

TOWN OF BERLIN, MARYLAND

OVERVIEW OF FINANCIAL HIGHLIGHTS

YEAR ENDED JUNE 30, 2025



Independent Auditors' Report

In our opinion, the financial statements **present fairly, in all material respects** the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, Maryland as of June 30, 2025 and for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Clean or unmodified opinion.

Highest level of assurance that we can give.

Government Auditing Standards Report

Report on internal control over financial reporting and on compliance and other matters

- Not an opinion report
- We did not identify any material weaknesses in internal control over financial reporting
- We did not identify any instances of noncompliance that we were required to report under *Government Auditing Standards*

Uniform Guidance Reports

The Town expended over \$750,000 of federal funds during the year ended June 30, 2025, which requires an additional audit to be performed

- Schedule of expenditures of federal awards is fairly stated in relation to the financial statements as a whole
- The Town complied with the types of compliance requirements that could have a direct and material impact on the major federal program tested

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

	2025		2024
	Budget	Actual	Actual
Revenues	\$ 9,150,807	\$ 10,799,267	\$ 9,677,460
Expenditures	14,063,182	9,774,245	7,622,968
Revenues over (under) expenditures	<u>(4,912,375)</u>	<u>1,025,022</u>	<u>2,054,492</u>
Other financing sources			
Proceeds from disposal of fixed assets		10,666	
Proceeds from issuance of long-term debt	2,800,000	449,786	
Prior year surplus	1,762,375		
Contributions from sewer & stormwater	350,000		
Net other financing sources	<u>4,912,375</u>	<u>460,452</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,485,474</u>	<u>\$ 2,054,492</u>

