944</u>

The District leases technology equipment from BOCES for use throughout the District. All leases are for a term of 5 years at various interest rates.

Annual requirements to amortize long-term obligations and related interest are as follows:

Operating Leases:	Year	Principal
	2026	\$ 73,679
	2027	49,693
	2028	24,756
	2029	24,756
	Total	<u>\$ 172,884</u>

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits**

**A. General Information about the OPEB Plan**

*Plan Description-* The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

*Benefits Provided-* The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

*Employees Covered by Benefit Terms-* On June 30, 2025, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	145
Inactive members entitled to but not yet receiving benefit payments	-
Active plan members	<u>184</u>
Total members	329

**B. Total OPEB Liability**

The District's total OPEB liability of \$29,952,908 was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs-* The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits (Continued)**

**B. Total OPEB Liability (Continued)**

Inflation	2.40%
Salary Increases	2.40%, average, including inflation
Discount Rate	5.20%
Healthcare Cost Trend Rates	6.8% for 2025, decreasing to an ultimate rate of 3.8% over 52 years

Retiree's Share of Benefit-Related Costs 45% of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using MP-2021 Ultimate Scale.

The actuarial assumptions used in the June 30, 2025; valuation was based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

**C. Changes in the Total OPEB Liability**

Balance on June 30, 2024	<u>\$34,479,044</u>
<u>Changes for the Year</u>	
Service cost	1,449,546
Interest	1,390,607
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(6,267,298)
Benefit payments	<u>(1,098,991)</u>
Net Changes	(4,526,136)
Balance on June 30, 2025	<u>\$29,952,908</u>



BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**IX. Postemployment (Health Insurance) Benefits (Continued)**

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the District recognized OPEB expense of (\$650,118). On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$2,200,987	(\$4,644,644)
Changes of assumptions or other inputs	<u>1,505,378</u>	<u>(9,881,523)</u>
Total	<u>\$3,706,365</u>	<u>(\$14,526,167)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (2,127,678)
2027	\$ (2,527,278)
2028	\$ (3,185,074)
2029	\$ (1,375,671)
2030	\$ (735,887)
2031	\$ (868,214)

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**X. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

1. General Information

The Berlin Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Other Items

The School District has received grants, which are subject to audit by agencies of the State and Federal government. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the School District's administration believes disallowances, if any, will be immaterial.

3. Workers' Compensation Insurance

The School District participates in a risk-sharing pool, Rensselaer-Columbia-Greene Workers' Compensation Consortium, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risk related to workers' compensation claims.

4. Health Insurance

The School District participates in the Rensselaer-Columbia-Greene Health Insurance Trust which is a trust formed under New York State Insurance Law on June 30, 1988. The Trust's purpose is to provide health insurance coverage at a lower rate for member educational institutions due to a larger participation pool.

5. Litigation

The District's former Superintendent of Schools who resigned pursuant to the terms of a Separation Agreement ("Agreement") in November 2023. Under the terms of the agreement, the former Superintendent was required to notify the District if he obtained alternative employment, which would then reduce the District's obligations for separation pay outlined in the Agreement. The former Superintendent did not inform the District that he had obtained new employment on or around May 1, 2024, resulting in an overpayment to him of \$56,976.56 in separation payments between May-November 2024.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

**X. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

5. Litigation (Continued)

After learning of the former Superintendent's new employment in Spring of 2025, the District demanded a return of the excess separation payment by the former Superintendent in June and July of 2025. The former Superintendent has repaid nothing to date. The former Superintendent has retained counsel, who contends that if the District sues the former Superintendent to recover the overpayment, the former Superintendent will assert counter claims including defamation, breach of a non-disparagement clause in the Agreement, retaliation and post-employment discrimination on the basis of his race and color, which allegedly will exceed the value of the overpayment made to him by the District.

The attorney is presently drafting a state court complaint against the former Superintendent to recover the overpayment made to him. We expect to commence a breach of contract action against the former Superintendent within the next several weeks.

The District's insurance carrier has been put on notice of the threatened counterclaims by the former Superintendent. We expect that the District will most likely have at least some level of insurance coverage for any counterclaims that are asserted by the former Superintendent. We believe that the District has strong defenses against the anticipated counterclaims by the former Superintendent and will vigorously defend any counterclaims asserted by the former Superintendent.

