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To the Board of Trustees of  
Berkshire Community College  
Pittsfield, Massachusetts

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit, of Berkshire Community College (an agency of

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 College'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.

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 generally accepted auditing standards in the United States of America 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 generally accepted auditing standards in the United States of America 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 College'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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the other required supplementary information 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 and Government Auditing Standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to 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 November 29, 2022, on our consideration of the College'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 College's internal control over financial reporting or on compliance. Th

The image shows a handwritten signature in blue ink that reads "O'Connor + Drew, P.C.". The signature is written over a light blue horizontal bar. To the left of the signature is a small, colorful logo consisting of several small squares in various colors (yellow, green, blue, red). To the right of the signature is a small black and white checkerboard pattern.

# BERKSHIRE COMMUNITY COLLEGE

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

*f* Operating expenses in FY22 increased \$3,731,492.6% as compared to a decrease of \$827,577 or 2.9% in FY21.

The Berkshire Community College Foundation is a legally separate tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College support of its programs. The Board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted activities of the College by the donors. Because resources held by the Foundation can only be used by, or are for

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data shown in the financial statements. The notes provide information regarding both the accounting policies and procedures that the College has adopted as well as additional details about certain amounts contained in the financial statements. The notes to the financial statements can be found on pages 23 to 51 of this report.

Financial Analysis

Net Position

The following table presents an summary of the College's net position. Detailed statement of net position may be found in the financial statements on page 16 of this report.

✓	✓
✓	✓
✓	✓

The measurement of net position can serve ~~time~~ as a useful indicator of the College's financial position. Net position increased \$1,159,815 ~~for~~ the year ended June 30, 2022 ~~and~~ increased \$856,785 for the year ended June 30, 2021.



**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Net Position - Continued

By far, the largest portion of the College's net position is its investment in capital assets, including land, buildings, machinery and equipment, less any related debt, including leases, used to acquire those assets. Net position investment in capital assets was \$43,294,668 at June 30, 2022, representing 92.9% of total net position. Net position investment in capital assets decreased by \$184,346 in FY22. The College received capital appropriations from the

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Net Position - Continued

The table and narrative below present the College's changes in net position, including a review of operating revenues and expenses as well as non-operating and other revenues and expenses.

Condensed Changes in Net Position

For the Fiscal Years Ended

2022

2021

Operating revenues:

Tuition and fees, net of tuition

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Operating Revenue Highlights

The following is a graphic illustration of operating revenues by source, which were used to fund the College's activities for the years ended June 30, 2022 and 2021.

- „ Total operating revenues in FY22 increased \$532,533 or 4.7% as compared to a decrease of \$560,043 or 4.8% in FY21.
- „ Tuition and fees received by the College include tuition, college service fee, technology fee, and other credit and non-credit fees less scholarship allowances. Net student tuition and fees in FY22 decreased \$122,482 or 2.8% as compared to an increase of \$394,383 or 9.9% in FY21.
- „ Operating grants and contributions in FY22 increased \$1,261,009 or 22.0% as compared to a decrease of \$1,308,134 or 18.6% in FY21.





**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Operating Revenue Highlights – Continued

Grant Name	Funding Source	Amount	Purpose
TRAIN Grant	Mass. DHE	\$67,000	Support development and implementation of fast-track culinary and hospitality workforce and Phlebotomy training program.
Early Childhood Education Career Pathways Grant	Mass. Dept of Early Education & Care	\$359,874	To provide coursework, certificate, credential and degree attainment, academic and career advising to early education and out of school time educators across EEC's mixed delivery system.
Skills Capital Grant	Mass. DHE	\$399,000	To support purchase of equipment to establish a kitchen for culinary programming.
Success Grant	Mass. DHE	\$869,337	Supporting urgent community college equity through student services.

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management’s Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Operating Expense Highlights

Total operating expenses increased \$3,731,491 or 12.6% from FY21 to FY22. Of this amount, salary and fringe costs increased \$1,221,821 or 6.6%. Institutional expenditures related to CARES increased \$1,506,887 or 90%. Functional expense classifications and dollar amounts are shown below. Expense percentage shares are shown in the accompanying chart.

