TOWN OF BERLIN

Berlin, Alabama

AUDITED FINANCIAL STATEMENTS

September 30, 2025

Town of Berlin
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September 30, 2025

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BASIC FINANCIAL STATEMENTS

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Certified Public Accountants

Edward L. Hill, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the Town Council
Town of Berlin, Alabama

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, Alabama as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Berlin, as of September 30, 2025, and the respective changes in financial position 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. 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 Town, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the pension information starting on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Cooper, Hill & LeCroy

Decatur, Alabama
November 12, 2026

Town of Berlin
Statement of Net Position
September 30, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Cash Equivalents	$ 425,085
Receivables, Net	
Taxes	52,903
Due From Other Governments	2,594
Capital Assets (net of accumulated depreciation)	
Land	1,114,393
Other assets, net of accumulated depreciation	288,547
Total Assets	1,883,522
DEFERRED OUTFLOWS OF RESOURCES	
Pension Contributions Subsequent to Measurement Date	13,265
Total Deferred Outflows of Resources	13,265
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,896,787
LIABILITIES	
Accounts Payable and Accrued Liabilities	$ 131,275
Salaries and Benefits Payable	4,195
Noncurrent Liabilities	
Due within one year	-
Due in more than one year	1,005
Total Liabilities	136,475
DEFERRED INFLOWS OF RESOURCES	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,120
Total Deferred Inflows of Resources	2,120
NET POSITION	
Net Investment in Capital Assets	1,402,940
Restricted For:	
Highways, Streets, and Other Purposes	54,256
Capital Improvements	10,849
Other Purposes	-
Unrestricted	290,147
Total Net Position	1,758,192
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 1,896,787

The accompanying notes are an integral part of this statement.

Town of Berlin
Statement of Activities
For the Year Ended September 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS AND CONTRIBUTIONS	NET REVENUE (EXPENSES) AND CHANGES IN NET POSITION: GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES					
General Government	$ 140,946	$ -	$ -	$ 5,376	$ (135,570)
Street	11,302	-	26,900	-	15,598
Park, Culture, and Recreation	26,269	350	-	12,000	(13,919)
TOTAL GOVERNMENTAL ACTIVITIES	$ 178,517	$ 350	$ 26,900	$ 17,376	(133,891)
GENERAL REVENUES:					
Sales Tax					341,642
Property Taxes and Payments in Lieu of Taxes					15,237
Gas Taxes					12,914
Alcohol Taxes					909
Other Taxes					377
Licenses and Permits					16,435
Investment Income					387
Miscellaneous					351
TOTAL GENERAL REVENUES					388,252
CHANGE IN NET POSITION					254,361
NET POSITION, BEGINNING OF YEAR					1,503,831
NET POSITION, END OF YEAR					$ 1,758,192

The accompanying notes are an integral part of this statement.

Town of Berlin
Governmental Funds
Balance Sheet
September 30, 2025

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	$ 362,574	$ 62,511	$ 425,085
Receivables, Net			
Taxes	52,903	-	52,903
Due From Other Governments	-	2,594	2,594
Total Assets	$ 415,477	$ 65,105	$ 480,582
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable	$ 131,275	$ -	$ 131,275
Accrued Payroll and Other Withholdings	4,195	-	4,195
Total Liabilities	135,470	-	135,470
Fund Balances:			
Restricted	-	65,105	65,105
Unassigned	280,007	-	280,007
	280,007	65,105	345,112
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 415,477	$ 65,105	$ 480,582

The accompanying notes are an integral part of this statement.

Town of Berlin
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Fund balances - total governmental funds	$	345,112
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.		1,402,940
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the Town's pension plan are not expected to be liquidated with expendable financial resources and, therefore, are not reported in the funds.		10,140
Net Position - Governmental Activities	$	1,758,192

The accompanying notes are an integral part of this statement.