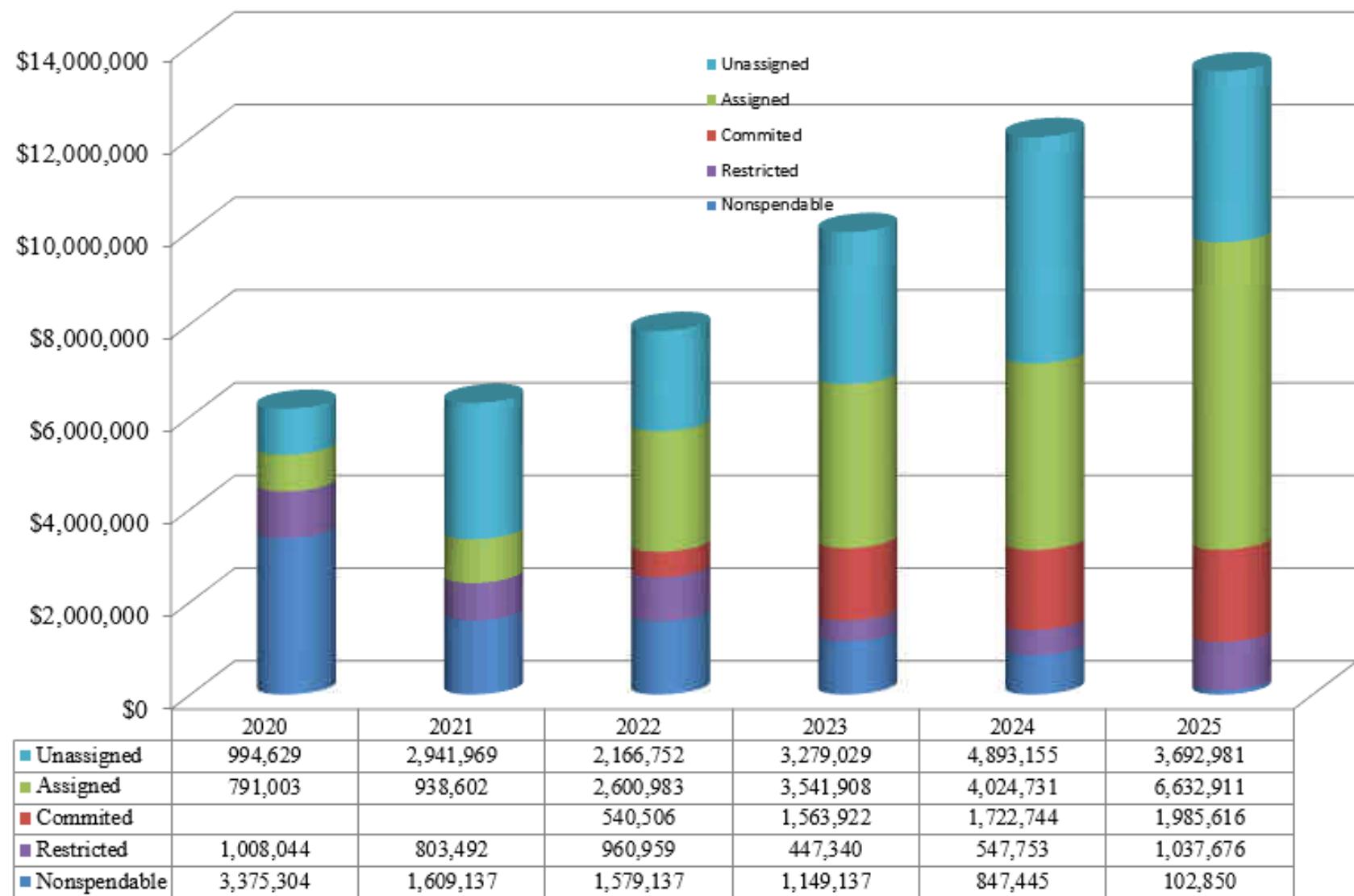
General Fund - Fund Balance

	2025	2024
Fund balances, end of year		
Nonspendable (due from other funds)	\$ 102,850	\$ 847,445
Restricted (slots)	1,037,676	547,753
Committed (disaster recovery, debt service, impact fees)	1,985,616	1,722,744
Assigned (insurance, LEOPS, community center, police forfeitures, stabilization, and capital reserves)	6,632,911	4,024,731
Unassigned	3,692,981	4,893,155
Total fund balances	<u>\$ 13,452,034</u>	<u>\$ 12,035,828</u>

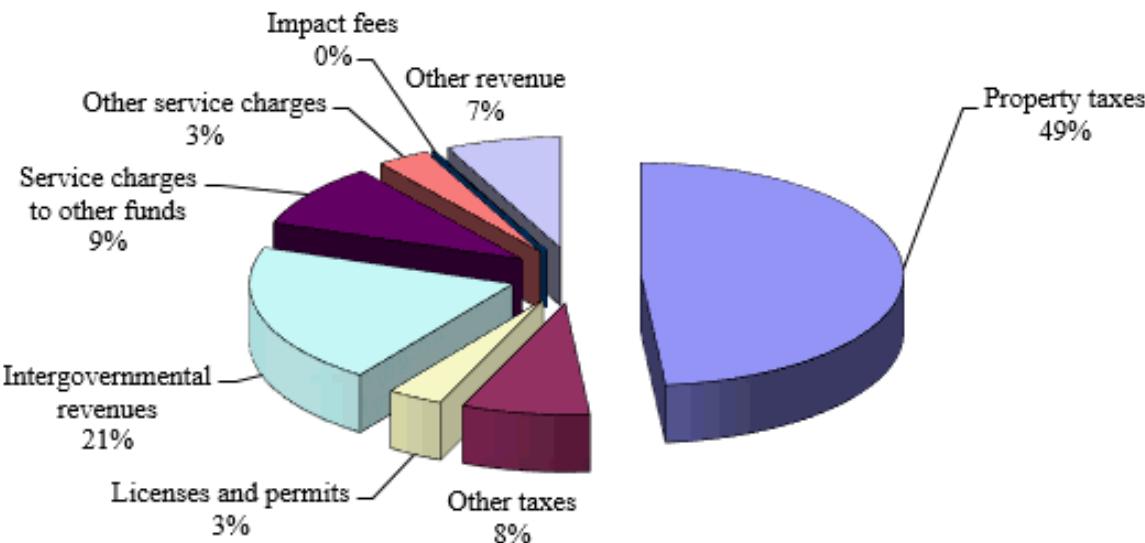
Unrestricted (Committed, assigned, and unassigned) = \$12,311,508
 Represents 15 months of operating expenditures.
 Unassigned of \$3,692,981 = 5 months

GFOA recommends an unassigned fund balance of no less than 60 days (2 months) of operating expenses.