	<u>For Fiscal Years Ended</u>	
	<u>2022</u>	<u>2021</u>
Operating expenses:		
Instruction	\$ 8,822,886	\$ 8,533,964
Academic support	4,670,364	4,079,104
Student services	4,899,735	4,244,714
Scholarships and fellowships	2,154,795	2,408,192
Operation and maintenance of plant	2,915,081	2,702,238
Institutional support	7,920,877	5,687,294
Depreciation and amortization	1,827,518	1,798,584
Auxiliary operations	72,922	98,597
Total operating expenses	<u>\$ 33,284,178</u>	<u>\$ 29,552,687</u>

- „ Instruction – Costs related to faculty salaries, instructional supplies, and equipment increased \$288,922 or 3.4% in FY22 and increased \$24,232 or 0.3% in FY21.
- „ Academic Support – Expenses that provide administrative support for academic programs increased \$591,260 or 14.5% in FY22 and increased \$248,543 or 6.5% in FY21.
- „ Student Services – Admissions, registration, financial aid counseling, tutoring, interpreters, and all other student support services increased \$655,021 or 15.4% in FY22 and decreased \$41,529 or 1.0% in FY21.
- „ Scholarships and Fellowships – Student aid, including federal, state, and private grants (i.e., Pell, SEOG, Massachusetts State Grants & Scholarships) decreased \$253,397 or 10.5% in FY22 and increased \$305,425 or 14.5% in FY21.

**BERKSHIRE COMMUNITY COLLEGE**  
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Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Operating Expense Highlights - Continued

- „ Operation and Maintenance of Plant –Spending on maintenance of physical plant and grounds increased \$212,843 or 7.9% in FY22 ~~and~~ decreased \$506,090 or 15.8% in FY21.
- „



**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Non-Operating Revenues and Expenses

The Commonwealth's net operating appropriations, which are composed of operating appropriations and fringe benefits less tuition remitted, increased \$724,479 or 4.4% in FY22 and increased \$136,271 or 0.8% in FY21. Federal grants increased \$2,652,866 or 118.8% in FY22 and increased \$1,707,146 or 324.6% in FY21. Federal grants include \$2,481,064 expended for grants to students and \$2,404,942 expended for institutional costs from the Higher Education Emergency Relief Fund.

Loss from Operations and State Appropriations - Continued

The College, in order to balance educational operational needs with tuition and fee revenue, approves budgets to mitigate losses after Commonwealth appropriations.

Unless otherwise permitted by the Massachusetts Legislature, the College is required to remit tuition to the Commonwealth. Therefore, the College collects student tuition on behalf of the Commonwealth and remits it to the Commonwealth General Fund. There is no direct connection between the amount of tuition revenue collected by the College and the amount of state funds appropriated in any given year. The following table provides a summary of the unrestricted appropriations and capital appropriations received by the College from the Commonwealth for the fiscal years ended June 30, 2022, and 2021, respectively.

	<u>2022</u>	<u>2021</u>
Gross Commonwealth operating appropriations	\$12,973,519	\$ 12,544,630
Plus fringe benefits*	<u>4,244,251</u>	<u>3,986,151</u>
	17,217,770	16,530,781
Less tuition remitted	<u>(130,074)</u>	<u>(167,564)</u>
Net Commonwealth operating appropriations	17,087,696	16,363,217
Gross Commonwealth capital appropriations	<u>732,321</u>	<u>586,926</u>
Net Commonwealth appropriations	<u>\$ 17,820,017</u>	<u>\$ 16,950,143</u>

\*The Commonwealth pays the fringe benefit cost for College employees paid from Commonwealth appropriations. Therefore, such fringe benefit support is added to the "state appropriations" line item presented in the above table. The College pays the Commonwealth for the fringe benefit cost of College employees paid from funding sources other than Commonwealth appropriations.

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Management's Discussion and Analysis (Unaudited) - Continued

June 30, 2022

Economic Factors, Outlook, and Tuition and Student Fee Rates

The College's total state appropriations increased \$869,874 in FY22 and increased \$158,318 in FY21. The increase in FY22 was the result of a general appropriations increase of \$724,479 and capital appropriations increase of \$145,395.

For FY23, state appropriations are expected to be level. For FY23, tuition and student fees are unchanged from FY22. These fees are used to support the mission and operations of the College. The College remains concerned about the local economy, a declining population in Berkshire County, and future budget appropriations from the Commonwealth.

