



TOWN OF BERKLEY, MASSACHUSETTS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

(With Independent Auditors' Report Thereon)

TOWN OF BERKLEY, MASSACHUSETTS

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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Independent Auditors' Report

To the Honorable Select Board
Town of Berkley, Massachusetts

Report on the Audit of the Financial Statements

Adverse and Unmodified 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 Berkley, Massachusetts (the "Town"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Adverse
General fund	Unmodified
State grants fund	Unmodified
Other special revenue	Unmodified
Aggregate remaining fund information	Unmodified

Adverse Opinion on Governmental Activities

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town, as of June 30, 2024, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Each Major Fund, and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2024, 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 Adverse and Unmodified 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 (“Government Auditing Standards”). Our responsibilities under those standards are further described in the Auditors’ 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion on Governmental Activities

As discussed in Note 1 to the financial statements, management has not recorded fixed assets or compensated absences in governmental activities and, accordingly, has not recorded depreciation expense on those assets or payroll expense on the compensated absences. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated and compensated absences to be accrued and expensed, which would increase the assets, liabilities and net position and change the expenses of the governmental activities. The amount by which this departure would affect the assets, liabilities, net position, and expenses of the governmental activities has not been determined.

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.

Auditors’ 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 auditors’ 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 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 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 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 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 management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2026, on our consideration of the Town'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 that report is solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
February 26, 2026

Management's Discussion and Analysis

Town of Berkley, Massachusetts

Management's Discussion and Analysis

For the Year Ended June 30, 2024

As management of the Town of Berkley, we offer readers of the Town's basic financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2024. We encourage readers to consider the information presented in this report.

The Governmental Accounting Standards Board ("GASB") is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles ("GAAP"). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Berkley's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent 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 result in cash flows in future periods (e.g., uncollected taxes and earned but unused sick and vacation time).

The government-wide financial statements report functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, and interest.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Town of Berkley, Massachusetts

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Berkley adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

The Town's general fund, state grants fund and other special revenue fund are considered major funds for presentation purposes. These major funds are presented in separate columns in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. The remaining governmental funds are aggregated and shown as nonmajor governmental funds.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town's own programs.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Highlights

- The Town's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$16.7 million at the close of 2024; at the close of 2023 this balance was \$15.8 million.
- At June 30, 2024, unassigned fund balance of the general fund was \$4.4 million, or 17.3% of general fund expenditures. At June 30, 2023 unassigned fund balance was \$4.9 million or 20.8% of general fund expenditures.
- The Town has recorded a net pension liability in accordance with GASB Statement #68, *Accounting and Financial Reporting for Pensions*. The net pension liability totaled \$8.7 million at year-end. Please refer to Note 8 for additional information.

Town of Berkley, Massachusetts

Management’s Discussion and Analysis

For the Year Ended June 30, 2024

- The Town has recorded a net other postemployment benefits (OPEB) liability in accordance with GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). The net OPEB liability totaled \$13.7 million at year-end. Please refer to Note 9 for additional information.
- The special revenue fund was previously reported as major governmental funds and has been reclassified as a nonmajor governmental fund for the year ended June 30, 2024. The state grants fund and the other special revenue fund were previously reported as nonmajor governmental funds and have been reclassified as major governmental funds for the year ended June 30, 2024. Previously reported fund balances have been adjusted to reflect this change within the reporting entity. Please refer to Note 12 for additional information.

Governmental Activities. The Town’s liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for governmental activities by \$16.5 million at the close of 2024.

	2024	2023
Assets:		
Current assets.....	\$ <u>14,461,211</u>	\$ <u>14,271,301</u>
Deferred outflows of resources.....	<u>5,064,174</u>	<u>6,302,953</u>
Liabilities:		
Current liabilities (excluding debt).....	2,533,285	2,742,291
Noncurrent liabilities (excluding debt).....	22,391,750	21,193,000
Current debt.....	420,000	415,000
Noncurrent debt.....	2,240,000	2,660,000
Total liabilities.....	<u>27,585,035</u>	<u>27,010,291</u>
Deferred inflows of resources.....	<u>8,449,682</u>	<u>9,370,910</u>
Net position:		
Net investment in capital assets.....	(2,660,000)	(3,075,000)
Restricted.....	4,190,856	5,089,541
Unrestricted.....	<u>(18,040,188)</u>	<u>(17,821,488)</u>
Total net position.....	\$ <u>(16,509,332)</u>	\$ <u>(15,806,947)</u>

The Town’s net position decreased by \$659 thousand as compared to a decrease of \$516 thousand in 2023. The \$659 thousand decrease in net position mainly relates to increases in the net pension and OPEB liabilities, net of their respective deferred outflows and inflows of resources.

Town of Berkley, Massachusetts

Management’s Discussion and Analysis

For the Year Ended June 30, 2024

Key Components of the Town’s governmental activities are summarized below:

	For the Year Ended	
	2024	2023
Program Revenues:		
Charges for services.....	\$ 2,861,264	\$ 2,786,461
Operating grants and contributions.....	9,100,525	8,253,529
Capital grants and contributions.....	1,282,881	770,716
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	15,594,584	14,661,957
Tax and other liens.....	-	113,137
Motor vehicle and other excise taxes.....	1,281,118	1,190,266
Penalties and interest on taxes.....	137,978	99,942
Unrestricted investment income.....	275,166	137,360
Miscellaneous.....	281,849	85,423
Total revenues.....	30,815,365	28,098,791
Expenses:		
General government.....	1,714,102	1,364,967
Public safety.....	5,686,527	5,233,852
Education.....	21,895,233	20,021,927
Public works.....	1,702,983	1,543,717
Health and human services.....	144,318	129,784
Culture and recreation.....	275,099	229,570
Interest.....	99,488	90,904
Total expenses.....	31,517,750	28,614,721
Change in net position.....	(702,385)	(515,930)
Net position, beginning of year.....	(15,806,947)	(15,291,017)
Net position, end of year.....	\$ (16,509,332)	\$ (15,806,947)

Financial Analysis of the Governmental Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds. The focus of the Town’s governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$11.0 million, of which \$6.8 million is for the general fund, \$366 thousand is for the state grants fund, \$449 thousand is for the other special revenue fund, and \$3.4 million is for nonmajor governmental funds. Cumulatively there was an increase of \$350 thousand in fund balances from the prior year.

Town of Berkley, Massachusetts

Management's Discussion and Analysis

For the Year Ended June 30, 2024

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund totaled \$4.4 million, while total fund balance was \$6.8 million. Fund balance of \$2.4 million was assigned for subsequent year expenditures and encumbrances. Unassigned fund balance represents 17.3% of general fund expenditures while total fund balance represents 26.9% of general fund expenditures. At the close of 2023, unassigned fund balance was 20.8% of general fund expenditures and total fund balance was 24.0% of general fund expenditures.