On or around June 24, 2025, the parent of a student who resides within the District, filed an appeal to the Commissioner of the New York State Education Department (NYSED), regarding the District's decision not to offer Questar III STEM High School at Hudson Valley Community College to entering Grade 9 students for the 2025-2026 school year. The appeal has been fully briefed and is pending before the Commissioner. We reasonably expect a decision sometime during the current school year. We believe that the District has strong defenses to the appeal. While the commissioner cannot award any monetary damages to the student, an order of the Commissioner that the District is obligated to offer STEM would adversely impact the District's current and future budgets.

On June 5, 2025, the former Information Processing Specialist for the District was terminated based on a charge of misconduct and abolished the Information Processing Specialist, in which the former employee was the sole incumbent. The former employee and her union, CSEA, have grieved the former employee's termination and demanded arbitration. The parties recently selected an arbitrator. We expect the arbitration to take place sometime before the end of this calendar year.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**X. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

5. Litigation (Continued)

If the arbitrator finds that the District violated the union contract when it terminated the employee, the arbitrator could order the District to reinstate the former employee with pay and benefits, retroactive to June 2025. Although the former employee position has been abolished, she previously held the position of typist in the District and would have rights under the NYS Civil Service Law to revert to a typist position. The approximate cost of back pay and benefits to the former employee cannot be calculated at this time, as it would be dependent on the date of the arbitrator's decision. The District intends to vigorously defend the arbitration.

On or around August 19, 2025 the District abolished the former Food Service Director position resulting in a layoff. The District contracted with the Capital Region BOCES for the food service director position, for reasons of cost savings and efficiency.

The School Administrators Association of NYS (SAANYS) which is the parent organization for the former employees local union, has threatened to file an improper practice charge (IP charge) with the NYS Public Employment Relations Board (PERB) to challenge the District's decision to layoff the former employee and contract with Capital Region BOCES for the food service director work that the former employee previously performed. SAANYS contends that this decision resulted in the unlawful transfer of "bargaining unit work", in violation of the Taylor Law , which is administered by PERB.

No IP charge has yet been filed. However, the limitations period for an IP charge will not expire until on or around December 19, 2025. Although PERB cannot award monetary damages, if PERB finds that the District's actions were not permitted under the Taylor Law, PERB could order the District to reinstate the former employee with back pay and benefits, retroactive to August 19, 2025. The approximate cost of back pay and benefits to the former employee cannot be calculated at his time, as it would be dependent on the date of PERB's decision. The District intends to vigorously defend the District in any PERB proceeding.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XI. Other Disclosures**

**A. Prior Period Adjustment**

The reconciliation of restated amounts to the June 30, 2024 year end balance is:

Beginning Net Position	(\$19,151,119)
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The following adjustment is necessary to determine the revised beginning Net Position for the Statement of Activities:

Compensated absences adjustment for GASB 101	<u>(1,366,742)</u>
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Beginning net position reported on Statement of Activities, for governmental activities, July 1, 2025.	<u>(\$20,517,861)</u>
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**B. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**

Total governmental fund balance	\$ 6,582,036
Capital assets (net)	27,800,609
Intangible assets, net	172,944
Net pension asset	1,345,516
Deferred outflows of resources	7,620,133
Bonds payable	(12,350,000)
Leases payable	(172,944)
Accrued interest payable	(56,109)
Deferred inflows of resources	(16,286,070)
Compensated absences	(1,843,281)
Net pension liability- proportionate share	(1,346,397)
OPEB obligations	(29,952,908)
Total net position	<u>\$ (18,486,471)</u>

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XI. Other Disclosures (Continued)**

**C. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities**

Net changes in fund balance-total governmental funds	\$ 596,795
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position	922,866
Depreciation and loss on disposal is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities	(1,304,204)
Repayments of Long-Term debt are recorded as expenditures in the governmental funds, but are recorded as paymtns of liabilities in the Statement of Net Position	1,315,400
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The decrease inaccrued interest during, 2024/25 results in less expense.	10,829
Proceeds from debt are recognized as revenue in the governmental funds, but not in the Statement of Activities	(345,400)
(Increases)/Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:	
Teachers' Retirement System	105,011
Employee's Retirement System	79,975
Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:	
OPEB obligations	650,118
Compensated absences	_____
Change in Net Position-Governmental Activities	<u><u>\$ 2,031,390</u></u>

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XII. Stewardship, Compliance and Accountability**