Requests for Information

This financial report is designed to provide a general overview of the College's finances for any interested parties. Questions concerning the information provided in this report or requests for additional information should be addressed to Berkshire Community College, Vice President for Administration & Finance, 1350 West Main Street, Pittsfield, MA 01205. Telephone: 413-439-1313.

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Statement of Net Position

June 30, 2022

Assets and Deferred Outflows of Resources

	Berkshire Community <u>College</u>
Current Assets:	
Cash and equivalents	\$ 7,962,316
Cash held by State Treasurer	1,655,041
Accounts receivable, net	1,482,416
Other current assets	<u>942,442</u>
Total Current Assets	<u>12,042,215</u>
Noncurrent Assets:	
Long-term investments	53,397
Capital assets, net of accumulated depreciation	<u>43,514,003</u>
Total Noncurrent Assets	<u>43,567,400</u>
Total Assets	<u>55,609,615</u>
Deferred Outflows of Resources:	
Deferred outflows related to pension	387,140
Deferred outflows related to OPEB	<u>472,417</u>
Total Deferred Outflows of Resources	<u>859,557</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 56,469,172</u>

See accompanying notes to the financial statements.

Liabilities, Deferred Inflows of Resources, and Net Position

	Berkshire Community <u>College</u>
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 756,305
Accrued payroll	631,581
Compensated absences	1,105,748
Workers' compensation	36,435
Student deposits	205,437
Unearned revenues	2,114,773
Current portion of bond payable	<u>43,867</u>
Total Current Liabilities	<u>4,894,146</u>
Noncurrent Liabilities:	
Compensated absences, net of current portion	434,954
Workers' compensation, net of current portion	265,799
Bond payable, net of current portion	175,468
Net pension liability	737,905
Net OPEB liability	<u>1,295,589</u>
Total Noncurrent Liabilities	<u>2,909,715</u>
Total Liabilities	<u>7,803,861</u>
Deferred Inflows of Resources:	
Deferred inflows related to pension	655,100
Deferred inflows related to OPEB	<u>1,422,146</u>
Total Deferred Inflows of Resources	<u>2,077,246</u>
Net Position:	
Net investment in capital assets	43,294,668
Restricted:	
Nonexpendable	-
Expendable	77,838
Unrestricted	<u>3,215,559</u>
Total Net Position	<u>46,588,065</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 56,469,172</u>

Berkshire  
Community  
College

Operating Revenues:

Tuition and fees

\$ 5,689,523

Less: scholarship allowances

(1,434,284)

Net student fees

4,255,239

Federal, state, local, and private grants and contracts

# BERKSHIRE COMMUNITY COLLEGE

(an agency of the Commonwealth of Massachusetts)

## Statement of Cash Flows

For Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Tuition and fees	\$ 4,724,213
Grants and contracts	7,403,355
Payments to suppliers	(9,840,187)
Payments to employees	(15,946,432)
Payments to students	(2,154,795)
Other auxiliary operations	80,289
Other sources	<u>677,474</u>
Net Cash Applied to Operating Activities	<u>(15,056,083)</u>
Cash Flows from Non-Capital and Related Financing Activities:	
Federal grants	4,886,006
State appropriations	12,973,519
Tuition remitted to State	<u>(130,074)</u>
Net Cash Provided by Non-Capital and Related Financing Activities	<u>17,729,451</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(866,984)
Principal paid on bond payable	(43,867)
Interest paid on bond payable	<u>(9,339)</u>
Net Cash Applied to Capital and Related Financing Activities	<u>(920,190)</u>
Cash Flows from Investing Activities:	
Proceeds from investments	14,744
Net investment loss	<u>(4,234)</u>
Net Cash Provided by Investing Activities	<u>10,510</u>
Net Increase in Cash and Equivalents	1,763,688
Cash and Equivalents, Beginning of Year	<u>7,853,669</u>
Cash and Equivalents, End of Year	<u><u>\$ 9,617,357</u></u>

Reconciliation of Net Operating Loss to Net Cash

Applied to Operating Activities:

Net operating loss

\$ (21,532,635)

Adjustments to reconcile net operating loss to net cash  
applied to operating activities:

**BERKSHIRE COMMUNITY COLLEGE**  
**(an agency of the Commonwealth of Massachusetts)**

Statement of Financial Position (Component Unit)