The general fund experienced an increase of \$1.2 million during 2024. The increase is mainly due to better than anticipated budgetary results for the fiscal year.

The state grants fund balance increased by \$125 thousand during 2024. This increase is mainly due to the timing of receipts and expenditures for grants received by the Town.

The other special revenue fund increased \$38 thousand during 2024. This increase is mainly due to receipts received from departmental operations of the town exceeding expenditures and other financing uses during the fiscal year.

General Fund Budgetary Highlights

The Town adopts an annual appropriated budget for its general fund. The original 2024 approved budget for the general fund authorized \$26.6 million in appropriations and other amounts to be raised, inclusive of \$738 thousand of encumbrances carried forward from the prior year. Additionally, the Town Meeting authorized supplemental appropriations totaling \$172 thousand during the year.

Debt Administration

In FY 2024, the Town did not issue any new debt. The Town's total outstanding long-term governmental debt totaled \$2.7 million as of June 30, 2024.

Requests for Information

This financial report is designed to provide a general overview of the Town of Berkley's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant, Town Hall, 1 North Main Street, Berkley, Massachusetts 02779.

Basic Financial Statements

Town of Berkley, Massachusetts

Statement of Net Position

June 30, 2024

	<i>Primary Government</i>
	Governmental Activities
ASSETS	
CURRENT:	
Cash and cash equivalents.....	\$ 13,420,850
Receivables, net of allowance for uncollectibles:	
Real estate and personal property taxes.....	522,794
Tax liens.....	290,602
Motor vehicle and other excise taxes.....	110,877
Intergovernmental - other.....	114,698
Special assessments.....	1,390
TOTAL ASSETS.....	14,461,211
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions.....	1,926,057
Deferred outflows related to other postemployment benefits....	3,138,117
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	5,064,174
LIABILITIES	
CURRENT:	
Warrants payable.....	330,991
Accrued payroll.....	521,226
Other liabilities.....	954,591
Unearned revenue.....	726,477
Bonds payable.....	420,000
Total current liabilities.....	2,953,285
NONCURRENT:	
Net pension liability.....	8,683,186
Net other postemployment benefits liability.....	13,708,564
Bonds payable.....	2,240,000
Total noncurrent liabilities.....	24,631,750
TOTAL LIABILITIES.....	27,585,035
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions.....	12,072
Deferred inflows related to other postemployment benefits....	8,437,610
TOTAL DEFERRED INFLOWS OF RESOURCES.....	8,449,682

See notes to basic financial statements.

Town of Berkley, Massachusetts

Statement of Net Position (Continued)

June 30, 2024

	<u>Primary Government</u>
	<u>Governmental Activities</u>
NET POSITION	
Net investment in capital assets.....	(2,660,000)
Restricted for:	
Permanent funds:	
Expendable.....	268,418
Nonexpendable.....	71,385
Gifts and grants.....	1,346,738
Other purposes.....	2,504,315
Unrestricted.....	<u>(18,040,188)</u>
TOTAL NET POSITION.....	<u><u>\$ (16,509,332)</u></u>

See notes to basic financial statements.

Town of Berkley, Massachusetts

Statement of Activities

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 1,714,102	\$ 165,196	\$ 789,001	\$ 490,841	\$ (269,064)
Public safety.....	5,686,527	713,245	497,243	160,000	(4,316,039)
Education.....	21,895,233	1,444,004	7,463,697	171,527	(12,816,005)
Public works.....	1,702,983	476,524	203,850	460,513	(562,096)
Health and human services.....	144,318	19,716	43,950	-	(80,652)
Culture and recreation.....	275,099	42,579	102,784	-	(129,736)
Interest.....	99,488	-	-	-	(99,488)
Total Governmental Activities.....	31,517,750	2,861,264	9,100,525	1,282,881	(18,273,080)

See notes to basic financial statements.

Town of Berkley, Massachusetts
Statement of Activities (Continued)
For the Year Ended June 30, 2024

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue from previous page.....	\$ (18,273,080)
<i>General revenues:</i>	
Real estate and personal property taxes, net of tax refunds payable.....	15,594,584
Motor vehicle and other excise taxes.....	1,281,118
Penalties and interest on taxes.....	137,978
Unrestricted investment income.....	275,166
Miscellaneous.....	281,849
Total general revenues.....	<u>17,570,695</u>
Change in net position.....	(702,385)
<i>Net position:</i>	
Beginning of year.....	<u>(15,806,947)</u>
End of year.....	\$ <u><u>(16,509,332)</u></u>

See notes to basic financial statements.

Town of Berkley, Massachusetts

Governmental Funds – Balance Sheet

June 30, 2024

	General	State Grants	Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 7,615,937	\$ 1,003,705	\$ 1,207,241	\$ 3,593,967	\$ 13,420,850
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	522,794	-	-	-	522,794
Tax liens.....	290,602	-	-	-	290,602
Motor vehicle and other excise taxes.....	110,877	-	-	-	110,877
Intergovernmental - other.....	-	114,698	-	-	114,698
Special assessments.....	-	-	-	1,390	1,390
TOTAL ASSETS.....	\$ 8,540,210	\$ 1,118,403	\$ 1,207,241	\$ 3,595,357	\$ 14,461,211
LIABILITIES					
Warrants payable.....	\$ 204,266	\$ 9,896	\$ 9,903	\$ 106,926	\$ 330,991
Accrued payroll.....	434,597	16,261	1,570	68,798	521,226
Other liabilities.....	164,277	-	790,314	-	954,591
Unearned revenue.....	-	726,477	-	-	726,477
TOTAL LIABILITIES.....	803,140	752,634	801,787	175,724	2,533,285
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	924,275	-	-	1,390	925,665
FUND BALANCES					
Nonspendable.....	-	-	-	71,385	71,385
Restricted.....	-	365,769	405,454	3,346,858	4,118,081
Assigned.....	2,436,349	-	-	-	2,436,349
Unassigned.....	4,376,446	-	-	-	4,376,446
TOTAL FUND BALANCES.....	6,812,795	365,769	405,454	3,418,243	11,002,261
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 8,540,210	\$ 1,118,403	\$ 1,207,241	\$ 3,595,357	\$ 14,461,211

See notes to basic financial statements.

Town of Berkley, Massachusetts

**Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position**

June 30, 2024

Total governmental fund balances.....		\$ 11,002,261
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		925,665
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(3,385,508)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(2,660,000)	
Net pension liability.....	(8,683,186)	
Net other postemployment benefits liability.....	<u>(13,708,564)</u>	
Net effect of reporting long-term liabilities.....		<u>(25,051,750)</u>
Net position of governmental activities.....		\$ <u><u>(16,509,332)</u></u>

See notes to basic financial statements.