Town of Berlin
Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended September 30, 2025

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes			
Sales and Use	$ 341,642	$ -	$ 341,642
Property Taxes	15,237	-	15,237
Automobile	13,291	-	13,291
Alcohol	909	-	909
Other	351	-	351
Licenses and Permits	16,435	-	16,435
Charges for Services	350	-	350
Intergovernmental Revenues	12,000	32,276	44,276
Other Revenues	887	-	887
	401,102	32,276	433,378
EXPENDITURES			
General government	128,921	-	128,921
Street and highways	136,081	-	136,081
Park, Culture and Recreation	776,452	-	776,452
	1,041,454	-	1,041,454
Excess (Deficiency) of Revenues	(640,352)	32,276	(608,076)
OTHER FINANCING SOURCES (USES)			
Transfers From Other Funds	11,539	-	11,539
Transfers To Other Funds	-	(11,539)	(11,539)
	11,539	(11,539)	-
Net Change in Fund Balances	(628,813)	20,737	(608,076)
FUND BALANCES - Beginning of Year	908,820	44,368	953,188
FUND BALANCES - End of Year	$ 280,007	$ 65,105	$ 345,112

The accompanying notes are an integral part of this statement.

Town of Berlin
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	$ (608,076)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	883,629
Governmental funds report the sale of capital assets as revenues and, unlike the statement of activities, do not recognize the effect of the cost of those assets and their related depreciation. This is the amount by which the cost of assets sold, minus their accumulated depreciation, exceeded the proceeds from sales. This amount has been included in related functional expense in the statement of activities.	(22,170)
Some items reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These items consist of:	
Increase in Pension Expense	978
Total Change in Net Position - Governmental Activities	$ 254,361

The accompanying notes are an integral part of this statement.

Town of Berlin
General Fund
Statement of Revenues, Expenditures
and Changes in Fund Balance – Budget and Actual
For the Year Ended September 30, 2025

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE
REVENUES	ORIGINAL	FINAL	AMOUNTS	(NEGATIVE)
Taxes				
Sales and Use	$ 285,000	$ 284,441	$ 341,642	$ 57,201
Property Taxes	12,000	10,512	15,237	4,725
Automobile	275	276	13,291	13,015
Alcohol	600	469	909	440
Other	325	351	351	-
Licenses and Permits	10,000	16,078	16,435	357
Charges for Services	-	-	350	350
Intergovernmental Revenues	-	-	12,000	12,000
Other Revenues	-	817	887	70
	308,200	312,944	401,102	88,158
EXPENDITURES				
General government	193,000	100,713	128,921	(28,208)
Street and highways	25,000	7,079	136,081	(129,002)
Park, Culture and Recreation	705,000	461,977	776,452	(314,475)
	923,000	569,769	1,041,454	(471,685)
Excess (Deficiency) of Revenues	(614,800)	(256,825)	(640,352)	(383,527)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	-	-	11,539	11,539
	-	-	11,539	11,539
Net Change in Fund Balances	(614,800)	(256,825)	(628,813)	(371,988)
FUND BALANCES - Beginning of Year	908,820	908,820	908,820	
FUND BALANCES - End of Year	$ 294,020	$ 651,995	$ 280,007	$ (371,988)

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town of Berlin, Alabama (the Town) is a municipal corporation incorporated under the laws of the State of Alabama. The Town is governed by a Mayor and a Town Council consisting of five members elected to terms of four years. The Town complies with accounting principles generally accepted in the United States of America (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Accounting principles generally accepted in the United States of America require that the Town report the entire reporting entity, which consists of the Town (the primary government) and its component units, entities for which the Town is considered to be financially accountable. There are no component units that should be included with these financial statements.

Government -Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support, of which the Town currently has none. Likewise, the primary government will be reported separately from certain legally separate component units for which the primary government is financially accountable, of which there are currently none.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum funds are maintained consistent with legal and managerial requirements. The Town currently has no proprietary or fiduciary funds to report.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are used to account for the Town's general governmental activities. Governmental fund financial statements use the current financial resource measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within sixty (60) days of the end of the fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as in accrual accounting. However, debt service expenditures are recognized only when payment is due. Certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, sales and use taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual. Other taxes and receipts become measurable when cash is received by the Town and are recognized as revenue at that time. Shared revenues and entitlements are recorded at the time of receipt or earlier if the accrual criteria are met.