June 30, 2022

Assets

	Berkshire Community College <u>Foundation</u>
Current Assets:	
Cash and equivalents	\$ 1,492,640
Accounts receivable	19,171
Prepaid expenses	<u>1,050</u>
Total Current Assets	<u>1,512,861</u>
Other Asset:	
Marketable securities	<u>11,777,690</u>
Total Assets	<u>\$ 13,290,551</u>

Liability and Net Assets

Current Liability:	
Accounts payable and accrued expense	<u>\$ 33,412</u>
Net Assets:	
Without donor restrictions	1,492,212
With donor restrictions	<u>11,764,927</u>
Total Net Assets	<u>13,257,139</u>
Total Liabilities and Net Assets	<u>\$ 13,290,551</u>

The accompanying notes are an integral part of the financial statements.







Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. The accompanying statement of revenues and expenses, and changes in net position demonstrate the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues primarily include charges to students or others who enroll or directly benefit from services that are provided by a particular function. Items not meeting the definition of program revenues are instead reported as general revenues.

The College has determined that it functions as a business-type activity as defined by GASB. The effect of interfund activity has been eliminated from these financial statements.

The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements, including the College's discretely presented component units, and notes to the required supplementary information. The College presents statements of net position, revenues, expenses and changes in net position and cash flows on a combined College-wide basis.

The College's policy for defining operating activities in the statements of revenues and expenses, and changes in net assets, are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services and certain grants and contracts. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 35. These non-operating activities include the College's operating and capital appropriations from the Commonwealth of Massachusetts (the "Commonwealth"), net investment income (loss) and interest expense.

Berkshire Community College Foundation (the "Foundation") is a legally separate tax-exempt organization. The Foundation was established to promote and support the furtherance of the educational and cultural mission of the College. The Board of the Foundation is self-perpetuating and primarily consists of graduates and friends of the College. Although the College does not control the timing or the amount of receipts from the Foundation, the majority of resources received or held by the Foundation are restricted to the activities of the College by the donors.





#### Deposits and Unearned Revenue

Deposits and advance payments received for tuition and fees related to certain summer programs, as well as tuition received for the following academic year, are deferred. Funds received in advance from various grants and contracts are deferred. Deposits and unearned revenues are recorded as revenue when earned.

#### Fringe Benefits

The College participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension, workers' compensation, and certain post-retirement benefits. Health insurance, unemployment and pension costs are billed through a fringe benefit rate charged to the College.

#### Compensated Absences

Employees earn the right to be compensated during absences for vacation and sick leave, along with compensatory time. Accrued vacation is the amount earned by all eligible employees through year-end. The accrued sick leave balance represents 20% of amounts earned by those employees with ten or more years of state service at June 30, 2022. Upon retirement, these employees are entitled to receive payment for this accrued balance.

#### Workers' Compensation

The Commonwealth provides workers' compensation coverage to its employers on a self-insured basis. The Commonwealth requires the College to record its portion of the workers' compensation in its records. Workers' compensation costs are actuarially determined based on th

Post-employment Benefits Other Than Pensions (“OPEB”)

For purposes of measuring the College's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust (“SRBT”), and additions to or deductions from SRBT’s fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT 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 that have a maturity at the time of purchase of one year or less, which are reported at cost.

Student Fees

Student tuition and fees are presented net of scholarships and fellowships applied to students’ accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are generally reflected as expenses.

Tax Status

The College is an agency of the Commonwealth and is therefore exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual

*New Governmental Accounting Pronouncements*

GASB Statement 91 – *Conduit Debt Obligations* is effective for reporting periods beginning after December 15, 2021. The objective of this Statement is to improve the consistency of reporting conduit debt. This statement requires government entities that issue conduit debt, but are not the obligors, not to recognize the liability unless it is more likely than not that the government issuer will service the debt.

GASB Statement 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPP)* is effective for reporting periods beginning after June 15, 2022. The objective of this statement is to provide







Note 4 - \_\_\_\_\_

Accounts payable and accrued salaries to be funded from state-appropriated funds totaled approximately \$1,655,000 at June 30, 2022. The College has recorded an equivalent dollar amount of cash held by the State Treasurer for the benefit of the College, which was subsequently used for these liabilities.