Town of Berkley, Massachusetts

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2024

	General	Special Revenue	State Grants	Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 15,378,641	\$ -	\$ -	\$ -	\$ -	\$ 15,378,641
Tax liens.....	151,922	-	-	-	-	151,922
Motor vehicle and other excise taxes.....	1,252,775	-	-	-	-	1,252,775
Charges for services.....	-	-	-	-	2,080,675	2,080,675
Penalties and interest on taxes.....	137,978	-	-	-	-	137,978
Licenses and permits.....	139,784	-	-	-	83,742	223,526
Teachers Retirement System Pension Contribution.....	1,888,119	-	-	-	-	1,888,119
Intergovernmental.....	5,168,286	-	1,809,431	-	1,334,352	8,312,069
Departmental and other.....	375,790	-	-	116,278	-	492,068
Special assessments.....	-	-	-	-	63,440	63,440
Contributions.....	-	-	-	-	172,505	172,505
Investment income.....	189,750	-	7	-	85,410	275,167
Miscellaneous.....	281,849	-	2,145	-	9,867	293,861
TOTAL REVENUES.....	24,964,894	-	1,811,583	116,278	3,829,991	30,722,746
EXPENDITURES:						
Current:						
General government.....	896,039	-	327,894	62,214	39,176	1,325,323
Public safety.....	3,251,148	-	628,165	42,745	528,843	4,450,901
Education.....	15,703,802	-	431,134	-	2,611,277	18,746,213
Public works.....	1,056,966	-	89,235	-	253,632	1,399,833
Health and human services.....	67,313	-	12,135	-	5,229	84,677
Culture and recreation.....	168,776	-	17,486	-	26,737	212,999
Pension benefits.....	828,972	-	-	-	-	828,972
Teachers Retirement System Pension Expenditure.....	1,888,119	-	-	-	-	1,888,119
Employee benefits.....	767,060	-	-	-	-	767,060
State and county charges.....	197,864	-	-	-	-	197,864
Debt service:						
Principal.....	415,000	-	-	-	-	415,000
Interest.....	99,489	-	-	-	-	99,489
TOTAL EXPENDITURES.....	25,340,548	-	1,506,049	104,959	3,464,894	30,416,450
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(375,654)	-	305,534	11,319	365,097	306,296
OTHER FINANCING SOURCES (USES):						
Transfers in.....	1,582,025	-	-	-	-	1,582,025
Transfers out.....	-	-	(181,000)	(16,500)	(1,384,525)	(1,582,025)
TOTAL OTHER FINANCING SOURCES (USES).....	1,582,025	-	(181,000)	(16,500)	(1,384,525)	-
NET CHANGE IN FUND BALANCES.....	1,206,371	-	124,534	(5,181)	(1,019,428)	306,296
FUND BALANCES, 6/30/2023, AS PREVIOUSLY REPORTED.....	5,606,424	4,471,413	-	-	618,128	10,695,965
ADJUSTMENT - CHANGE FROM MAJOR TO NON MAJOR FUND..	-	(4,471,413)	-	-	4,471,413	-
ADJUSTMENT - CHANGE FROM NON MAJOR TO MAJOR FUND..	-	-	241,235	410,635	(651,870)	-
FUND BALANCES, 6/30/2023, AS ADJUSTED.....	5,606,424	-	241,235	410,635	4,437,671	10,695,965
FUND BALANCES AT END OF YEAR.....	\$ 6,812,795	\$ -	\$ 365,769	\$ 405,454	\$ 3,418,243	\$ 11,002,261

See notes to basic financial statements.

Town of Berkley, Massachusetts

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to the Statement of
Activities**

For the Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....	\$	306,296
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		92,620
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Debt service principal payments.....		415,000
<p>Some expenses 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.</p>		
Net change in deferred outflow/(inflow) of resources related to pensions.....	(150,333)	
Net change in net pension liability.....	(774,136)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(167,218)	
Net change in net other postemployment benefits liability.....	<u>(424,614)</u>	
Net effect of recording long-term liabilities.....		<u>(1,516,301)</u>
Change in net position of governmental activities.....	\$	<u><u>(702,385)</u></u>

See notes to basic financial statements.

Town of Berkley, Massachusetts

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2024

	<u>Other Postemployment Benefit Trust Fund</u>
ASSETS	
Investments:	
Investments in Plymouth County OPEB Trust.....	\$ <u>898,888</u>
NET POSITION	
Restricted for other postemployment benefits.....	\$ <u><u>898,888</u></u>

See notes to basic financial statements.

Town of Berkley, Massachusetts

Fiduciary Funds

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2024

	<u>Other Postemployment Benefit Trust Fund</u>
<u>ADDITIONS:</u>	
Employer contributions for other postemployment benefit payments.....	\$ <u>228,703</u>
Net investment income:	
Investment income.....	112,769
Less: investment expense.....	<u>(3,222)</u>
Net investment income.....	<u>109,547</u>
TOTAL ADDITIONS.....	<u>338,250</u>
<u>DEDUCTIONS:</u>	
Other postemployment benefit payments.....	<u>228,703</u>
NET INCREASE IN NET POSITION.....	109,547
NET POSITION AT BEGINNING OF YEAR.....	<u>789,341</u>
NET POSITION AT END OF YEAR.....	\$ <u><u>898,888</u></u>

See notes to basic financial statements.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Town of Berkley, Massachusetts (the ‘Town’) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

The Town did not include capital assets or the compensated absence liability in the Government-Wide Financial Statements. Capital assets, including land, buildings, and equipment, are not capitalized or depreciated in the accompanying financial statements as required by GASB Statement #34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Instead, capital outlays are expensed as incurred, rather than being recorded as assets and depreciated over their estimated useful lives. The liability for compensated absences (such as unused vacation and sick leave) is not recorded in the financial statements as required by GASB Statement #16, *Accounting for Compensated Absences*. The related expenses are recognized when payments are made, rather than when the benefits are earned by employees. As a result of these departures, the financial statements do not present financial position, results of operations, or cash flows in conformity with GAAP as prescribed by GASB.

A. Reporting Entity

The Town is a municipal corporation governed by an elected three-member Board of Selectmen and an appointed Town Administrator.