Payments in lieu of taxes are revenues from other governmental entities paid in lieu of property taxes. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental fund:

General Fund - The General Fund accounts for all of the revenues and expenditures of the Town, except those which must be accounted for in other funds, and it is the largest and most important accounting activity for the Town. General Fund revenues finance all of the current operations of governmental units which basically benefit the citizenry as a whole.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the government reports the following fund types:

Special Revenue Funds - A Special Revenue Fund accounts for the proceeds of specific revenue sources (other than those derived from expendable trusts or dedicated for major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the various state shared gasoline taxes.

During the course of normal operations, the Town has numerous transactions between funds to provide services, to pay debt, etc. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. These transactions are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund reimbursed. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

In the government-wide financial statements, amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use unrestricted resources first, then restricted resources as they are needed, except in the case of grant monies which are used for their required purpose.

ASSETS, LIABILITIES, AND NET POSITION

Cash

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds". All trade and property tax receivables are shown net of an allowance for uncollectibles. Management has determined all amounts to be collectible as of September 30, 2025.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET POSITION (Continued)

Property Taxes

Property taxes are levied on October 1 for the prior fiscal year beginning October 1, at which time a lien is attached. These taxes are due and payable October 1 and delinquent after December 31 each year after which a penalty and interest are required to be charged. Revenue is recognized in the year when the taxes are levied and collected at the fund level and in the year for which they are levied at the government-wide level. The taxes are collected by the Cullman County tax collector and remitted to the Town.

Restricted Assets

Cash accounts and other assets restricted for specific purposes are classified as restricted assets on the balance sheet and statement of net position.

Capital Assets

Capital assets of the Town, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed, or if inadequate records were available to determine the actual cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of governmental-type activities is not capitalized.

It is the Town's policy not to depreciate historical objects and museum exhibits that are held for public exhibition. These objects are maintained by the Town at a reasonable level and, if sold, proceeds are used to purchase more historical objects for public display.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Class	Years
Buildings & Improvements	10 - 50
Infrastructure	7 - 30
Furniture & Equipment	3 - 10

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET POSITION (Continued)

Compensated Absences

Town employees earn eighty (80) hours of vacation time annually and can carryover eighty (80) hours of vacation time annually. Town employees further earn ninety-six (96) hours of available sick leave a year and may accumulate up to four-hundred (400) days of sick leave which are paid upon retirement. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it only at the time they mature. Amounts not expected to be liquidated with expendable available financial resources are considered to be and are accrued as a long-term liability within the governmental activities of the government-wide statement of net assets.

Deferred Outflows/Inflows of Resources

The Town has deferred outflows and deferred inflows of resources. The deferred outflows of resources are a consumption of net assets by the Town that is applicable to a future reporting period and consists of the pension contributions made subsequent to the measurement date for reporting of net pension liabilities.

Deferred inflows of resources are an acquisition of net assets by the Town that is applicable to a future reporting period and consists of the net differences between projected and actual earnings on pension plan investments.

Risk Management

The Town is exposed to normal business risk in the course of operations. Commercial insurance is purchased by the Town to cover any normal, insurable loss up to policy limits. During the past three years, there have been no losses which exceeded insured amounts.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET POSITION (Continued)

Equity Classifications

Government-Wide statements - Equity is classified as net position and displayed in three components:

a) Net Investment in Capital Assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of those assets.
b) Restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
c) Unrestricted net position - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund equity is reported in the fund financial statements as fund balances. The following classifications of fund balances are reported in the fund financial statements:

a) Nonspendable - This classification includes amounts that cannot be spent because they are either (1) not in spendable form; or (2) legally or contractually required to be maintained intact. No amounts were reported as nonspendable as of September 30, 2025.
b) Restricted - This classification includes amounts that have constraints placed on the use of resources imposed either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (2) by law through constitutional provisions or enabling legislation.
c) Committed - This classification includes amounts that can only be used for specific purposes. It is the practice of the Town to present assets in this classification pursuant to constraints imposed by formal action of the Council before the end of the fiscal year and require the same level of formal action to remove the constraint. However, no formal policy regarding this action has been approved by the Town. No amounts were reported as committed as of September 30, 2025.
d) Assigned - This classification includes amounts that are intended to be used for specific purposes but are neither restricted nor committed. It is the practice of the Town to allow the Town Council to make a determination of the assigned amounts of fund balance, and also to allow the Town Council to remove the constraints. Such assignments may not exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. No formal policy regarding the assignment of fund balances to this classification has been approved by the Town. No amounts were reported as assigned as of September 30, 2025.
e) Unassigned - This classification is the residual classification for the general fund and represents fund balances that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. For the classification of Governmental Fund balances, the Town considers an expenditure to be made from the most restrictive first, when more than one classification is available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Accounting Pronouncements

Pronouncements effective for the 2025 Financial Statements:

GASB Statement No. 101, *Compensated Absences*, required for fiscal periods beginning after December 15, 2023. This Statement provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. There was no impact of this pronouncement to the City's financial statements.

GASB Statement No. 102, Certain Risk Disclosures required for fiscal years beginning after June 15, 2024. This Statement was issued December 2023. This Statement amends NCGA Interpretation 6, Notes to Financial Statements Disclosures, paragraph 5. This Statement enhances financial reporting by requiring governments to disclose vulnerabilities due to certain concentrations or constraints. A government will be required to disclose concentration and constraints that meet the required criteria whenever the information is known to the government prior to the issuance of the financial statements, the concentration or constraint makes the reporting unit vulnerable to the risk of substantial impact, and an event or events associated with the concentration or constraint that could have caused a substantial impact could have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. There was no impact of this pronouncement to the City's financial statements.

Pronouncements issued, but not yet effective, which will be adopted by the Town in future years:

The Town plans to adopt GASB Statement No. 103, *Financial Reporting Model Improvements*, required for fiscal periods beginning after June 15, 2025, in fiscal 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

The Town plans to adopt GASB Statement No. 104, *Disclosure of Certain Capital Assets*, required for fiscal years beginning after June 15, 2025, in fiscal 2026. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets (such as lease assets recognized in accordance with Statement No. 87, *Leases*, Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements*, and Statement No. 96, *Subscription-Based Information Technology Arrangements*).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Accounting Pronouncements (Continued)

> The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

Management is in the process of determining the effects that the adoption of these statements will have on the Town's basic financial statements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgetary control is maintained at the function and fund level. Transfers of appropriations between activity between funds require approval of the Town Council.

The following funds have annual legally adopted budgets: General Fund, Four Cent Gas Tax Fund, Seven Cent Gas Tax Fund, Rebuild Alabama Gas Tax Fund, and Capital Improvement Trust Fund.

NOTE 3 - DEPOSITS AND INVESTMENTS

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Town to invest in obligations of the U.S. Treasury, State of Alabama, Alabama counties, or the general obligations of Alabama municipalities. Investments for the Town are stated at fair market value.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Deposits at year-end were held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1974, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance.

NOTE 4 – RECEIVABLES

Receivables at September 30, 2025, consist of the following:

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
State of Alabama	$ 4,857	$ 2,594	$ 7,451
Cullman County	48,046	-	48,046
	$ 52,903	$ 2,594	$ 55,497

These are presented on the statement of net position as follows::

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
Taxes Receivable	$ 52,903	$ -	$ 52,903
Due from Other Governments	-	2,594	2,594
	$ 52,903	$ 2,594	$ 55,497