Note 5 - \_\_\_\_\_

Fair Value Measurements

The College investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below.

- Observable market prices (unadjusted) in active markets for identical assets or liabilities that the College can access at measurement date.
- Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Unobservable inputs that are not corroborated by observable market data.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

*Corporate Equity Securities:* Valued at quoted market value of the shares in an active market.

Investments of the College

All investments of the College are classified as level one investments and consist of the following at June 30, 2022:

Corporate equity securities	\$	53,397
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The College categorizes investments according to the level of risk assumed. At June 30, 2022, all investments are insured, registered, or held by the College's agent in the College's name. The entire investment balance is stated at fair market value. The College currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal College investment policies.

Investments of the Foundation

Corporate equity securities	\$ 3,411,377
Government bonds	2,102,532
Corporate bonds	1,038,525
Certificates of deposit	225,169
Mutual funds	4,228,576
Money market funds	<u>771,511</u>
	<u>\$ 11,777,690</u>

Promulgations of the Financial Accounting Standards Board have established a framework for measuring fair value of the investments, which provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Note 6 - \_\_\_\_\_

Accounts receivable are expected to be collected within one year and are comprised of the following at June 30, 2022:

Student accounts receivable	\$ 754,866
Grants receivable	931,372
Other receivables	<u>103,286</u>
	1,789,524
Less: allowance for doubtful accounts	<u>(307,108)</u>
Accounts receivable, net	<u>\$ 1,482,416</u>

**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Notes to the Financial Statements - Continued

June 30, 2022

Note 7 - Capital Assets

Capital assets of the College consist of the following at June 30, 2022:

	Estimated Lives (in years)	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not depreciated:						
Construction in progress		\$ 1,173,102	978,238	\$ -	\$ (156,764)	\$ 1,994,576
Land		474,888	-	-	-	474,888
Total not depreciated		1,647,990	978,238	-	(156,764)	2,469,464
Capital assets depreciated:						
Buildings and improvements	20 - 40	70,855,517	621,067	-	156,764	71,633,348
Furnishings and equipment	5 - 10	3,531,267	-	-	-	3,531,267
Total depreciated		74,386,784	621,067	-	156,764	75,164,615
Less: accumulated depreciation:						
Buildings and improvements		(29,096,042)	(1,678,087)	-	-	(30,774,129)
Furnishings and equipment		(3,196,516)	(149,431)	-	-	(3,345,947)
Total accumulated depreciation		(32,292,558)	(1,827,518)	-	-	(34,120,076)
Capital assets, net		\$ 43,742,216	\$ (228,213)	\$ -	\$ -	\$ 43,514,003

Note 8 - Long-Term Liabilities

Long-term liabilities of the College consist of the following at June 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Bond payable:						
Bond payable	\$ 263,202	\$ -	\$ (43,867)	\$ 219,335	\$ 43,867	\$ 175,468
Other long-term liabilities:						
Compensated absences	1,612,088	-	(71,386)	1,540,702	1,105,748	434,954
Workers' compensation	339,881	-	(37,647)	302,234	36,435	265,799
Net pension liability	1,075,911	-	(338,006)	737,905	-	737,905
Net OPEB liability	1,384,446	-	(88,857)	1,295,589	-	1,295,589
	\$ 4,675,528	\$ -	\$ (579,763)	\$ 4,095,765	\$ 1,186,050	\$ 2,909,715



*Benefit Provisions*

The Commonwealth does not require the College to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees paid from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to \$1,825,278, \$1,606,294, and \$1,626,371 for the years ended June 30, 2022, 2021, and 2020, respectively.

For employees covered by SERS but not paid from state appropriations, the College is required to contribute at an actuarially determined rate. The rate was 16.11%, 14.66%, and 14.08% of annual covered payroll for the fiscal years ended June 30, 2022, 2021, and 2020, respectively. The College contributed \$95,003, \$84,110, and \$67,765 for the fiscal years ended June 30, 2022, 2021, and 2020, respectively, equal to 100% of the required contributions for each year.

*Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources*

At June 30, 2022, the College reported a liability of \$737,905 for its proportionate share of the net pension liability related to its participation in SERS.

The net pension liability as of June 30, 2022, the reporting date, was measured as of June 30, 2021, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021.