For financial reporting purposes, the Town has included all funds, organizations, agencies, boards, commissions, and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the financial statements to be misleading or incomplete. The Town has no component units that require inclusion in these basic financial statements.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are primarily supported by taxes and intergovernmental revenues. Certain note disclosures on capital assets and long-term liabilities have not been presented.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element for all funds of that category or type, and
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred regardless of the timing of the related cash flows. Real estate and personal 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. The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources 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., 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. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred, and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *state grants fund* accounts for activity related to the receipt and usage of grant funding received from the Commonwealth of Massachusetts.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

The *other special revenue fund* accounts for activity that is related to the funds received by the Town and earmarked for special purpose uses by the Town.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental fund's financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund is reported:

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future other postemployment benefit (OPEB) liabilities.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The Town reports required types of financial instruments in accordance with the fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the government to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain U.S. government obligations and fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

For more information on the fair value of the Town's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Real Estate, Personal Property Taxes and Tax Liens

Real estate and personal property taxes are levied and based on values assessed on January 1st of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st, and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle and Other Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered in the Town and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. Boat excise taxes are assessed annually for each boat registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of boats registered and the fair value of these boats. The tax calculation is the fair value of the boat multiplied by \$10 per \$1,000 of value; with a maximum taxable value of \$50,000.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred, and all other grant requirements are met. These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Town of Berkley, Massachusetts
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

Special Assessments

Special assessments in the wastewater fund consist of apportioned and unapportioned sewer betterments assessed to homeowners whose properties were improved through Town-run sewer construction projects.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

G. Capital Assets

Government-Wide Financial Statements

Capital assets have not been reported in these financial statements.

Fund Financial Statements

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

H. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town has reported deferred outflows of resources related to pensions and deferred outflows of resources related to postemployment benefits.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The Town has reported deferred inflows of resources related to pensions and deferred inflows of resources related to other postemployment benefits.

Fund Financial Statements

In addition to liabilities, the government funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements but the revenue

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

is not available and so will not be recognized as an inflow of resources (revenue) until it becomes available. The Town has recorded unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

I. Unearned and Unavailable Revenue

Unearned revenue at the government-wide and fund financial statement level represents resources that have been received, but not yet earned.

Fund Financial Statements

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are not eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Town of Berkley, Massachusetts
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position.

Fund Financial Statements

Transfers between and within funds are not eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Net Position and Fund Balance

Government-Wide Financial Statements (Net Position)

Net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Capital assets are not reported in these financial statements.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings that support governmental programs.

“Permanent funds – nonexpendable” represents the endowment principal portion of donor restricted trusts that support governmental programs.

“Gifts and grants” represents restrictions placed on assets from outside parties and consists primarily of gifts and federal and state grants.

“Other purposes” represents restrictions placed on assets from outside parties and consist primarily of receipts reserved for appropriations, revolving funds, and other special revenue funds.

Sometimes the Town will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund balance is classified as fund balance. Fund balance is further classified as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. Town Meeting is the highest level of decision-making authority that can, by Town Meeting vote, commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. The Town's by-laws authorize the Town Accountant to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

The Town's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Town of Berkley, Massachusetts
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

M. Long-term Debt

Government-Wide Financial Statements

Long-term debt is reported as liabilities in the government-wide statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Bristol County Retirement System (System) and the Massachusetts Teachers' Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

P. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide Financial Statements

Vested or accumulated vacation and sick leave have not been reported as liabilities.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. Total Column

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's investment pool (the Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

The OPEB Trust fund investments are invested in the Plymouth County OPEB Trust (PCOT), an external investment pool, which the Town voluntarily participates in. PCOT assists public entities in Plymouth County and neighboring counties with pre-funding their obligations for OPEB by investing in a manner in accordance with the Massachusetts Government Code within the Internal Revenue Code (IRC) Section 115 governing multiple employer trusts. PCOT has a formal investment policy, guidelines, and performance objectives applicable to the assets of the PCOT investment pool, managed

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

by the PCOT Investment Committee. The County of Plymouth, Massachusetts designed and sponsors PCOT. The Treasurer of the County of Plymouth, Massachusetts serves as the Program Administrator for PCOT and chairs the PCOT Investment Committee.

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town has not formally adopted a policy for custodial credit risk of deposits. At year-end, the carrying amount of deposits totaled \$13,420,850 and the bank balance totaled \$13,757,869. Of the bank balance, \$1,001,400 was covered by Federal Depository Insurance and the remaining balance of \$12,756,469 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

As of June 30, 2024, \$898,888 in investments related to the OPEB Trust fund is included within the Town's investments. The Town's OPEB Trust fund investments were not subject to credit risk, custodial credit risk, or concentration of credit risk exposure because the related securities were held in an approved trust.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the government will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The Town does not have an investment policy for custodial credit risk.

Investments and Credit Risk

The Town has not adopted a formal policy related to credit risk.

Interest Rate Risk

The government does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk

The Town places no limit on the amount the Town may invest in any one issuer.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Fair Value of Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the Town's mission, the Town determines that the disclosures related to these investments only need to be disaggregated by major type.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

All of the Town's investments are in PCOT, which is measured using Net Asset Value (NAV). The NAV per share is the amount of net assets attributable to each share outstanding at the close of the period. Investments measured using NAV for fair value are not subject to level classification. The reported value of investments in PCOT is the same as the fair value of the pool shares.

NOTE 3 – RECEIVABLES

Receivables as of June 30, 2024, for the individual major and nonmajor governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
<u>Receivables:</u>			
Real estate and personal property taxes. \$	522,794	\$ -	\$ 522,794
Tax liens.....	290,602	-	290,602
Motor vehicle and other excise taxes....	173,158	(62,281)	110,877
Intergovernmental.....	114,698	-	114,698
Special assessments.....	1,390	-	1,390
Total.....	<u>\$ 1,102,642</u>	<u>\$ (62,281)</u>	<u>\$ 1,040,361</u>

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Governmental funds report *deferred inflows of resources* in connection with receivable for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.... \$	522,796	\$ -	\$ 522,796
Tax liens.....	290,602	-	290,602
Motor vehicle and other excise taxes.....	110,877	-	110,877
Special assessments.....	-	1,390	1,390
 Total.....	\$ 924,275	\$ 1,390	\$ 925,665

NOTE 4 – INTERFUND TRANSFERS

In 2024, the Town transferred from nonmajor governmental funds, \$1,384,500 from receipts reserved for appropriation, \$16,500 from other special revenue funds, \$181,000 from special revenue funds and \$25 from revolving funds to balance the general fund budget for capital and operating purposes.

NOTE 5 – SHORT-TERM FINANCING

The Town is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations of the Town and carry maturity dates that are limited by statute. Interest expenditures for short-term borrowings are accounted for in the General Fund.

The Town had no short-term debt outstanding at year-end.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 6 – LONG-TERM DEBT

State law permits the Town, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5% of its equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, a Town may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

Details related to the Town's outstanding indebtedness at June 30, 2024 follow.