**A. Budgetary Procedures and Budgetary Accounting**

1. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the governmental funds for which legal (appropriated) budgets are adopted. The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (When permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The General Fund budget was increased to reflect the the carryover encumbrances in the amount of \$58,344 and a transfer to Capital Fund for a Board approved emergency project in the amount of \$498,898 and OPEB payment in the amount \$20,516.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

BERLIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**XII. Stewardship, Compliance and Accountability (Continued)**

**A. Budgetary Procedures and Budgetary Accounting (Continued)**

2. Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

3. Section 1318 of Real Property Tax Law establishes the maximum unassigned fund balance that can be retained by a school district. The current law limits this amount to 4% of the ensuing year's budget. The District's financial statements for the year ended June 30, 2025, indicate that the unassigned fund balance is in excess of the legal limit.
4. The Capital Fund had a deficit fund balance at June 30, 2025 of \$700,579. The deficit results from the District use of Bond Anticipation Notes to purchase buses.

**XIII. Subsequent Events**

On August 22, 2025 the District issued a Bond Anticipation Note (BAN) for \$925,733 for the purchase of buses.

BERLIN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND  
For Year Ended June 30, 2025

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	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Local Sources				
Real property taxes	\$ 10,506,381	\$ 9,723,181	\$ 9,709,304	\$ (13,877)
Other tax items	20,000	803,200	807,889	4,689
Charges for services	47,000	47,000	21,145	(25,855)
Use of money and property	200,700	200,700	311,806	111,106
Sale of property and compensation for loss	500	500	277	(223)
Miscellaneous	327,139	327,139	483,137	155,998
<b>Total Local Sources</b>	<u>11,101,720</u>	<u>11,101,720</u>	<u>11,333,558</u>	<u>231,838</u>
State sources	12,805,537	12,805,537	12,913,606	108,069
Federal sources	95,000	95,000	30,631	(64,369)
<b>Total Revenues</b>	<u>24,002,257</u>	<u>24,002,257</u>	<u>24,277,795</u>	<u>275,538</u>
<b>Other Financing Sources</b>				
Operating transfers in	-	-	-	-
Premium on obligations	-	-	-	-
<b>Total Revenues and Other Financing Sources</b>	<u>24,002,257</u>	<u>24,002,257</u>	<u>24,277,795</u>	<u>\$ 275,538</u>
<b>Appropriated Fund Balance</b>	1,000,000	1,000,000		
<b>Appropriated Reserves</b>	<u>524,820</u>	<u>1,102,573</u>		
<b>Total Revenues, Appropriated Fund Balance and Reserves</b>	<u>\$ 25,527,077</u>	<u>\$ 26,104,830</u>		

See paragraph on required supplementary information included in auditor's report.

BERLIN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO BUDGET-  
GENERAL FUND  
For Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
General Support					
Board of education	\$ 29,078	\$ 28,828	\$ 22,166	\$ -	\$ 6,662
Central administration	322,059	258,434	249,792	-	8,642
Finance	497,248	571,400	533,742	-	37,658
Staff	224,248	308,106	290,615	-	17,491
Central services	1,993,642	2,159,692	1,942,918	-	216,774
Special items	271,408	255,047	254,167	-	880
<b>Total General Support</b>	<b>3,337,683</b>	<b>3,581,507</b>	<b>3,293,400</b>	<b>-</b>	<b>288,107</b>
Instruction					
Instruction, administration and improvement	744,501	723,618	617,149	-	106,469
Teaching - regular school	5,303,021	5,261,302	5,052,320	-	208,982
Programs for children with handicapping conditions	3,973,048	3,870,623	3,394,554	-	476,069
Occupational education	618,950	662,345	647,634	-	14,711
Special schools	11,000	17,700	7,756	-	9,944
Instructional media	658,068	695,321	547,217	-	148,104
Pupil services	1,068,118	1,062,318	866,101	909	195,308
<b>Total Instructional</b>	<b>12,376,706</b>	<b>12,293,227</b>	<b>11,132,731</b>	<b>909</b>	<b>1,159,587</b>
Pupil Transportation	1,695,258	1,861,761	1,555,521	-	306,240
Employee Benefits	6,123,161	5,850,209	5,454,834	-	395,375
Debt Service					
Principal	1,315,400	1,315,400	1,315,400	-	-
Interest	655,869	655,869	655,868	-	1
<b>Total Expenditures</b>	<b>25,504,077</b>	<b>25,557,973</b>	<b>23,407,754</b>	<b>909</b>	<b>2,149,310</b>
<b>OTHER FINANCING USES</b>					
Operating transfers out	23,000	546,857	546,857	-	-
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 25,527,077</b>	<b>\$ 26,104,830</b>	<b>23,954,611</b>	<b>\$ 909</b>	<b>\$ 2,149,310</b>
<b>Net change in fund balance</b>			323,184		
<b>Fund balance- Beginning</b>			6,769,783		
<b>Fund balance- Ending</b>			<u>\$ 7,092,967</u>		

See paragraph on required supplementary information included in auditor's report.