The College's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the College for the fiscal year 2022. The College's proportionate share was based on actual employer contributions to the SERS for fiscal year 2022 relative to total contributions of all participating employers for the fiscal year. At June 30, 2022, the College's proportion was 0.007%.

For the year ended June 30, 2022, the College recognized pension benefit of \$40,637. The College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2022:



Deferred Outflows of Resources

Changes in plan actuarial assumptions	\$ 50,306
Contributions subsequent to the measurement date	95,003
Changes in proportion due to internal allocation	216,074
Differences between expected and actual experience	25,462
Changes in proportion from the Commonwealth	<u>295</u>
Total	<u>\$ 387,140</u>

Deferred Inflows of Resources

Changes in proportion due to internal allocation	\$ 310,044
Differences between expected and actual experience	53,424
Changes in proportion from the Commonwealth	2,331
Differences between projected and actual investment earnings on plan investments	<u>289,301</u>
Total	<u>\$ 655,100</u>

The College's contributions of \$95,003 made during the fiscal year ending 2022, subsequent to the measurement date, will be recognized as a reduction of the net pension liability in each of the succeeding years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

<u>Years Ending</u> <u>June 30,</u>	
2023	\$ (74,306)
2024	(72,254)
2025	(89,398)
2026	(120,307)
2027	<u>(6,698)</u>
	<u>\$ (362,963)</u>



Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39%	4.80%
Core Fixed Income	15%	0.30%
Private Equity	13%	7.80%
Portfolio Completion Strategies	11%	2.90%
Real Estate	10%	3.70%
Value Added Fixed Income	8%	3.90%
Timberland / Natural Resources	4%	4.30%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2022. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected



Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2022, and as of the valuation date (January 1, 2021), participants contributed 10% to 20%, respectively, of premium costs, depending on the date of hire and whether the participant's status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium

**BERKSHIRE COMMUNITY COLLEGE**  
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Notes to the Financial Statements - Continued

June 30, 2022

Deferred Outflows of Resources Related to OPEB

Changes in proportion due to internal allocation	\$	283,966
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Actuarial Assumptions

The total OPEB liability for 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement date	June 30, 2021
Inflation	2.50%
Salary increases	Rates vary by years of service and group classification, consistent with SERS
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published GAO-Getzen trend rate model, version 2021_b. Medicare and non-Medicare benefits range from 4.04% to 7.30%.

The mortality rate was in accordance with RP-2014 Blue Collar Mortality Table projected with scale MP-2020 from the central year, with females set forward one year.

The participation rates are actuarially assumed as below:

100% of all retirees who currently have health care coverage are assumed to elect coverage at retirement.

Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.

35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.

85% of current and future vested terminated participants will elect health care benefits at age 55, or current age if later.

100% of spouses are assumed to elect to continue coverage after the retiree's death.

Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	<u>Retirement Age</u>	
	<u>Under 65</u>	<u>Age 65+</u>
Indemnity	28.0%	96.0%
POS/PPO	60.0%	0.0%
HMO	12.0%	4.0%

The actuarial assumptions used in the January 1, 2021 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2019 through December 31, 2020, depending upon the criteria being evaluated.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2022 are the same as discussed in the pension footnote

Discount Rate

The discount rate used to measure the total OPEB liability for 2022 was 2.77%. These rates were based on a blend of the Bond Buyer Index rate (2.16%) as of the measurement date and the expected rate of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date", when projected benefits are not covered by projected assets, is 2041 for the fiscal year 2022.



**BERKSHIRE COMMUNITY COLLEGE**  
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Notes to the Financial Statements - Continued

June 30, 2022

Therefore, the long-term expected rate of return on OPEB plan investments of 7.00%, per annum was not applied to periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate at June 30, 2022:

1.00% Decrease (1.77%)	Current Discount Rate (2.77%)	1.00% Increase (3.77%)
\$ 1,539,150	\$ 1,295,589	\$ 1,099,406

Sensitivity of the College's Proportionate Share of the Net OPEB Liability to Changes in the Health care Cost Trend Rates

The following presents the College's proportionate share of the net OPEB liability, as well as what the College's proportionate share of the net OPEB liability would be if it were calculated using health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current health care cost trend rates at June 30, 2022:

1.00% Decrease (B)	Current Health care Cost Trend Rate (A)	1.00% Increase (C)
\$ 1,060,821	\$ 1,295,589	\$ 1,601,571

- (A) - Current health care cost trend rate, as disclosed earlier
- (B) - one-percentage decrease in current health care cost trend rate, as disclosed earlier
- (C) - one-percentage increase in current health care cost trend rate, as disclosed earlier

Note 11 - \_\_\_\_\_

Restricted Net Position

The College is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. Restricted expendable funds are available for academic programs.