Bonds and Notes Payable Schedule

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023	Issued	Redeemed	Outstanding at June 30, 2024
Multi-purpose.....	2035	\$ 4,250,000	2.0% - 3.0%	\$ 2,325,000	\$ -	\$ (165,000)	\$ 2,160,000
Serial State House Note.....	2026	750,000	4.0%	750,000	-	(250,000)	500,000
Total Bonds Payable.....				\$ 3,075,000	\$ -	\$ (415,000)	\$ 2,660,000

Debt service requirements for principal and interest for governmental general obligation bonds payable in future years are as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2025.....	\$ 420,000	\$ 84,563	\$ 504,563
2026.....	425,000	69,488	494,488
2027.....	180,000	59,250	239,250
2028.....	185,000	53,850	238,850
2029.....	190,000	48,300	238,300
2030.....	195,000	42,600	237,600
2031.....	200,000	36,262	236,262
2032.....	205,000	29,762	234,762
2033.....	215,000	23,100	238,100
2034.....	220,000	15,576	235,576
2035.....	225,000	7,876	232,876
Total.....	\$ 2,660,000	\$ 470,627	\$ 3,130,627

Town of Berkley, Massachusetts
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

Changes in Long-Term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable....	\$ 3,075,000	\$ -	\$ (415,000)	\$ -	\$ -	\$ 2,660,000	\$ 420,000
Net pension liability.....	7,909,050	-	-	1,603,108	(828,972)	8,683,186	-
Net other postemployment benefits.....	13,283,950	-	-	1,016,446	(591,832)	13,708,564	-
 Total governmental activity							
long-term liabilities.....	\$ 24,268,000	\$ -	\$ (415,000)	\$ 2,619,554	\$ (1,420,804)	\$ 25,051,750	\$ 420,000

NOTE 7 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The Town classifies fund balance according to the constraints imposed on the uses of the resources.

There are two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has reported principal portions of endowment funds as nonspendable.

In addition to the nonspendable fund balance, spendable fund balances are classified based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision-making authority. The Town’s highest level of decision-making authority is Town Meeting, by Town Meeting vote.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose. The Town’s by-laws authorize the Town Accountant to assign fund balance.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type*

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Definitions, the Town’s \$1,737,502 stabilization fund has been reported in the general fund as unassigned.

As of June 30, 2024, the governmental fund balances consisted of the following:

	General	State Grants	Other Special Revenue	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 71,385	\$ 71,385
Restricted for:					
State Grants.....	-	365,769	-	-	365,769
Other Special Revenue.....	-	-	405,454	-	405,454
Receipts Reserved for Appropriations.....	-	-	-	941,402	941,402
School Lunch.....	-	-	-	430,619	430,619
Highway Improvements.....	-	-	-	126,451	126,451
School Grants.....	-	-	-	41,955	41,955
Revolving Funds.....	-	-	-	991,803	991,803
Title V.....	-	-	-	67,487	67,487
Gifts and Donations.....	-	-	-	381,944	381,944
Public Buildings.....	-	-	-	49,879	49,879
Middle School.....	-	-	-	46,900	46,900
Expendable Trust Funds.....	-	-	-	268,418	268,418
Assigned to:					
General government.....	168,293	-	-	-	168,293
Public safety.....	669,831	-	-	-	669,831
Education.....	750,024	-	-	-	750,024
Public works.....	33,996	-	-	-	33,996
Health and human services.....	3,864	-	-	-	3,864
Employee benefits.....	-	-	-	-	-
Free cash used for subsequent year budget...	810,341	-	-	-	810,341
Unassigned.....	4,376,446	-	-	-	4,376,446
Total Fund Balances.....	\$ 6,812,795	\$ 365,769	\$ 405,454	\$ 3,418,243	\$ 11,002,261

NOTE 8 – PENSION PLAN

Plan Descriptions

The Town is a member of the Bristol County Retirement System (“BCRS”), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 39 member units. The system is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System issues a publicly available audited financial report.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

That report may be obtained by contacting the System located at 645 County Street, Taunton, Massachusetts 02780 or by visiting www.bristolcountyretirement.org or www.mass.gov/perac.

The Town is a member of the Massachusetts Teachers' Retirement System ("MTRS"), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives, and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/about/#financial-reports>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2023. The Town's portion of the collective pension expense, contributed by the Commonwealth, of \$1,888,119 is reported in the general fund as intergovernmental revenue and pension expense in the current year. The portion of the Commonwealth's collective net pension liability associated with the Town is \$20,221,870 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the BCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The Town's proportionate share of the required contribution which equaled the actual contribution for the year ended June 30, 2024 was \$828,972 and 17.93% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Pension Liabilities

At June 30, 2024, the Town's liability of \$8,683,186 is its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2023, the Town's proportion was 1.579%, which is an increase over its proportion measured at December 31, 2022 of 1.533%.

Pension Expense

For the year ended June 30, 2024, the Town's actuarial based pension expense was \$1,753,441. At June 30, 2024, the Town portion of deferred outflows of resources related to pensions of \$1,926,057 and deferred inflows of resources related to pensions of \$12,072 was reported by the BCRS.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

The balances of deferred outflows/(inflows) of resources related to pensions at June 30, 2025, consist of the following:

<u>Deferred Category</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Total</u>
Differences between expected and actual experience.....	\$ 549,937	\$ -	\$ 549,937
Difference between projected and actual earnings, net.....	917,128	-	917,128
Changes in assumptions.....	174,981	-	174,981
Changes in proportion and proportionate share of contributions...	<u>284,011</u>	<u>(12,072)</u>	<u>271,939</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 1,926,057</u>	<u>\$ (12,072)</u>	<u>\$ 1,913,985</u>

The Town’s deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense (benefit) as follows:

Year ended June 30:

2025.....	\$ 600,682
2026.....	538,752
2027.....	647,313
2028.....	112,785
2029.....	<u>14,453</u>
Total deferred outflows/(inflows) of resources....	<u>\$ 1,913,985</u>

Actuarial Assumptions

The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled to December 31, 2023:

Valuation date.....	January 1, 2024
Actuarial cost method.....	Entry age normal.
Investment rate of return/ Discount rate.....	7.35%, net of expenses.
Projected salary increases.....	5.5% grading down to an ultimate rate of 2.75%

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Cost of living adjustments.....	3.00% of the first \$20,000 of benefits.
Mortality.....	RP-2014 table adjusted to 2006 and projected generationally with MP-2021 (gender distinct). During employment, the healthy employee mortality table is used. Post-employment, the healthy annuitant table is used.

For disabled retirees, mortality follows same table as non-disabled retirees, set forward two years. Death is assumed to be due to same cause as disability 40% of the time.