Town of Berlin, Maryland General Fund Balance

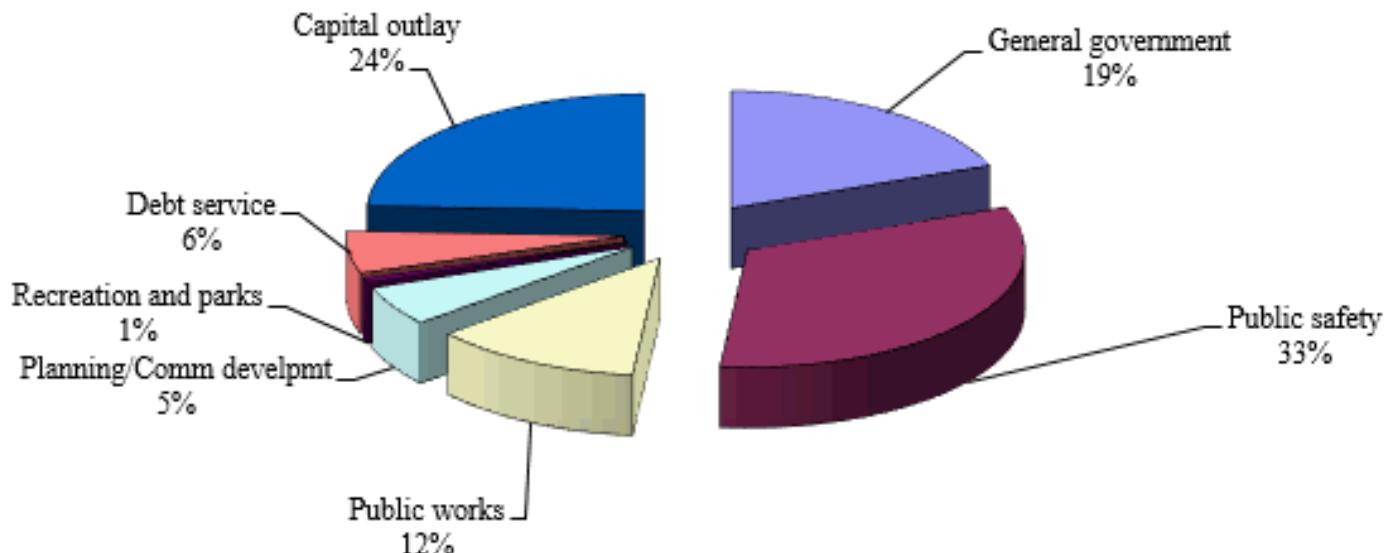


General Fund – Revenues By Source



	2025		2024	
	\$	%	\$	%
Property taxes	\$ 5,237,620	48.50%	\$ 4,783,666	49.43%
Other taxes	849,404	7.87%	878,133	9.07%
Licenses and permits	373,339	3.46%	393,893	4.07%
Intergovernmental revenues	2,213,124	20.49%	1,886,678	19.50%
Service charges to other funds	1,001,381	9.27%	972,085	10.04%
Other service charges	348,982	3.23%	70,690	0.73%
Impact fees	12,919	0.12%	120,096	1.24%
Other revenue	762,498	7.06%	572,219	5.90%
Totals	\$ 10,799,267	100.00%	\$ 9,677,460	100.00%

General Fund - Expenditures by Category



	2025		2024	
	\$	%	\$	%
General government	\$ 1,863,763	19.07%	\$ 1,758,759	23.07%
Public safety	3,177,386	32.51%	\$ 2,970,804	38.97%
Public works	1,197,382	12.25%	\$ 1,219,603	16.00%
Planning/Comm developmt	533,201	5.46%	\$ 591,782	7.76%
Recreation and parks	63,062	0.65%	\$ 73,743	0.97%
Debt service	562,167	5.75%	\$ 293,385	3.85%
Capital outlay	2,377,284	24.30%	\$ 714,892	9.38%
Totals	\$ 9,774,245	100.00%	\$ 7,622,968	100.00%

Electric Fund Statement of Activities

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 6,422,158	\$ 6,509,102
Operating expenses	<u>6,061,444</u>	<u>5,870,956</u>
Operating income	<u>360,714</u>	<u>638,146</u>
Non-operating revenues (expenses)		
Capital grants		425,000
Interest income	34,451	
Interest expense	<u>(163,025)</u>	<u>(105,053)</u>
Net non-operating revenues (expenses)	<u>(128,574)</u>	<u>319,947</u>
Net change in net position	<u>\$ 232,140</u>	<u>\$ 958,093</u>