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NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in the Town's Governmental Activities capital asset activity for the fiscal year:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets Not Being Depreciated:				
Land	$ 206,543	$ -	$ -	$ 206,543
Construction in Progress	14,388	893,462	-	907,850
Total Capital Assets Not Being Depreciated	220,931	893,462	-	1,114,393
Capital Assets Being Depreciated:				
Buildings & Improvements	285,356	5,049	(27,078)	263,327
Intangibles	8,568	-	-	8,568
Furniture & Equipment	15676	-	-	15,676
Infrastructure	46,631	-	-	46,631
Total Capital Assets Being Depreciated	356,231	5,049	(27,078)	334,202
Less Accumulated Depreciation for:				
Buildings & Improvements	(21,736)	(10,127)	4,908	(26,955)
Intangibles	(3,665)	(571)	-	(4,236)
Furniture & Equipment	(8,856)	(2,630)	-	(11,486)
Infrastructure	(1,424)	(1,554)	-	(2,978)
	(35,681)	(14,882)	4,908	(45,655)
Total Capital Assets Being Depreciated, Net	320,550	(9,833)	(22,170)	288,547
Governmental Activities Capital Assets, Net	$ 541,481	$ 883,629	$ (22,170)	$ 1,402,940

NOTE 5 - CAPITAL ASSETS (Continued)

Depreciation expense is charged to functions of the primary government as follows:

General Government	$ 13,003
Street	1,555
Parks, Recreation & Culture	324
	$ 14,882

NOTE 6 - INTERFUND ACTIVITY

Interfund transfers to/from for the year ended September 30, 2025, are as follows:

TRANSFER FROM	TRANSFER TO	
Nonmajor Governmental Funds	General Fund	$ 11,539
		$ 11,539

Interfund balances are used to: (1) supply funds from a fund that has current resources to a fund that needs current resources and (2) facilitate transactions that are made by one fund for the benefit of more than one fund.

NOTE 7 - RESTRICTED NET POSITION AND RESERVED FUND BALANCES

The statement of net position shows certain amounts as restricted net position. These amounts are restricted in their use by parties outside the Town such as creditors, grantors, or contributors, or are restricted by law or regulation. Components of restricted net position include:

ACTIVITY	RESTRICTED BY	AMOUNT
Road Surface and Repair	Law	$ 54,256
Capital Projects	Law	10,849
		$ 65,105

NOTE 7 - RESTRICTED NET POSITION AND RESERVED FUND BALANCES (Continued)

The balance sheet shows certain amounts as restricted or unassigned fund balances. Restricted amounts are restricted by either federal or state law; assigned amounts are designated by the Town leaders to use for a specific purpose; and unassigned amounts are to use in any Town function. Components of fund balances are:

	GENERAL FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
FUND BALANCES:			
Restricted For:			
Special Revenue Funds:			
Road Surface and Repair	$ -	$ 54,256	$ 54,256
Capital Projects	-	10,849	10,849
Other	-	-	-
Total Fund Balances	$ -	$ 65,105	$ 65,105

NOTE 8 – DEFINED BENEFIT PENSION PLAN

Plan Description

The ERS, an agent multiple-employer public employee retirement plan, was established as of October 1, 1945, pursuant to the *Code of Alabama 1975, Title 36, Chapter 27* (Act 515 of the Legislature of 1945). The purpose of the ERS is to provide retirement allowances and other specified benefits for state employees, State Police, and, on an elective basis, to all cities, counties, towns, and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control which consists of 15 trustees. Act 390 of the Legislature of 2021 created two additional representatives to the ERS Board of Control Effective October 1, 2021. The Plan is administered by the Retirement Systems of Alabama (RSA). The *Code of Alabama 1975, Title 36, Chapter 27* grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

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NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

The ERS Board of Control consists of 15 trustees as follows:

1) The Governor, ex officio.
2) The State Treasurer, ex officio.
3) The State Personnel Director, ex officio.
4) The State Director of Finance, ex officio.
5) Three vested members of ERS appointed by the Governor for a term of four years, no two of whom are from the same department of state government nor from any department of which an ex officio trustee is the head.
6) Eight members of ERS who are elected by members from the same category of ERS for a term of four years as follows:
    a. Two retired members with one from the ranks of retired state employees and one from the ranks of retired employees of a city, county, or a public agency each of whom is an active beneficiary of ERS.
    b. Two vested active state employees.
    c. One vested active employee of a participating municipality or city in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    d. One vested active employee of a participating county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    e. One vested active employee or retiree of a participating employer in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.
    f. One vested active employee of a participating employer other than a municipality, city or county in ERS pursuant to the *Code of Alabama 1975, Section 36-27-6*.

Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 (52 for State Police) with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS (except State Police) are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. State Police are allowed 2.875% for each year of State Police service in computing the formula method.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 (56 for State Police) with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a formula method. Under the formula method, Tier 2 members of the ERS (except State Police) are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service up to 80% of their average final compensation. State Police are allowed 2.375% for each year of State Police service in computing the formula method.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending September 30 are paid to the beneficiary.

Act 132 of the Legislature of 2019 allowed employers who participate in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* to provide Tier 1 retirement benefits to their Tier 2 members. Tier 2 members of employers adopting Act 2019-132 will contribute 7.5% of earnable compensation for regular employees and 8.5% for firefighters and law enforcement officers. A total of 628 employers adopted Act 2019-132 as of September 30, 2024.

Act 316 of the Legislature of 2019 allows employees at the time of retirement to receive a partial lump sum (PLOP) distribution as a single payment not to exceed the sum of 24 months of the maximum monthly retirement allowance the member could receive. This option may be selected in addition to the election of another retirement allowance option at a reduced amount based upon the amount of partial lump sum distribution selected.

The ERS serves approximately 890 local participating employers. The ERS membership includes approximately 117,309 participants. As of September 30, 2024, membership consisted of:

	RSA Totals	Town of Berlin
Retirees and beneficiaries currently receiving benefits	32,477	-
Terminated employees entitled to but not yet receiving benefits	2,425	-
Terminated employees not entitled to a benefit	22,097	-
Active members	60,279	1
Post-DROP retired members still in active service	31	-
	117,309	1

Contributions

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the ERS contributed 6% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the ERS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 8.50% of earnable compensation. State Police of the ERS contribute 10% of earnable compensation.

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Employers participating in the ERS pursuant to *Code of Alabama 1975, Section 36-27-6* were not required by statute to increase covered member contribution rates but were provided the opportunity to do so through Act 2011-676. By adopting Act 2011-676, Tier 1 regular members' contribution rates increased from 5% to 7.5% of earnable compensation and Tier 1 certified law enforcement, correctional officers', and firefighters' member contribution rates increased from 6% to 8.5% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute. Tier 2 certified law enforcement, correctional officers, and firefighters of the ERS are required by statute to contribute 7% of earnable compensation. Tier 2 State Police members of the ERS contribute 10% of earnable compensation. These contributions rates are the same for Tier 2 covered members of ERS local participating employers.

The ERS establishes rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year with additional amounts to finance any unfunded accrued liability, the preretirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2025, the Town's active employee contribution rate was 7.50 percent of covered employee payroll, and the Town's average contribution rate to fund the normal and accrued liability costs was 4.08 percent of pensionable payroll.

The Town's contractually required contribution rate for the year ended September 30, 2025, was 5.01% of pensionable pay for Tier 2 employees. The Town has no Tier 1 employees. These required contribution rates are based upon the actuarial valuation as of September 30, 2022, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the Town were $2,751 for the year ended September 30, 2025.

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NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Town's Net Pension Liability, Deferred Outflows and Inflows of Resources, and Fiduciary Net Position

The Town's net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as September 30, 2023, rolled forward to September 30, 2024, using standard roll-forward techniques as shown in the following table:

	Expected	Actual Before Plan Changes	Actual After Plan Changes
(a) Total Pension Liability as of September 30, 2023	$ 15,737	$ 16,578	$ 16,578
(b) Discount Rate	7.45%	7.45%	7.45%
(c) Entry Age Normal Cost for October 1, 2023 - September 30, 2024	4,737	4,737	4,737
(d) Transfers Among Employees	-	-	-
(e) Actual Benefit Payments and Refunds for October 1, 2023 - September 30, 2024	-	-	-
(f) Total Pension Liability as of September 30, 2024 [(a) x (1 + (b))] +(c) + (d) + [(e) x 1+0.5* (b))]	$ 21,646	$ 22,550	$ 22,550
(g) Difference between expected and actual		$ 904	
(h) Less Liability Transferred for Immediate Recognition		-	
(i) Experience (gain) / loss (g) - (h)		$ 904	
(j) Difference between Actual TPL Before and After Plan Changes - Benefit Change (Gain)/Loss			$ -

Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined based on the annual actuarial funding valuation report prepared as of September 30, 2023. The key actuarial assumptions are summarized below:

Inflation	2.50%
Salary increases	3.25% - 6.00%
Investment rate of return*	7.45%, including inflation

*Net of pension plan investment expense

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Mortality rates were based on the Pub-2010 Below-Median Tables, projected generationally using the MP-2020 scale, which is adjusted by 66-2/3% beginning with year 2019:

Group	Membership Table	Set Forward (+)/ Setback (-)	Adjustment to Rates
Non-FLC Service Retirees	General Healthy Below Median	Male: +2, Female: +2	Male: 90% ages < 65, 96% ages >= 65 Female: 96% all ages
FLC/State Police Service Retirees	Public Safety Healthy Below Median	Male: +1, Female: none	None
Beneficiaries	Contingent Survivor Below Median	Male: +2, Female: +2	None
Non-FLC Disabled Retirees	General Disability	Male: +7, Female: +3	None
FLC/State Police Disabled Retirees	Public Safety Disability	Male: +7, Female: none	None

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period October 1, 2015 – September 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.0%	2.8%
US Large Stocks	32.0%	8.0%
US Mid Stocks	9.0%	10.0%
US Small Stocks	4.0%	11.0%
Int'l Developed Mkt Stocks	12.0%	9.5%
Int'l Emerging Mkt Stocks	3.0%	11.0%
Alternatives	10.0%	9.0%
Real Estate	10.0%	6.5%
Cash	5.0%	1.5%
Total	100.0%	

*Includes assumed rate of inflation of 2.00%

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was the long-term rate of return, 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were 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.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability (a)-(b)
Balances at 09/30/2023	$ 15,737	$ 13,165	$ 2,572
Changes for the year:			
Service cost	4,737	-	4,737
Interest	1,172	-	1,172
Changes of assumptions	-	-	-
Differences between expected and actual experience	904	-	904
Contributions - employer	-	1,840	(1,840)
Contributions - employee	-	3,225	(3,225)
Net investment income	-	3,315	(3,315)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Transfers among Employers	-	-	-
Net changes	6,813	8,380	(1,567)
Balances at 9/30/2024	$ 22,550	$ 21,545	$ 1,005

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Town's net pension liability calculated using the discount rate of 7.45%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increases (8.45%)
Town's net pension liability	$ 6,522	$ 1,005	$ (3,303)

NOTE 8 – DEFINED BENEFIT PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2024. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2024. The auditor's report on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2025, the Town recognized pension expense of $(978). At September 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 10,514	$ -
Changes of assumption	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,120
Employer contributions subsequent to the measurement date	2,751	-
Total	$ 13,265	$ 2,120

$2,751 of Employer Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30:	
2026	$ 232
2027	232
2028	234
2029	366
2030	796
Thereafter	6,534

NOTE 9 - CONTINGENT LIABILITIES

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

NOTE 10 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 12, 2026 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Berlin
Schedule of Changes in Net Pension Liability
Employee's Retirement Systems of Alabama
Last 10 Fiscal Years Ending September 30*