The Foundation's restricted nonexpendable net position consists of endowment funds to be held in perpetuity, whose income is primarily utilized for scholarships and grants and academic technology.

Note 12 - \_\_\_\_\_

The College's operating expenses, on a natural classification basis, are composed of the following for the fiscal year ended June 30, 2022:

Compensation and benefits	\$ 19,680,702
Supplies and services	9,621,163
Scholarships and fellowships	2,154,795
Depreciation and amortization	<u>1,827,518</u>
Total	<u>\$ 33,284,178</u>

Note 13 - \_\_\_\_\_

The College participates in the Commonwealth's fringe benefit programs, including active employee and post-employment health insurance, unemployment, pension, and workers' compensation benefits. Health insurance for active employees and retirees is paid through a fringe benefit rate charged to the College by the Commonwealth.

Group Insurance Commission

The Commonwealth's Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees and retirees, as well as their dependents and survivors.

# BERKSHIRE COMMUNITY COLLEGE

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## Notes to the Financial Statements - Continued

June 30, 2022

The GIC also covers housing and redevelopment authorities' personnel, certain authorities, and other offline agencies, retired municipal officers from certain cities and towns, and a small number of municipalities as an agent multiple-employer program, accounted for as an agency fund activity of the Commonwealth, not the College.

The GIC is a quasi-independent state agency governed by a seventeen-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance, and it is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees as well as their survivors and dependents. During the first year ended June 30, 2022, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administers carve-outs for pharmacy, mental health, and substance abuse benefits for certain health plans.

In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage (for employees not covered by collective bargaining), retiree discount vision and dental plans, and a pre-tax health care spending account and dependent care assistance program (for active employees only).

### Other Retirement Plans

The employees of the College can elect to participate in two defined-contribution plans offered and administered by the Massachusetts Department of Higher Education – an Internal Revenue Code ("IRC") 403(b) Tax-Deferred Annuity Plan and an IRC 457 Deferred Compensation SMART Plan. Employees can contribute by payroll deduction a portion of before-tax salary to these plans up to certain limits. The College has no obligation to contribute to these plans and no obligations for any future pay-outs.

### Note 14 - Massachusetts Management Accounting and Reporting System

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS") on the statutory basis of accounting. The stg. st(0001 d1.14 re 99.39 0Tw 815A

Management believes the amounts reported on MMARS meet the guidelines of the Comptroller's *Guide for Higher Education Audited Financial Statements*.

The College's State appropriation is composed of the following at June 30, 2022:

Directed unrestricted appropriations	\$ 12,973,519
Fringe benefits for benefited employees on the state payroll	4,244,251
Less:	
Day school tuition remitted to the state and included in tuition and fee revenues	<u>(130,074)</u>
Total unrestricted appropriations	17,087,696
Capital appropriations	<u>732,321</u>
Total appropriations	<u>\$ 17,820,017</u>

A reconciliation of revenues between the College and MMARS for the year ended June 30, 2022 is as follows (unaudited):

Revenue per MMARS	<u>\$ 15,981,572</u>
Revenue per College	<u>\$ 15,981,572</u>

Note 15 - \_\_\_\_\_

The College distributed approximately \$1,233,000 for the fiscal year ended June 30, 2022, for student loans through the U.S. Department of Education's Direct Loan Program. These distributions and related funding sources are not included as expenses and revenues or as cash disbursements and cash receipts in the accompanying financial statements.

Note 16 - \_\_\_\_\_

Various lawsuits are pending or threatened against the College that arose in the ordinary course of operations. In the opinion of management, no litigation is pending or threatened, which would materially affect the College's financial position.

The College receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the College. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the College.

The College participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). Individuals pay into the Program in advance for future tuition at the cost of tuition at the time of election to participate, which is increased by changes in the Consumer Price Index plus 2%. The College is obligated to accept from the Program as payment of tuition the amount determined by this Program without regard to the standard tuition rate in effect at the time of the individuals' enrollment at the College.