Investment Policy

The pension plan does not have a formal investment policy. The Retirement Board is in the process of formalizing an investment policy. The pension plan's informal policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected 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 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 less investment expense and a risk factor. The best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of January 1, 2024, are summarized in the table on the following page.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equities.....	22.00%	7.40%
International equities.....	11.00%	7.40%
Emerging markets equities.....	11.00%	7.90%
Global REITs.....	2.00%	5.80%
Core fixed income.....	5.00%	4.10%
High yield fixed income.....	3.00%	5.50%
Emerging markets fixed income.....	4.00%	5.40%
Global fixed income.....	3.00%	4.00%
Private equity.....	12.00%	9.70%
Hedge funds.....	4.00%	5.20%
Real estate.....	11.00%	5.00%
Timber.....	3.00%	5.20%
Farmland.....	3.00%	7.90%
Infrastructure.....	6.00%	7.60%
Total.....	100.00%	

Rate of Return

For the year ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.64%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.35% at December 31, 2023, and December 31, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

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

The following table presents the net pension liability, calculated using the discount rate of 7.35%, as well as what the net position liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%) than the current rate:

	1% Decrease (6.35%)	Current Discount (7.35%)	1% Increase (8.35%)
The Town's proportionate share of the net pension liability.....	\$ 11,223,575	\$ 8,683,186	\$ 6,540,687

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Bristol County Retirement System financial report. The report may be obtained by contacting the System located at 645 County Street, Taunton, Massachusetts 02780.

Changes in Assumptions

The system increased the cost-of-living base from \$18,000 to \$20,000.

Changes in Plan Provisions

None.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Town of Berkley administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”) and participates in the Somerset/Berkley Health Care Group. The plan provides lifetime healthcare insurance and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the Town and the unions representing Town employees and are renegotiated each bargaining period. The Somerset/Berkley Health Plan Group issues a publicly available financial report however the Retiree Health Plan does not issue a separate report.

Town of Berkley, Massachusetts
Notes to Basic Financial Statements
For the Year Ended June 30, 2024

Funding Policy

Contribution requirements are also negotiated between the Town and union representatives. The required contribution is based on a pay-as-you-go financing requirement.

The Commonwealth of Massachusetts passed special legislation that has allowed the Town to establish a postemployment benefit trust fund for the purpose of accumulating assets to pre-fund its OPEB liabilities. The Town Treasurer is the custodian and Trustee of the OPEB Fund. The Trustee has the authority to employ an Executive Director, outside investment managers, custodians, consultants, and others as it deems necessary to formulate policies and procedures and to take such other actions as necessary and appropriate to manage the assets.

The Town pre-funded future OPEB liabilities by depositing funds into an OPEB trust fund. The Fund is reported within the Fiduciary Funds financial statements. As of June 30, 2024, the balance of this fund totaled \$898,888. The Town has not adopted a formal long-term policy of pre-funding future OPEB liabilities.

Employees Covered by Benefit Terms

The following table represents the Plan's membership at July 1, 2022:

Active members.....	169
Inactive members currently receiving benefits.....	<u>53</u>
Total.....	<u><u>222</u></u>

Components of the OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2024:

Total OPEB liability.....	\$ 14,607,452
Less: OPEB plan's fiduciary net position.....	<u>(898,888)</u>
Net OPEB liability.....	<u><u>\$ 13,708,564</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability..	6.15%

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2025:

Valuation date.....	July 1, 2022
Actuarial cost method.....	Entry age normal as a level percentage of payroll.
Investment rate of return/ Discount rate....	4.09%, previously 4.00%.
Healthcare cost trend rate.....	7.00% in year 1 trend with a 0.25% grading each year until 2032 where the ultimate trend is 4.50%.
Asset allocation.....	The OPEB Trust is currently invested with Plymouth County OPEB Trust.
Expected return on assets.....	4.50%.
Mortality.....	Society of actuaries Pub-2010 public retirement plans healthy male and female total dataset headcount-weighted mortality tables based on employee and healthy annuitant tables for both pre and post retirement projected with mortality improvements using the most recent current society of actuaries mortality improvement scale MP-2021.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 14.31%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09% as of June 30, 2024 and 4.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to all periods of projected future benefit payments as of June 30, 2024.

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

The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate.

	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
Net OPEB liability..... \$	<u>\$ 16,637,646</u>	<u>\$ 13,708,564</u>	<u>\$ 10,763,144</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend

The following table presents the net other postemployment benefit liability, calculated using the healthcare trend rate (7.00%) if it was 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Trend (7.00%)	1% Increase (8.00%)
Net OPEB liability..... \$	<u>\$ 10,549,362</u>	<u>\$ 13,708,564</u>	<u>\$ 16,985,545</u>

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023.....	\$ 14,073,291	\$ 789,341	\$ 13,283,950
Changes for the year:			
Service cost.....	459,290	-	459,290
Interest.....	570,921	-	570,921
Changes in assumptions.....	(267,347)	-	(267,347)
Benefit payments.....	(228,703)	(228,703)	-
Contributions - employer.....	-	228,703	(228,703)
Net investment income.....	-	112,769	(112,769)
Administrative expenses.....	-	(3,222)	3,222
Net change.....	534,161	109,547	424,614
Balances at June 30, 2024.....	\$ 14,607,452	\$ 898,888	\$ 13,708,564

OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Town recognized OPEB expense of \$591,832. At June 30, 2024, the Town reported deferred outflows/(inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Changes in assumptions and other inputs.....	\$ 3,138,117	\$ (8,437,610)	\$ (5,299,493)

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense (benefit) in future years as follows:

Year ended June 30:

2025.....	\$	(328,832)
2026.....		(328,832)
2027.....		(328,832)
2028.....		(598,954)
2029.....		(1,172,873)
Thereafter.....		<u>(2,541,170)</u>
Total.....	\$	<u><u>(5,299,493)</u></u>

Changes in Assumptions

The discount rate changed from 4.00% to 4.09%.

Changes in Plan Provisions

None.

NOTE 10 – RISK FINANCING

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. The Town participates in premium-based health care plans for its employees and retirees. The Town participates in a premium-based workers’ compensation insurance plan for its employees.

The amount of settlements has not exceeded the coverage in any of the last three years.

NOTE 11 – COMMITMENTS

The Town voted on November 14, 2024, to authorize borrowing of \$89,852,556 related to the design, construction, equipping, and furnishing of a new Berkley Community School.

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

The general fund has various commitments outstanding for goods and services related to encumbrances totaling \$1.6 million.

NOTE 12 – CHANGE IN REPORTING ENTITY

During the fiscal year ended June 30, 2024, the Town reviewed its fund classifications against the major fund reporting criteria established by Governmental Accounting Standards Board (GASB) Statement #34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

The Town made the following determinations:

- The state grants fund (previously classified as a nonmajor governmental fund) meets the quantitative criteria for required major fund reporting in 2024.
- The other special revenue fund (previously classified as a nonmajor governmental fund) meets the quantitative criteria for required major fund reporting in 2024.
- The special revenue fund (previously classified as a major governmental fund) does not meet the quantitative criteria for required major fund reporting in 2024. This fund has been reclassified as a nonmajor governmental fund.