BERLIN CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY  
For Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020
<b>Total OPEB Liability</b>						
Service Cost at end of year	\$ 1,449,456	\$ 1,529,705	\$ 1,313,131	\$ 1,622,505	\$ 2,030,981	\$1,507,707
Interest	1,390,607	1,193,003	1,167,888	1,016,576	994,358	1,229,641
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	2,689,831	-	(10,450,448)	-	-
Changes of assumptions or other inputs						
Benefit payments	(6,267,298)	(1,559,238)	(2,009,292)	(5,024,459)	411,544	7,587,384
<b>Net change in Total OPEB Liability</b>	<b>(1,098,991)</b>	<b>(1,049,777)</b>	<b>(940,378)</b>	<b>(917,438)</b>	<b>(998,598)</b>	<b>(972,580)</b>
Liability	(4,526,136)	2,803,524	(468,651)	(13,753,264)	2,438,285	9,352,152
<b>Total OPEB Liability- beginning</b>	<b>34,479,044</b>	<b>31,675,520</b>	<b>32,144,171</b>	<b>45,897,435</b>	<b>43,459,150</b>	<b>34,106,998</b>
<b>Total OPEB Liability- ending</b>	<b>\$ 29,952,908</b>	<b>\$ 34,479,044</b>	<b>\$ 31,675,520</b>	<b>\$ 32,144,171</b>	<b>\$ 45,897,435</b>	<b>#####</b>
Covered-employee payroll	10,322,701	10,322,701	8,779,352	8,779,352	9,242,420	9,242,420
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>290.17%</b>	<b>334.01%</b>	<b>360.80%</b>	<b>366.13%</b>	<b>496.60%</b>	<b>470.21%</b>

See paragraph on required supplementary information included in auditor's report

BERLIN CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY  
 June 30, 2025

-----

Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019
District's proportion of the net pension asset	.0078527%	.0073552%	.0076471%	.0072056%	.0070306%	.0067%	.0070%
District's proportionate share of the net pension (asset) liability	\$ 1,346,397	\$ 1,082,985	\$ 1,639,844	\$ (589,031)	\$ 7,001	\$ 1,775,328	\$ 499,198
District's covered-employee payroll	\$ 2,999,639	\$ 2,998,446	\$ 2,818,830	\$ 2,521,769	\$ 2,610,561	\$ 2,654,403	\$ 2,503,706
District's proportionate share of the net pension liability/asset as a percentage of its covered-employee payroll	44.88%	36.11%	58.17%	23.35%	0.27%	67.00%	20.00%
Plan fiduciary net position as a percentage of the total pension liability	98.03%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%

Teachers' Retirement System

	2025	2024	2023	2022	2021	2020	2019
District's proportion of the net pension liability	.045097%	.045903%	.045878%	.044246%	.0441459%	.0431%	.0411%
District's proportionate share of the net pension liability	\$ (1,345,516)	\$ 524,935	\$ 880,350	\$ (7,667,445)	\$ 1,220,223	\$ (1,122,261)	\$ (743,580)
District's covered-employee payroll	\$ 7,999,546	\$ 8,610,140	\$ 9,654,331	\$ 8,250,700	\$ 7,510,000	\$ 7,633,953	\$ 7,269,260
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.81%	6.09%	9.20%	92.93%	16.25%	-15.00%	-10.00%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%

See paragraph on required supplementary information included in auditor's report.

BERLIN CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 June 30, 2025  
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	<u>Employees' Retirement System</u>					
	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ 470,368	\$ 346,247	\$ 297,869	\$ 370,371	\$ 329,701	\$ 330,576
Contributions in relation to the contractually required contribution	470,368	346,247	297,869	370,371	329,701	330,576
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,999,639	\$ 2,998,446	\$ 2,818,830	\$ 2,521,769	\$ 2,610,561	\$ 2,654,403
Contributions as a percentage of covered employee payroll	15.68%	11.50%	10.57%	14.68%	12.63%	12.45%

	<u>Teachers' Retirement System</u>					
	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ 808,754	\$ 840,350	\$ 872,366	\$ 796,488	\$ 715,703	\$ 765,732
Contributions in relation to the contractually required contribution	808,754	840,350	872,366	796,488	715,703	765,732
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,999,546	\$ 8,610,140	\$ 9,654,331	\$ 8,250,700	\$ 7,510,000	\$ 7,633,953
Contributions as a percentage of covered employee payroll	10.11%	9.76%	9.03%	9.70%	9.53%	10.03%

See paragraph on required supplementary information included in auditor's report.