	Actuarial Valuation as of September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	$ 4,737	$ 4,593	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	1,172	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	904	11,144	-	-	-	-	-	-	-	-
Changes of Assumptions	-	-	-	-	-	-	-	-	-	-
Transfer among employers	-	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-	-
Net change in total pension liability	6,813	15,737	-	-	-	-	-	-	-	-
Total pension liability - beginning	15,737	-	-	-	-	-	-	-	-	-
Total pension liability - ending (a)	$ 22,550	$ 15,737	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position										
Contributions - employer	1,840	10,274	-	-	-	-	-	-	-	-
Contributions - member	3,225	1,769	-	-	-	-	-	-	-	-
Net investment income	3,315	1,122	-	-	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-	-	-	-	-	-	-	-
Transfer among employers	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	8,380	13,165	-	-	-	-	-	-	-	-
Plan net position - beginning	13,165	-	-	-	-	-	-	-	-	-
Plan net position - ending (b)	21,545	13,165	-	-	-	-	-	-	-	-
Net pension liability - ending (a) - (b)	$ 1,005	$ 2,572	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan fiduciary net position as a percentage of the total pension liability	95.54%	83.66%								
Covered-employee payroll*	$ 45,698	$ 39,144	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net pension liability as a percentage of covered-employee payroll	2.20%	6.57%								

* Employer's covered-payroll during the measurement period is the total covered payroll. For FY 2025 the measurement period is October 1 2023 - September 30, 2024

This schedule is intended to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Town of Berlin
Schedule of Employer Contributions
Employee's Retirement Systems of Alabama
Last 10 Fiscal Years Ending September 30*

	Actuarial Valuation as of September 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 2,751	$ 1,866	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	2,751	1,866	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 60,000	$ 45,698	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	4.59%	4.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2025 were based on the September 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates for the period October 1, 2024 to September 30, 2025:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	18 years
Asset valuation method	Five year smoothed market
Inflation	2.50%
Salary increases	3.25 - 6.00%, including inflation
Investment rate of return	7.45%, net of pension plan investment expense, including inflation

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION

Town of Berlin
Combining Balance Sheets
Nonmajor Governmental Funds
September 30, 2025

	FOUR CENT GAS TAX FUND	SEVEN CENT GAS TAX FUND	REBUILD ALABAMA GAS TAX FUND	AMERICAN RESCUE PLAN ACT FUND	CAPITAL IMPROVEMENT TRUST FUND	TOTAL
ASSETS						
Cash and Cash Equivalents	$ 1,487	$ 789	$ 49,386	$ -	$ 10,849	$ 62,511
Due from Other Governments	227	291	2,076	-	-	2,594
Total Assets	$ 1,714	$ 1,080	$ 51,462	$ -	$ 10,849	$ 65,105
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-	-	-
Fund Balances:						
Restricted	1,714	1,080	51,462	-	10,849	65,105
	1,714	1,080	51,462	-	10,849	65,105
TOTAL LIABILITIES AND FUND BALANCES	$ 1,714	$ 1,080	$ 51,462	$ -	$ 10,849	$ 65,105

Town of Berlin
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended September 30, 2025

REVENUES	FOUR CENT GAS TAX FUND	SEVEN CENT GAS TAX FUND	REBUILD ALABAMA GAS TAX FUND	AMERICAN RESCUE PLAN ACT FUND	CAPITAL IMPROVEMENT TRUST FUND	TOTAL
Intergovernmental Revenues	$ 2,556	$ 3,226	$ 21,118	$ -	$ 5,376	$ 32,276
Other Revenues	-	-	-	-	-	-
	2,556	3,226	21,118	-	5,376	32,276
EXPENDITURES						
General government	-	-	-	-	-	-
Street and highways	-	-	-	-	-	-
	-	-	-	-	-	-
Excess (Deficiency) of Revenues	2,556	3,226	21,118	-	5,376	32,276
OTHER FINANCING SOURCES (USES)						
Transfers To Other Funds	(4,901)	(6,437)	-	(201)	-	(11,539)
	(4,901)	(6,437)	-	(201)	-	(11,539)
Net Change in Fund Balances	(2,345)	(3,211)	21,118	(201)	5,376	20,737
FUND BALANCES - Beginning of Year	4,059	4,291	30,344	201	5,473	44,368
FUND BALANCES - End of Year	$ 1,714	$ 1,080	$ 51,462	$ -	$ 10,849	$ 65,105