The impact of the fund reclassifications are as follows:

	Reporting units affected by adjustment to beginning fund balances			
	Special Revenue	State Grants	Other Special Revenue	Nonmajor governmental funds
June 30, 2023, as previously reported.....	\$ 4,471,413	\$ -	\$ -	\$ 618,128
Adjustment - change from major to nonmajor fund.....	(4,471,413)	-	-	4,471,413
Adjustment - change from nonmajor to major fund.....	-	241,235	410,635	(651,870)
June 30, 2023, as adjusted.....	\$ -	\$ 241,235	410,635	\$ 4,437,671

Town of Berkley, Massachusetts

Notes to Basic Financial Statements

For the Year Ended June 30, 2024

NOTE 13 – CONTINGENCIES

Various minor legal actions and claims are pending against the Town. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2024, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the Town at June 30, 2024.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2024, the following GASB pronouncement was implemented:

- GASB Statement #100, *Accounting Changes and Error Corrections*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.
- The GASB issued Statement #102, *Certain Risk Disclosures*, which is required to be implemented in 2025.
- The GASB issued Statement #103, *Financial Reporting Model Improvements*, which is required to be implemented in 2026.
- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented in 2026.
- The GASB issued Statement #105, *Subsequent Events*, which is required to be implemented in 2027.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the Town. It is used to account for all of the Town's financial resources, except those required to be accounted for in another fund.

Town of Berkley, Massachusetts

Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Budget and Actual

For the Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 15,519,906	\$ 15,519,906	\$ 15,582,398	\$ 15,378,641	\$ -	\$ (203,757)
Tax liens.....	-	-	-	-	151,922	-	151,922
Motor vehicle and other excise taxes.....	-	1,038,782	1,038,782	1,038,782	1,252,775	-	213,993
Penalties and interest on taxes.....	-	55,000	55,000	55,000	137,978	-	82,978
Licenses and permits.....	-	125,000	125,000	125,000	139,784	-	14,784
Intergovernmental.....	-	4,995,568	4,995,568	4,995,568	5,168,286	-	172,718
Departmental and other.....	-	292,188	292,188	292,188	375,790	-	83,602
Investment income.....	-	35,000	35,000	35,000	120,419	-	85,419
Miscellaneous.....	-	-	-	-	281,849	-	281,849
TOTAL REVENUES.....	-	22,061,444	22,061,444	22,123,936	23,007,444	-	883,508
EXPENDITURES:							
Current:							
General government.....	21,884	929,435	951,319	988,919	896,039	168,293	(75,413)
Public safety.....	676,762	3,075,054	3,751,816	3,861,316	3,251,148	669,831	(59,663)
Education.....	1,140,274	15,368,819	16,509,093	16,509,093	15,703,802	750,024	55,267
Public works.....	-	987,753	987,753	1,021,591	1,056,966	33,996	(69,371)
Health and human services.....	3,896	92,102	95,998	95,998	67,313	3,864	24,821
Culture and recreation.....	491	160,650	161,141	161,141	168,776	-	(7,635)
Pension benefits.....	-	843,669	843,669	843,669	828,972	-	14,697
Employee benefits.....	35,000	800,003	835,003	835,003	767,060	-	67,943
State and county charges.....	-	256,164	256,164	256,164	197,864	-	58,300
Debt service:							
Principal.....	-	415,000	415,000	415,000	415,000	-	-
Interest.....	-	62,213	62,213	62,213	99,488	-	(37,275)
TOTAL EXPENDITURES.....	1,878,307	22,990,862	24,869,169	25,050,107	23,452,428	1,626,008	(28,329)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,878,307)	(929,418)	(2,807,725)	(2,926,171)	(444,984)	(1,626,008)	855,179
OTHER FINANCING SOURCES (USES):							
Use of prior year reserves.....	1,878,307	-	1,878,307	1,878,307	-	-	(1,878,307)
Use of free cash.....	-	284,576	284,576	331,014	-	-	(331,014)
Transfers in.....	-	3,535,717	3,535,717	3,645,217	4,361,742	-	716,525
Transfers out.....	-	(2,890,875)	(2,890,875)	(2,928,367)	(3,144,128)	-	(215,761)
TOTAL OTHER FINANCING SOURCES (USES).....	1,878,307	929,418	2,807,725	2,926,171	1,217,614	-	(1,708,557)
NET CHANGE IN FUND BALANCE.....	-	-	-	-	772,630	(1,626,008)	(853,378)
BUDGETARY FUND BALANCE, Beginning of year...	-	3,938,252	3,938,252	3,938,252	3,938,252	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ -	\$ 3,938,252	\$ 3,938,252	\$ 3,938,252	\$ 4,710,882	\$ (1,626,008)	\$ (853,378)

See notes to required supplementary information.

Pension Plan Schedules

The Schedule of the Town's Proportionate Share of the Net Pension Liability presents multi-year trend information on the Town's net pension liability and related ratios.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the Town along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

Town of Berkley, Massachusetts

**Schedule of the Town's Proportionate Share of the Net Pension Liability
Bristol County Retirement System**

June 30, 2024

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2023.....	1.579%	\$ 8,683,186	\$ 4,577,705	189.68%	61.90%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Town of Berkley, Massachusetts

**Schedule of the Town's Contributions
Bristol County Retirement System**

June 30, 2024

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2024.....	\$ 828,972	\$ (828,972)	\$ -	\$ 4,623,482	17.93%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Town of Berkley, Massachusetts

Schedule of the Special Funding Amounts of the Net Pension Liability Massachusetts Teachers' Retirement System

June 30, 2024

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2024.....	\$ 20,221,870	\$ 1,888,119	58.48%
2023.....	20,717,516	1,704,218	57.75%
2022.....	18,198,964	1,460,391	62.03%
2021.....	22,617,503	2,793,586	50.67%
2020.....	19,836,244	2,405,489	53.95%
2019.....	19,535,625	1,979,653	54.84%
2018.....	19,490,908	2,034,323	54.25%
2017.....	16,402,559	1,673,169	52.73%
2016.....	17,361,181	1,408,146	55.38%
2015.....	13,372,157	929,028	61.64%

See notes to required supplementary information.

Other Postemployment Benefits Plan Schedules

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net OPEB liability as a percentage of covered-employee payroll.