BERLIN CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND  
 THE REAL PROPERTY TAX LIMIT  
 For Year Ended June 30, 2025  
 -----

**CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET**

<b>Original Budget</b>		\$	25,527,077
<b>Additions:</b>			
Prior year's encumbrances	\$		58,344
OPEB payment			20,516
Transfer to capital fund			498,893
			577,753
<b>Revised Budget</b>		<b>\$</b>	<b>26,104,830</b>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2025-26 Voter-approved Expenditure Budget		\$	26,266,209
Maximum allowed (4% of 2025-2026 Budget)		\$	1,050,648

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law\*:

Unrestricted fund balance:			
Committed fund balance			-
Assigned fund balance			1,000,909
Unassigned fund balance			1,634,307
Total unrestricted fund balance		\$	2,635,216

Less:			
Appropriated fund balance			1,000,000
Encumbrances included in committed and assigned fund balance			909
Total adjustments		\$	1,000,909

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		\$	1,634,307
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Actual percentage			6.20%
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\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

BERLIN CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF PROJECT EXPENDITURES-CAPITAL PROJECTS FUND  
 For Year Ended June 30, 2025

PROJECT TITLE	Original Budget	Revised Budget	Expenditures		Unexpended Balance	Methods of Financing			Total	Fund Balance June 30, 2025
			Prior Years	Current Year		NYS Sources	Proceeds of Obligations	Local Sources		
Buses-2025	\$ 295,000	\$ 318,375	\$ -	\$ 81,212	\$ 237,163	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Project	498,893	498,893	-	474,005	24,888	-	-	498,893	498,893	24,888
Smart Bonds Act	858,520	858,520	-	159,731	698,789	159,731	-	-	159,731	-
	\$ 1,652,413	\$ 1,675,788	\$ -	\$ 714,948	\$ 960,840	\$ 159,731	\$ -	\$ 498,893	\$ 658,624	\$ 24,888

See paragraph on required supplementary information included in auditor's report.

BERLIN CENTRAL SCHOOL DISTRICT  
 SCHEDULE OF INVESTMENT IN CAPITAL AND INTANGIBLE ASSETS, NET OF RELATED  
 DEBT  
 FOR THE YEAR ENDED JUNE 30, 2025  
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Capital assets, net		\$ 27,800,609
Intangible assets, net		172,944
Deduct:		
Bond anticipation notes payable	\$ 937,000	
Short-term portion of leases payable	73,679	
Long-term portion of leases payable	99,265	
Short-term portion of bonds payable	1,010,000	
Long-term portion of bonds payable	11,340,000	13,459,944
Net investment in capital and intangible assets		\$ 14,513,609

See paragraph on required supplementary information included in auditor's report.

# RAYMOND G. PREUSSER, CPA, P.C.

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

To the Board of Education of the  
Berlin Central School District:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary funds of the Berlin Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements and have issued our report thereon dated October 15, 2025.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Berlin Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Berlin Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Berlin Central School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Berlin Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we have reported to the Board of Education, Audit Committee and Management in our accompanying management letter.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Raymond G. Preusser, CPA, P. C.*

Claverack, New York  
October 15, 2025

**RAYMOND G. PREUSSER, CPA, P.C.**

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To the Board of Education of the  
Berlin Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Berlin Central School District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Berlin Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Berlin Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Berlin Central School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 15, 2025 on the financial statements of the Berlin Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Fund Balance

Section 1318 of Real Property Tax Law establishes the maximum unassigned fund balance that can be retained by a school district. The current law limits this amount to 4% of the ensuing year's budget. The District's financial statements for the year ended June 30, 2025, indicate that the unassigned fund balance was at 6.2% which is in excess of the legal limit.

We recommend that the District formulate a plan to control or use the excess fund balance.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,  
RAYMOND G. PREUSSER, CPA, P.C.

*Raymond G. Preusser, CPA, P.C.*