Water Fund

Statement of Activities

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 933,043	\$ 919,862
Operating expenses	<u>1,011,925</u>	<u>991,288</u>
Operating loss	<u>(78,882)</u>	<u>(71,426)</u>
Non-operating revenues		
Capital grants and service fees	432,501	723,618
Interest income	27,144	22,746
Gain on disposal of assets	14,801	599
Special connection fees	<u>26,574</u>	<u>138,182</u>
Net non-operating revenues	<u>501,020</u>	<u>885,145</u>
Net change in net position	<u>\$ 422,138</u>	<u>\$ 813,719</u>

Sewer Fund

Statement of Activities

	<u>2025</u>	<u>2024</u>
Operating revenues	\$ 3,260,458	\$ 3,377,846
Operating expenses	<u>2,780,690</u>	<u>2,673,420</u>
Operating income	<u>479,768</u>	<u>704,426</u>
Non-operating revenues (expenses)		
Capital grants and service fees	1,195,718	539,504
Interest income	29,301	22,746
Interest expense	(149,623)	(155,720)
Gain on disposal of assets	2,826	8,400
Special connection fees	<u>73,520</u>	<u>380,283</u>
Net non-operating revenues	<u>1,151,742</u>	<u>795,213</u>
Net change in net position	<u><u>\$ 1,631,510</u></u>	<u><u>\$ 1,499,639</u></u>

Stormwater Fund

Statement of Activities

	<i>2025</i>	<i>2024</i>
Operating revenues	\$ 315,560	\$ 314,170
Operating expenses	386,756	321,628
Operating income (loss)	<u>(71,196)</u>	<u>(7,458)</u>
Non-operating revenues		
Capital grants		1,023,596
Net non-operating revenues	-	<u>1,023,596</u>
Net change in net position	<u>\$ (71,196)</u>	<u>\$ 1,016,138</u>

Enterprise Funds Net Position

Net position at the end of the year was \$37,906,725 broken down as follows:

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund	Total
Invested in capital assets, net of debt	\$ 4,067,157	3,929,155	16,302,229	3,763,447	\$ 28,061,988
Restricted for capital projects		471,559	639,987		1,111,546
Unrestricted	2,682,414	1,981,353	4,053,481	15,943	8,733,191
Total net position	\$ 6,749,571	\$ 6,382,067	\$ 20,995,697	\$ 3,779,390	\$ 37,906,725

Balances due to/from other funds at June 30, 2025 consist of the following:

	June 30, 2024	Increase (Decrease)	June 30, 2025
Due to the general fund from the sewer fund	\$ 694,595	\$ (694,595)	\$
Due to the general fund from the stormwater fund	\$ 152,850	\$ (50,000)	\$ 102,850

Enterprise Funds Working Capital

	Electric Fund	Water Fund	Sewer Fund	Stormwater Fund
Current assets	5,044,546	2,379,280	4,729,634	216,065
Current liabilities	(938,717)	(129,721)	(587,782)	(36,242)
Working capital	4,105,829	2,249,559	4,141,852	179,823
Annual operating expenses	6,061,443	1,011,925	2,780,690	386,756
# days working capital	247	811	544	170

GFOA recommendation is not less than 45 days of working capital

New Accounting Pronouncements – Implemented

GASB Statement No. 101 *Compensated Absences* was effective for the Town beginning with the year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences.

- IMPLEMENTED IN FY25 WHICH LEAD TO AN INCREASE IN ACCRUED COMPENSATED AT JUNE 30, 2025 and JUNE 30, 2024
- Footnote on page 30 explaining in detail the adoption of GASB 101 and the increases to June 30, 2024 balances
- June 30, 2024 Accrued Compensated Absences increased by \$308,130 in the government-wide statements to \$643,001
- June 30, 2025 Accrued Compensated Absences increased to \$689,195

New Accounting Pronouncements - Upcoming

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the Town beginning with the year ending June 30, 2026. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential in decision making and assessing a government's accountability.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the Town beginning with the year ending June 30, 2026. This statement requires certain information regarding capital assets to be presented by major class.

Auditor Communications

- No Material Weaknesses or Significant Deficiencies
- Management letter:
 - Information on pledged collateral at June 30th
 - Additional information on the new GASB 101 Compensated Absences
 - Remaining unspent funds for ARPA monies
- Communications with Those Charged with Governance
 - No Significant Difficulties during the Audit
 - No disagreements with management
 - We have reviewed and agree with the estimates used in the financial statements.
 - Implemented GASB 101 in FY25
 - No other matters of Non-Compliance required to be reported.

In Conclusion ...

Questions?