The effect of this Program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the College.

The College is continuing the process of replacing exterior caulking in many of its buildings due to the presence of polychlorinated biphenyls ("PCBs"). The cost of the remediation project is the responsibility of the Commonwealth, and all liabilities required in accordance with GASB 40, *Accounting and Financial Reporting for Pollution Remediation Obligations*, will be reported by the Commonwealth.

The College participates in the various programs administered by the Commonwealth for property, general liability, automobile liability, and workers' compensation. The Commonwealth is self-insured for employees' workers' compensation, casualty, theft, tort claims, and other losses. Su

REQUIRED SUPPLEMENTARY  
INFORMATION





**BERKSHIRE COMMUNITY COLLEGE**  
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - Pension

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 95,003	\$ 84,110	\$ 67,765	\$ 48,114	\$ 94,717	\$ 87,674	\$ 81,586
Contributions in relation to the statutorily required contribution	<u>(95,003)</u>	<u>(84,110)</u>	<u>(67,765)</u>	<u>(48,114)</u>	<u>(94,717)</u>	<u>(87,674)</u>	<u>(81,586)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 589,714	\$ 573,738	\$ 481,286	\$ 398,955	\$ 804,052	\$ 881,145	\$ 863,051
Contribution as a percentage of covered payroll	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%	9.45%

Notes:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2014 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

**BERKSHIRE COMMUNITY COLLEGE**  
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Notes to the Required Supplementary Information - Pension

June 30, 2022

See Independent Auditors' Report.



**BERKSHIRE COMMUNITY COLLEGE**  
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Notes to the Required Supplementary Information – Pension - Continued

June 30, 2022

- x Disability – was changed from RP-2000 table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct)

**BERKSHIRE COMMUNITY COLLEGE**  
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Schedule of Proportionate Share of Net OPEB Liability

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Valuation date	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018
Proportion of the collective net OPEB liability	0.008%	0.007%	0.007%	0.016%
Proportionate share of the collective net OPEB liability	\$ 1,295,589	\$ 1,384,446	\$ 1,332,922	\$ 2,998,516
College's covered payroll	\$ 573,738	\$ 481,286	\$ 398,955	\$ 804,052
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	225.82%	287.66%	334.10%	372.93%
Plan fiduciary net position as a percentage of the total OPEB liability	10.70%	6.40%	6.96%	6.01%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 45,118	\$ 44,167	\$ 35,104	\$ 35,084
Contributions in relation to the statutorily required contribution	<u>(45,118)</u>	<u>(44,167)</u>	<u>(35,104)</u>	<u>(35,084)</u>
Contribution (excess)/deficit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll	\$ 89,714	\$ 573,738	\$ 481,541	\$ 398,955
Contribution as a percentage of covered payroll	7.65%	7.70%	7.29%	8.79%

Notes:

See accompanying notes to the required supplementarythe253 -21p03 Tethe s.1 Tf 23.355 0 1 re f 02 4 re f2370 m 620.89

**BERKSHIRE COMMUNITY COLLEGE**  
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**BERKSHIRE COMMUNITY COLLEGE**  
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Notes to the Required Supplementary Information - OPEB - Continued

June 30, 2022

The salary scale assumptions were updated from a constant 4% assumption to rates that

See Independent Auditors' Report.



**BERKSHIRE COMMUNITY COLLEGE**  
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Notes to the Required Supplementary Information - OPEB - Continued

June 30, 2022

Change in Discount Rate

The discount rate was increased to 3.92% based upon a bid of the Bond Buyer Index rate (3.87%) as of the measurement date required by GASB Statement 74.

Fiscal year June 30, 2018

Assumptions:

Change in Discount Rate

The discount rate was increased to 3.63% based upon a bid of the Bond Buyer Index rate (3.58%) as of the measurement date required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

See Independent Auditors' Report.

***GOVERNMENT AUDITING  
STANDARDS***

**GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of  
Berkshire Community College  
Pittsfield, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Berkshire Community College (the "College"), and its discretely presented major component unit, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated November 29, 2022.

In planning and performing our audit of the financial statements, we considered Massasoit Community College'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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As part of obtaining reasonable assurance about whether Massasoit Community College'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 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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



November 29, 2022