The Schedule of the Town's Contributions presents multi-year trend information on the Town's actual contributions to the OPEB plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's OPEB assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

Town of Berkley, Massachusetts

**Schedule of Changes in the Town’s Net OPEB Liability and Related Ratios
Other Postemployment Benefit Plan**

June 30, 2024

	June 30, 2024
Total OPEB Liability	
Service Cost.....	\$ 459,290
Interest.....	570,921
Changes in assumptions.....	(267,347)
Benefit payments.....	<u>(228,703)</u>
Net change in total OPEB liability.....	534,161
Total OPEB liability - beginning.....	<u>14,073,291</u>
Total OPEB liability - ending (a).....	\$ <u>14,607,452</u>
Plan fiduciary net position	
Employer contributions for OPEB payments.....	\$ 228,703
Net investment income.....	112,769
Benefit payments.....	(228,703)
Administrative expense.....	<u>(3,222)</u>
Net change in plan fiduciary net position.....	109,547
Plan fiduciary net position - beginning of year.....	<u>789,341</u>
Plan fiduciary net position - end of year (b).....	\$ <u>898,888</u>
Net OPEB liability - ending (a)-(b).....	\$ <u>13,708,564</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	6.15%
Covered employee payroll.....	\$ 12,549,350
Net OPEB liability as a percentage of covered employee payroll.....	109.24%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

Town of Berkley, Massachusetts

**Schedule of the Town's Contributions
Other Postemployment Benefit Plan**

June 30, 2024

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2024.....	\$ 1,235,919	\$ 1,235,919	\$ -	\$ 12,549,350	9.85%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Town of Berkley, Massachusetts
Schedule of Investment Returns
Other Postemployment Benefit Plan

June 30, 2024

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2024.....	14.31%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those
years for which information is available.

See notes to required supplementary information.

Town of Berkley, Massachusetts

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the Town to adopt a balanced budget that is approved by the Finance Committee (Committee). The Committee presents an annual budget to the Open Town Meeting, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Town Meeting, which has full authority to amend and/or reject the budget or any individual line item, adopts the expenditure budget by majority vote. Increases or decreases subsequent to the approval of the annual budget require a vote at a Special Town Meeting.

The majority of the Town's appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending authorized for an appropriation account. However, the Town is statutorily required to pay debt service, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by majority vote at Town Meeting.

An annual budget is adopted for the general fund in conforming with the guidelines described above. The original year 2024 approved budget authorized approximately \$26.6 million in appropriations and amounts carried forward from the prior year. There was an increase of \$172,000 between the original and final adopted budgets as a result of supplemental appropriations voted during the year.

The Town Accountant has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the Town's accounting system.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2024, is presented on the following page.

Town of Berkley, Massachusetts

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

Net change in fund balance - budgetary basis.....	\$	772,630
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		433,741
<u>Basis of accounting differences:</u>		
Recognition of revenue for on-behalf payments.....		1,888,119
Recognition of expenditures for on-behalf payments.....		<u>(1,888,119)</u>
Net change in fund balance - GAAP basis.....	\$	<u>1,206,371</u>

Appropriation Deficits

During 2024, expenditures exceeded budgeted appropriations for general government, public safety, public works, culture and recreation, and debt service interest. These deficits will be funded in 2025 through tax levy and other available funds.

NOTE B – PENSION PLAN

A. Schedule of the Town’s Proportionate Share of the Net Pension Liability

The Schedule of the Town’s Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member’s retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system’s funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The Town may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the Town based on covered payroll. In addition, the Town may contribute more than the amount required.

C. Schedule of the Special Funding Amounts of the Net Pension Liability

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make

Town of Berkley, Massachusetts

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the Town does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the Town; the portion of the collective pension expense as both a revenue and pension expense recognized by the Town; and the Plan's fiduciary net position as a percentage of the total liability.

D. Changes in Assumptions

The system increased the cost-of-living base from \$18,000 to \$20,000.

E. Changes in Plan Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The Town administers a single-employer defined benefit healthcare plan (“the Other Postemployment Benefit Plan”). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the Town’s health insurance plan, which covers both active and retired members.

A. Schedule of Changes in the Town’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the Town's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on the changes in the Plan’s net OPEB liability, changes in the Plan’s net position and ending net OPEB liability. It also demonstrates that the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the Town’s Contributions

The Schedule of the Town’s Contributions includes the Town’s annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The Town is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are listed on the following page.

Town of Berkley, Massachusetts

Notes to Required Supplementary Information

For the Year Ended June 30, 2024

Valuation date.....	July 1, 2022
Actuarial cost method.....	Entry age normal as a level percentage of payroll.
Investment rate of return/ Discount rate.....	4.09%, previously 4.00%.
Healthcare cost trend rate.....	7.00% in year 1 trend with a 0.25% grading each year until 2032 where the ultimate trend is 4.50%.
Asset allocation.....	The OPEB Trust is currently invested with Plymouth County OPEB Trust.
Expected return on assets.....	4.50%.
Mortality.....	Society of actuaries Pub-2010 public retirement plans healthy male and female total dataset headcount-weighted mortality tables based on employee and healthy annuitant tables for both pre and post retirement projected with mortality improvements using the most recent current society of actuaries mortality improvement scale MP-2021.

C. Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

D. Changes in Assumptions

The discount rate changes from 4.00% to 4.09%.

E. Changes in Plan Provisions

None.

***Report on Internal Control over Financial
Reporting and on Compliance***

**Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of the Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Honorable Select Board
Town of Berkley, Massachusetts

We have audited, in accordance with the 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 (“*Government Auditing Standards*”), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Berkley, Massachusetts (the “Town”), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated February 26, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, as described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town’s financial statements are free from 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 financial statements.

However, providing an opinion on compliance with those provisions was not an 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*.

The Town's Response to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

CBIZ CPAs P.C.

Merrimack, NH
February 26, 2026

Town of Berkley, Massachusetts

Schedule of Findings

For the Year Ended June 30, 2024

Finding 2024-001: Material Weakness – Lack of Monthly Reconciliation of Tax Receivables

Criteria:

Effective internal controls, as required by generally accepted accounting principles and best practices for governmental accounting, include the regular (at least monthly) reconciliation of tax receivable balances between the Tax Collector’s receivable ledger and the Town Accountant’s general ledger. Such reconciliations help ensure the accuracy, completeness, and integrity of financial records and support the proper reporting of the Town’s financial position.

Condition:

The Town’s Tax Collector and Town Accountant have not been performing monthly reconciliations of tax receivable balances. As a result, the receivable balances recorded in the Tax Collector’s ledger are not routinely compared and reconciled to the amounts reported in the general ledger maintained by the Town Accountant.

Cause:

There is a lack of established procedures and oversight to ensure that monthly reconciliations of tax receivables are completed and reviewed.

Effect:

The absence of timely and regular reconciliation increases the risk that errors, omissions, or irregularities in the recording and reporting of tax receivables may occur and not be detected or corrected in a timely manner. This represents a material weakness in internal control over financial reporting and could result in material misstatement of the Town’s financial statements.

Recommendation:

The Town should establish and implement procedures requiring the Tax Collector and Town Accountant to perform and document monthly reconciliations of tax receivable balances. These reconciliations should be reviewed and approved by appropriate supervisory personnel to ensure the completeness and accuracy of the Town’s accounting records.

Views of Responsible Officials:

Management concurs with the recommendation and will implement procedures requiring the Tax Collector and Town Accountant to perform and document monthly reconciliations of tax receivable balances. These reconciliations will be reviewed and approved by appropriate supervisory personnel to ensure the completeness and accuracy of the Town’s accounting records.